

HUNTER'S HOPE  
FOUNDATION, INC.

Financial Statements with  
Independent Auditors' Report

December 31, 2018 and 2017

HUNTER'S HOPE FOUNDATION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 16

\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Hunter's Hope Foundation, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Hunter's Hope Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hunter's Hope Foundation, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EFPR Group, CPAs, PLLC

Williamsville, New York  
May 24, 2019

HUNTER'S HOPE FOUNDATION, INC.  
 Statements of Financial Position  
 December 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and equivalents	\$ 317,161	131,268
Pledges receivable, current portion	<u>104,513</u>	<u>132,500</u>
Total current assets	<u>421,674</u>	<u>263,768</u>
Investments	<u>499,727</u>	<u>692,723</u>
Property and equipment, at cost	41,127	33,541
Less accumulated depreciation	<u>(26,645)</u>	<u>(23,146)</u>
Net property and equipment	<u>14,482</u>	<u>10,395</u>
Pledges receivable, net, less current portion, less allowance for doubtful accounts of \$8,545 in 2018 and \$10,961 in 2017	<u>100,576</u>	<u>130,576</u>
Total assets	<u>\$ 1,036,459</u>	<u>1,097,462</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	3,229	6,842
Grants payable	<u>76,000</u>	<u>233,431</u>
Total current liabilities	<u>79,229</u>	<u>240,273</u>
Net assets:		
Net assets without donor restrictions	463,901	193,400
Net assets with donor restrictions	<u>493,329</u>	<u>663,789</u>
Total net assets	<u>957,230</u>	<u>857,189</u>
Total liabilities and net assets	<u>\$ 1,036,459</u>	<u>1,097,462</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.  
 Statements of Activities  
 For the years ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Contributions and donations	\$ 766,781	-	766,781	698,343	30,391	728,734
Investment income (loss)	<u>(20,058)</u>	<u>-</u>	<u>(20,058)</u>	<u>31,708</u>	<u>-</u>	<u>31,708</u>
	746,723	-	746,723	730,051	30,391	760,442
Net assets released from restrictions - satisfaction of donor restrictions	<u>170,460</u>	<u>(170,460)</u>	<u>-</u>	<u>229,473</u>	<u>(229,473)</u>	<u>-</u>
Total revenue and other support	<u>917,183</u>	<u>(170,460)</u>	<u>746,723</u>	<u>959,524</u>	<u>(199,082)</u>	<u>760,442</u>
Expenses:						
Program services:						
Education and awareness	210,773	-	210,773	247,144	-	247,144
Family assistance	420,405	-	420,405	400,748	-	400,748
Research	<u>38,861</u>	<u>-</u>	<u>38,861</u>	<u>47,411</u>	<u>-</u>	<u>47,411</u>
Total program services	<u>670,039</u>	<u>-</u>	<u>670,039</u>	<u>695,303</u>	<u>-</u>	<u>695,303</u>
Supporting services:						
Fundraising	89,766	-	89,766	104,605	-	104,605
General and administrative	<u>64,308</u>	<u>-</u>	<u>64,308</u>	<u>52,879</u>	<u>-</u>	<u>52,879</u>
Total supporting services	<u>154,074</u>	<u>-</u>	<u>154,074</u>	<u>157,484</u>	<u>-</u>	<u>157,484</u>
Total expenses	<u>824,113</u>	<u>-</u>	<u>824,113</u>	<u>852,787</u>	<u>-</u>	<u>852,787</u>
Change in net assets before other income	93,070	(170,460)	(77,390)	106,737	(199,082)	(92,345)
Other income - writeoff for grant conditions not met	<u>177,431</u>	<u>-</u>	<u>177,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	270,501	(170,460)	100,041	106,737	(199,082)	(92,345)
Net assets at beginning of year	<u>193,400</u>	<u>663,789</u>	<u>857,189</u>	<u>86,663</u>	<u>862,871</u>	<u>949,534</u>
Net assets at end of year	<u>\$ 463,901</u>	<u>493,329</u>	<u>957,230</u>	<u>193,400</u>	<u>663,789</u>	<u>857,189</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.  
Statement of Functional Expenses  
For the year ended December 31, 2018  
(with comparative totals for 2017)

