

IMMUNE DEFICIENCY FOUNDATION

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION AND REPORTS
REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

IMMUNE DEFICIENCY FOUNDATION

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2018	4
Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2017	5
Statement of Functional Expenses For the Year Ended December 31, 2018	6
Statement of Functional Expenses For the Year Ended December 31, 2017	7
Statements of Cash Flows	8
Notes to Financial Statements	9-21
Uniform Guidance Reports:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22-23
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	24-25
Required Supplemental Financial Information:	
Schedule of Expenditures of Federal Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
Summary Schedule of Prior Audit Findings	28
Schedule of Findings and Questioned Costs	29



Independent Auditors' Report

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Immune Deficiency Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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.

Independent Auditors' Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immune Deficiency Foundation 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of Immune Deficiency Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Immune Deficiency Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Immune Deficiency Foundation's internal control over financial reporting and compliance.

Weyrauch, Cronin + Sarra

Lutherville, Maryland

June 14, 2019

IMMUNE DEFICIENCY FOUNDATION

Statements of Financial Position
December 31, 2018 and 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 566,049	\$ 312,097
Investments		
Board directed	3,193,068	3,465,838
Other	651,265	1,035,500
Accounts receivable	291,105	461,885
Prepaid expenses and other assets	145,840	193,509
	<u>4,847,327</u>	<u>5,468,829</u>
LONG-TERM ASSETS:		
Investments		
Board designated endowment	4,140,560	4,412,670
Property and equipment, net	204,010	213,910
	<u>4,344,570</u>	<u>4,626,580</u>
TOTAL ASSETS	<u>\$ 9,191,897</u>	<u>\$ 10,095,409</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 452,964	\$ 446,851
Current portion of capital leases	11,878	11,878
	<u>464,842</u>	<u>458,729</u>
LONG-TERM LIABILITIES:		
Long-term portion of capital leases	51,385	61,694
	<u>516,227</u>	<u>520,423</u>
NET ASSETS:		
Without donor restrictions:		
Operating	755,471	468,756
Board designated	7,427,120	7,979,762
	<u>8,182,591</u>	<u>8,448,518</u>
With donor restrictions	493,079	1,126,468
	<u>8,675,670</u>	<u>9,574,986</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,191,897</u>	<u>\$ 10,095,409</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Contributions and grants	\$ 3,922,224	\$ 672,570	\$ 4,594,794
Net assets released from restrictions	1,305,959	(1,305,959)	- 0 -
Total public support	5,228,183	(633,389)	4,594,794
Government grants and other contract revenue	1,164,435	- 0 -	1,164,435
Revenue:			
Investment loss, net	(340,481)	- 0 -	(340,481)
Other income	1,320	- 0 -	1,320
Special events	544,376	- 0 -	544,376
Total revenue	205,215	- 0 -	205,215
Total Public Support and Revenue	6,597,833	(633,389)	5,964,444
EXPENSES:			
Program services:			
Medical and scientific	1,754,479	- 0 -	1,754,479
Services to patients and families	3,680,338	- 0 -	3,680,338
	5,434,817	- 0 -	5,434,817
Supporting services:			
Administration and finance	644,241	- 0 -	644,241
Marketing and fundraising	784,702	- 0 -	784,702
	1,428,943	- 0 -	1,428,943
Total Expenses	6,863,760	- 0 -	6,863,760
CHANGE IN NET ASSETS	(265,927)	(633,389)	(899,316)
NET ASSETS, BEGINNING OF YEAR	8,448,518	1,126,468	9,574,986
NET ASSETS, END OF YEAR	\$ 8,182,591	\$ 493,079	\$ 8,675,670

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Contributions and grants	\$ 6,087,852	\$ 407,370	\$ 6,495,222
Net assets released from restrictions	1,095,956	(1,095,956)	- 0 -
Total public support	7,183,808	(688,586)	6,495,222
Government grants and other contract revenue	1,240,434	- 0 -	1,240,434
Revenue:			
Investment income, net	888,860	- 0 -	888,860
Other income	14,613	- 0 -	14,613
Special events	676,172	- 0 -	676,172
Total revenue	1,579,645	- 0 -	1,579,645
Total Public Support and Revenue	10,003,887	(688,586)	9,315,301
EXPENSES:			
Program services:			
Medical and scientific	2,062,347	- 0 -	2,062,347
Services to patients and families	4,991,024	- 0 -	4,991,024
Total	7,053,371	- 0 -	7,053,371
Supporting services:			
Administration and finance	949,006	- 0 -	949,006
Marketing and fundraising	797,933	- 0 -	797,933
Total	1,746,939	- 0 -	1,746,939
Total Expenses	8,800,310	- 0 -	8,800,310
CHANGE IN NET ASSETS	1,203,577	(688,586)	514,991
NET ASSETS, BEGINNING OF YEAR	7,244,941	1,815,054	9,059,995
NET ASSETS, END OF YEAR	\$ 8,448,518	\$ 1,126,468	\$ 9,574,986