	Program Services				Supporting Services			Totals	
	Education and <u>awareness</u>	Family assistance	Research	Total program services	Fundraising	General and administrative	Total supporting services	2018	2017
Salaries and wages	\$118,669	74,869	29,422	222,960	49,038	35,953	84,991	307,951	341,389
Payroll taxes and fringe benefits	13,585	8,057	3,216	24,858	6,860	5,712	12,572	37,430	42,159
Grants and contracts	-	90,000	-	90,000	-	-	-	90,000	43,003
Specific assistance and special events	-	45,946	-	45,946	-	-	-	45,946	32,300
Conferences and medical symposium	1,724	167,605	-	169,329	-	-	-	169,329	155,384
Outside services	19,864	10,013	1,453	31,330	9,339	1,638	10,977	42,307	123,318
Rent	12,181	8,242	3,386	23,809	4,924	4,282	9,206	33,015	23,485
Supplies	23,630	5,221	282	29,133	4,094	382	4,476	33,609	19,327
Professional fees	-	-	-	-	525	8,052	8,577	8,577	9,669
Travel and training	3,287	2,666	11	5,964	2,900	32	2,932	8,896	10,245
Insurance	1,894	1,300	502	3,696	735	3,623	4,358	8,054	5,339
Telephone and telecommunications	1,234	799	320	2,353	493	386	879	3,232	4,690
Postage, shipping and delivery	6,605	3,904	150	10,659	4,128	422	4,550	15,209	11,564
Printing and copying	6,486	1,298	16	7,800	5,534	26	5,560	13,360	24,063
Miscellaneous	1,614	485	103	2,202	1,196	301	1,497	3,699	4,658
Total expenses before depreciation	210,773	420,405	38,861	670,039	89,766	60,809	150,575	820,614	850,593
Depreciation	-	-	-	-	-	3,499	3,499	3,499	2,194
Total expenses	<u>\$210,773</u>	<u>420,405</u>	<u>38,861</u>	<u>670,039</u>	<u>89,766</u>	<u>64,308</u>	<u>154,074</u>	<u>824,113</u>	<u>852,787</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.  
Statement of Functional Expenses  
For the year ended December 31, 2017

	Program Services				Supporting Services			<u>Totals</u>
	<u>Education and awareness</u>	<u>Family assistance</u>	<u>Research</u>	<u>Total program services</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total supporting services</u>	
Salaries and wages	\$ 131,403	103,555	32,701	267,659	50,669	23,061	73,730	341,389
Payroll taxes and fringe benefits	13,689	9,433	3,417	26,539	6,000	9,620	15,620	42,159
Grants and contracts	-	43,003	-	43,003	-	-	-	43,003
Specific assistance and special events	-	32,300	-	32,300	-	-	-	32,300
Conferences and medical symposium	7,474	145,545	14	153,033	2,279	72	2,351	155,384
Outside services	58,334	29,288	7,308	94,930	23,873	4,515	28,388	123,318
Rent	8,028	8,380	2,710	19,118	2,550	1,817	4,367	23,485
Supplies	8,901	5,693	326	14,920	4,231	176	4,407	19,327
Professional fees	-	34	-	34	555	9,080	9,635	9,669
Travel and training	999	8,797	-	9,796	-	449	449	10,245
Insurance	1,758	1,094	381	3,233	799	1,307	2,106	5,339
Telephone and telecommunications	1,366	2,268	378	4,012	462	216	678	4,690
Postage, shipping and delivery	5,055	1,798	101	6,954	4,295	315	4,610	11,564
Printing and copying	8,038	8,033	-	16,071	7,992	-	7,992	24,063
Miscellaneous	<u>2,099</u>	<u>1,527</u>	<u>75</u>	<u>3,701</u>	<u>900</u>	<u>57</u>	<u>957</u>	<u>4,658</u>
Total expenses before depreciation	247,144	400,748	47,411	695,303	104,605	50,685	155,290	850,593
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,194</u>	<u>2,194</u>	<u>2,194</u>
Total expenses	<u>\$ 247,144</u>	<u>400,748</u>	<u>47,411</u>	<u>695,303</u>	<u>104,605</u>	<u>52,879</u>	<u>157,484</u>	<u>852,787</u>

See accompanying notes to financial statements.



HUNTER'S HOPE FOUNDATION, INC.  
 Statements of Cash Flows  
 For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 100,041	(92,345)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation	3,499	2,194
Contributions restricted for long-term use	-	(30,391)
Net realized and unrealized (gain) loss on investments	31,227	(17,762)
Change in allowance for doubtful accounts	(2,416)	(3,506)
Writeoff for grant conditions not met	(177,431)	-
Changes in:		
Accounts payable	(3,613)	(5,068)
Grants payable	<u>20,000</u>	<u>(8,997)</u>
Net cash used in operating activities	<u>(28,693)</u>	<u>(155,875)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	321,782	524,420
Purchases of investments	(160,013)	(570,501)
Purchases of property and equipment	<u>(7,586)</u>	<u>(8,005)</u>
Net cash provided by (used in) investing activities	<u>154,183</u>	<u>(54,086)</u>
Cash flows from financing activities - proceeds from contributions restricted for long-term use	<u>60,403</u>	<u>118,034</u>
Change in cash and equivalents	185,893	(91,927)
Cash and equivalents at beginning of year	<u>131,268</u>	<u>223,195</u>
Cash and equivalents at end of year	<u>\$ 317,161</u>	<u>131,268</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Hunter's Hope Foundation, Inc. (the Foundation) is a New York State nonprofit corporation formed in June 1998. The purpose of the Foundation is to increase public awareness and to support and fund research efforts to find a cure for Krabbe Disease and other Leukodystrophies.

(b) Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Foundation reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. Net asset of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation.

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Investments

Investments are stated at fair value as determined by published market prices.

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Contributions

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

(h) Pledges Receivable

The Foundation recognizes all contributions received as income in the period the pledge is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. The Foundation uses the allowance method to account for uncollectible pledges receivable. The total allowance for doubtful accounts amounted to \$8,545 and \$10,961 at December 31, 2018 and 2017, respectively.

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

(j) Grants Payable

Grants are recorded as program expenses upon approval of a research contract by management of the Foundation.

(k) Contributed Services

During the years ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

(m) Subsequent Events

The Foundation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(n) Recent Accounting Standards Issued

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, and a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis.

This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

(o) Reclassifications

Reclassifications have been made to certain 2017 balances in order to conform them to the 2018 presentation.

(2) Liquidity

The Foundation has \$317,161 of financial assets available within one year of the statement of financial position date consisting of cash. Of these financial assets, \$288,240 are subject to donor or contractual restrictions for the use in a donor specified program. The remaining financial asset are for general expenditures within one year of the statement of financial position date.

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(3) Pledges Receivable

Pledges receivable consisted of unconditional promises to give to support funding for the Hunter James Kelly Research Institute and Legacy Campaign. A summary of pledges receivables as of December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 245,000	295,500
Less unamortized discount at 4%	-	(21,463)
Less unamortized discount at 5.25%	(31,366)	-
Less allowance for doubtful accounts	<u>(8,545)</u>	<u>(10,961)</u>
Unconditional promises to give, net	\$ <u>205,089</u>	<u>263,076</u>
Amounts due in:		
Less than one year	110,000	132,500
One to five years	<u>135,000</u>	<u>163,000</u>
	\$ <u>245,000</u>	<u>295,500</u>
Pledges receivable are reflected in the statements of financial position as:		
Current	104,513	132,500
Long-term	<u>100,576</u>	<u>130,576</u>
	\$ <u>205,089</u>	<u>263,076</u>

(4) Investments

Financial Instruments

The fair value of investments in marketable securities at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Exchange - traded funds	\$ 473,324	558,894
Mutual funds	<u>26,403</u>	<u>133,829</u>
Total investments	\$ <u>499,727</u>	<u>692,723</u>

Investments in marketable securities are stated at fair value. The fair value of securities is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation (depreciation) is included in investment income (loss) in the statements of activities. A summary of investment income (loss) for the years ended December 31, 2018 and 2017 is as follows:

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(4) Investments, Continued

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 19,640	22,009
Realized gain (loss) on investments	(14,264)	8,247
Net unrealized appreciation (depreciation) in fair value of investments	(16,963)	9,515
Administrative fees	<u>(8,471)</u>	<u>(8,063)</u>
Total investment income (loss)	\$ <u>(20,058)</u>	<u>31,708</u>

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- Exchange-traded funds - Valued at the closing price as reported by the fund. These funds are required to publish their net asset value and transact at that price. The exchange-traded funds held by the Foundation are deemed to be actively traded.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurements, Continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2018 and 2017:

	<u>Assets at Fair Value as of December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange - traded funds:				
Bonds	\$ 336,957	-	-	336,957
Small cap funds	16,706	-	-	16,706
Mid cap funds	18,765	-	-	18,765
Large value funds	100,896	-	-	100,896
Mutual funds - master limited partnerships	<u>26,403</u>	<u>-</u>	<u>-</u>	<u>26,403</u>
Total assets at fair value	\$ <u>499,727</u>	<u>-</u>	<u>-</u>	<u>499,727</u>

	<u>Assets at Fair Value as of December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange - traded funds:				
Bonds	\$ 384,055	-	-	384,055
Mid cap funds	26,189	-	-	26,189
Large value funds	21,215	-	-	21,215
Large blend funds	127,435	-	-	127,435
Mutual funds:				
Master limited partnerships	30,387	-	-	30,387
Bonds	67,146	-	-	67,146
Medium blend funds	<u>36,296</u>	<u>-</u>	<u>-</u>	<u>36,296</u>
Total assets at fair value	\$ <u>692,723</u>	<u>-</u>	<u>-</u>	<u>692,723</u>