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 599,773	\$ 1,350,432	\$ 1,950,205	\$ 351,256	\$ 310,355	\$ 661,611	\$ 2,611,816
Employee benefits	73,911	151,457	225,368	54,049	37,549	91,598	316,966
Payroll taxes, etc.	48,528	107,025	155,553	26,832	25,683	52,515	208,068
	<u>722,212</u>	<u>1,608,914</u>	<u>2,331,126</u>	<u>432,137</u>	<u>373,587</u>	<u>805,724</u>	<u>3,136,850</u>
Professional fees	560,503	885,205	1,445,708	123,573	64,599	188,172	1,633,880
Training, conference, conventions, & meetings	51,463	588,666	640,129	66	184,572	184,638	824,767
Travel	46,318	108,153	154,471	2,338	17,389	19,727	174,198
Awards and grants	215,437	17,850	233,287	- 0 -	- 0 -	- 0 -	233,287
Occupancy	35,935	179,537	215,472	33,510	26,593	60,103	275,575
Insurance	9,041	16,467	25,508	4,360	3,459	7,819	33,327
Printing and publications	19,467	41,212	60,679	827	21,691	22,518	83,197
Telephone	8,258	27,533	35,791	5,029	3,771	8,800	44,591
Postage and shipping	36,057	81,899	117,956	3,276	25,092	28,368	146,324
Supplies	10,593	40,452	51,045	6,073	6,760	12,833	63,878
Rental and maintenance of equipment	4,011	33,876	37,887	9,892	2,960	12,852	50,739
Miscellaneous	12,010	- 0 -	12,010	10,721	6,485	17,206	29,216
Advertising	536	5,659	6,195	- 0 -	16,745	16,745	22,940
Dues and subscriptions	10,790	19,271	30,061	6,608	26,372	32,980	63,041
	<u>1,742,631</u>	<u>3,654,694</u>	<u>5,397,325</u>	<u>638,410</u>	<u>780,075</u>	<u>1,418,485</u>	<u>6,815,810</u>
Depreciation and amortization	<u>11,848</u>	<u>25,644</u>	<u>37,492</u>	<u>5,831</u>	<u>4,627</u>	<u>10,458</u>	<u>47,950</u>
	<u>\$ 1,754,479</u>	<u>\$ 3,680,338</u>	<u>\$ 5,434,817</u>	<u>\$ 644,241</u>	<u>\$ 784,702</u>	<u>\$ 1,428,943</u>	<u>\$ 6,863,760</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 627,856	\$ 1,387,412	\$ 2,015,268	\$ 396,786	\$ 297,549	\$ 694,335	\$ 2,709,603
Employee benefits	82,721	139,255	221,976	81,741	28,268	110,009	331,985
Payroll taxes, etc.	49,332	111,658	160,990	28,891	25,374	54,265	215,255
	<u>759,909</u>	<u>1,638,325</u>	<u>2,398,234</u>	<u>507,418</u>	<u>351,191</u>	<u>858,609</u>	<u>3,256,843</u>
Professional fees	632,287	1,081,023	1,713,310	256,547	54,119	310,666	2,023,976
Training, conference, conventions, & meetings	67,708	1,304,508	1,372,216	2,197	192,103	194,300	1,566,516
Travel	83,115	263,899	347,014	13,935	27,551	41,486	388,500
Awards and grants	286,679	3,500	290,179	- 0 -	- 0 -	- 0 -	290,179
Occupancy	57,009	139,063	196,072	82,854	25,360	108,214	304,286
Insurance	15,247	9,971	25,218	12,255	2,441	14,696	39,914
Printing and publications	40,156	183,021	223,177	4,455	42,444	46,899	270,076
Telephone	10,856	21,000	31,856	7,922	3,545	11,467	43,323
Postage and shipping	37,021	111,630	148,651	5,146	29,553	34,699	183,350
Supplies	22,708	71,584	94,292	13,635	8,407	22,042	116,334
Rental and maintenance of equipment	15,832	37,137	52,969	24,280	3,736	28,016	80,985
Miscellaneous	12,400	- 0 -	12,400	2,706	11,049	13,755	26,155
Advertising	3,327	91,257	94,584	- 0 -	25,330	25,330	119,914
Dues and subscriptions	9,841	12,914	22,755	8,462	17,419	25,881	48,636
	<u>2,054,095</u>	<u>4,968,832</u>	<u>7,022,927</u>	<u>941,812</u>	<u>794,248</u>	<u>1,736,060</u>	<u>8,758,987</u>
Depreciation and amortization	<u>8,252</u>	<u>22,192</u>	<u>30,444</u>	<u>7,194</u>	<u>3,685</u>	<u>10,879</u>	<u>41,323</u>
	<u>\$ 2,062,347</u>	<u>\$ 4,991,024</u>	<u>\$ 7,053,371</u>	<u>\$ 949,006</u>	<u>\$ 797,933</u>	<u>\$ 1,746,939</u>	<u>\$ 8,800,310</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (899,316)	\$ 514,991
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	47,950	41,323
Realized and unrealized (gain) loss on investments	595,379	(774,316)
Loss on disposal of property and equipment	- 0 -	16,897
Changes in assets and liabilities:		
(Increase) decrease in current assets:		
Accounts receivable	170,780	(76,193)
Prepaid expenses and other assets	47,669	(42,935)
Increase in current liabilities:		
Accounts payable and accrued expenses	6,113	177,607
Net cash used in operating activities	(31,425)	(142,626)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(38,050)	(28,024)
Proceeds from sales of investments	7,976,467	3,830,609
Purchase of investments	(7,642,731)	(3,810,125)
Net cash provided by (used in) investing activities	295,686	(7,540)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital leases	(10,309)	(5,601)
Net cash used in financing activities	(10,309)	(5,601)
NET INCREASE (DECREASE) IN CASH	253,952	(155,767)
CASH AT BEGINNING OF YEAR	312,097	467,864
CASH AT END OF YEAR	\$ 566,049	\$ 312,097
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 10,704	\$ 2,684
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Equipment acquisitions financed through capital lease obligations	\$ - 0 -	\$ 75,141