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(5) Property and Equipment

Property and equipment at December 31, 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 29,715	26,022
Furniture, fixtures and office equipment	<u>11,412</u>	<u>7,519</u>
	41,127	33,541
Less accumulated depreciation	<u>(26,645)</u>	<u>(23,146)</u>
	\$ <u>14,482</u>	<u>10,395</u>

(6) Grants Payable

Grants payable at December 31, 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
State University of New York at Buffalo	\$ -	150,000
Duke University	-	8,931
University of North Carolina	-	25,000
University of Rochester	-	13,500
Duke University School of Medicine	-	9,000
Massachusetts General Hospital	-	9,000
Children's Research Institute	3,000	9,000
Children's Hospital of Philadelphia	9,000	9,000
Children's Hospital of Chicago	5,000	-
Children's National Health Center	9,000	-
Kennedy Krieger Institute	10,000	-
University of Rochester	20,000	-
University of Utah	<u>20,000</u>	<u>-</u>
	\$ <u>76,000</u>	<u>233,431</u>

During 2018, it was decided to end an agreement with the State University of New York at Buffalo due to the grant conditions not being met. The \$150,000 grant payable from December 31, 2017 was written off in the current year and is included as a portion of other income.



HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
* Hunter's Hope Legacy	\$ 359,100	505,906
Leukodystrophy Care Network	126,266	146,993
Ralph C. Wilson Jr. Wish Gift	<u>7,963</u>	<u>10,890</u>
	<u>\$ 493,329</u>	<u>663,789</u>

\* The Hunter's Hope Legacy is restricted for the following purposes:

- Hunter James Kelly Research Institute
- Family Care, Education and Awareness, Research
- National Awareness Campaign
- Leukodystrophy Care Network

(8) Leases

The Foundation leases contract management software under an operation lease that provides for lease payments through January 2019. In February 2019, the contract was extended through February 2021. Future minimum lease payments required under this operating lease are as follows:

2019	\$ 8,988
2020	8,988
2021	<u>1,498</u>
Total	<u>\$ 19,474</u>

Beginning October 1, 2018, the Foundation moved locations and now occupies office facilities under an operating lease agreement that expires on September 30, 2022. In addition to the rent, the Foundation is responsible for the cost of utilities serving the tenant's rental space, which includes gas, electric, water, garbage, and 15% of annual snow removal expense. Rent expense amounted to \$33,015 and \$23,485 for the years ended December 31, 2018 and 2017, respectively. The following schedule is the future minimum rental payments under the lease as of December 31, 2018:

2019	\$ 33,240
2020	34,215
2021	35,235
2022	36,270
2023	<u>27,810</u>
Total	<u>\$ 166,770</u>

HUNTER'S HOPE FOUNDATION, INC.  
Notes to Financial Statements, Continued

(9) Related Party Transactions

The Foundation's investments are managed by an individual who is related to certain Board members and management of the Foundation. Fees paid to the company for which the related party works amounted to \$8,471 and \$8,063 for the years ended December 31, 2018 and 2017, respectively.

The Foundation received a contribution from Kelly for Kids Foundation, Inc. of \$125,000 for both 2018 and 2017. The Foundation shares a common board member with Kelly for Kids Foundation, Inc.

The Foundation received \$571,200 of pledges receivable from members of the Board of Directors, their families and related organizations during 2014. As of December 31, 2018 and 2017, the related pledges receivable balances were \$225,000 and \$235,000, respectively.

(10) Retirement Plan

The Foundation has a Simplified Employment Pension Plan (SEP). Eligible employees are allowed to contribute to the plan on a pre-tax basis. The Foundation does not make any contributions to the SEP.

(11) Community Foundation for Greater Buffalo

The Community Foundation for Greater Buffalo (CFGB) holds funds on behalf of the Foundation. These investments are assets of CFGB, with the Foundation being the income beneficiary in an amount which approximates the income earned on these investments. The amount of funds held by CFGB for the benefit of the Foundation was approximately \$530,000 and \$580,000 at December 31, 2018 and 2017, respectively.

(12) Functional Expenses

The Foundation's purpose is to increase public awareness and to support and fund research efforts to find a cure for Krabbe Disease and other Leukodystrophies. All expenses related to these services have been allocated to program services with the exception of certain fundraising and administrative expenses. Salaries and benefits are allocated among program and support services based on time and effort. Office and other expenses are allocated on direct usage.