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies

Nature of Operations - Immune Deficiency Foundation ("Foundation") is a Maryland tax exempt corporation dedicated to improving the diagnosis, treatment and quality of life of persons with primary immunodeficiency diseases through advocacy, education and research. The Foundation gathers, coordinates and disseminates information and conducts educational campaigns in order to increase family and public awareness concerning the diseases. The Foundation also engages in fundraising activities in support of its goals, primarily by seeking grants to further its efforts. The Foundation's principal sources of support and revenues are from government grants and contracts, foundation grants, and individual and corporate donations and contributions.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect receivables, other assets, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Financial Statement Presentation - The Foundation is required to report 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 assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Trustees for general operating purposes. The Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

- **Operating** – Represents resources available for support of operations.
- **Board Designated** – The Foundation has designated certain amounts to function as endowment funds. Accordingly, those funds, together with accumulated earnings thereon, are to be spent only for purposes approved by the Foundation's Board. Additionally, the Foundation's Board of Trustees has designated certain amounts to be used for specific operational purposes approved by the Foundation's Board.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

The National Institutes of Health (NIH) and Health Resources and Services Administration (HRSA) have both awarded the Foundation grants. The NIH grant is to assist investigations in primary immune deficiency diseases through March 2020. The HRSA grant is for severe combined immunodeficiency screening and education through July 2020. For both of these grants the Foundation submits expenses for reimbursement and recognizes revenue and expenses on the accrual basis of accounting.

Cash and Cash Equivalents - The Foundation considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents. Certificates of deposit and money market funds held for investment purposes are excluded from this classification.

Investments - The Foundation invests in a professionally managed portfolio that contains money market funds, certificates of deposit, mutual funds, and other investments which are recorded at fair value.

Accounts Receivable - Accounts receivable are carried at original invoice less an estimate made for doubtful receivables based on a review of all outstanding amounts. Unbilled receivables are expenses incurred and revenues earned for particular grants and contracts that have not yet been billed. Unbilled receivables of approximately \$160,000 and \$150,000 are included in accounts receivable in the statement of financial position as of December 31, 2018 and 2017, respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes that accounts receivable are fully collectible and no allowance is considered necessary as of December 31, 2018 and 2017.

Property and Equipment - Property and equipment are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment with an original cost or fair value greater than \$5,000 and a useful life greater than one year are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is provided using the straight-line method over the estimated useful life of the assets, which range from three to ten years.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Valuation of Long-Lived Assets - Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No impairments have been recognized as of December 31, 2018 and 2017. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Income Taxes - The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as an organization, other than a private foundation, as described in Section 509(a). The Foundation is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before 2015.

Donated Services - The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts relating to donated services have been recognized in the statements of activities and changes in net assets as contributions because the criteria for recognition have not been satisfied. Contributed professional services are recognized if the services received a) create or enhance long-lived assets, or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Advertising Costs - The Foundation expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Advertising expense was \$22,940 and \$119,914 for the years ended December 31, 2018 and 2017.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement - In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The Foundation had no permanently restricted net assets as of December 31, 2017.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 5).

The changes have had the following effect on net assets at December 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 8,448,518	\$ - 0 -
Temporarily restricted net assets	1,126,468	- 0 -
Net assets without donor restrictions	- 0 -	8,448,518
Net assets with donor restrictions	- 0 -	1,126,468
	\$ 9,574,986	\$ 9,574,986

In addition, certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

2. Investments

Cost and fair value of investments at December 31, 2018 are as follows:

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	\$ 486,440	\$ - 0 -	\$ - 0 -	\$ 486,440
Certificates of deposit	851,756	77,770	(44)	929,482
Hedge funds	478,650	- 0 -	(29,602)	449,048
Mutual funds:				
Equity funds	4,274,430	- 0 -	(402,273)	3,872,157
Fixed income funds	2,308,720	- 0 -	(60,954)	2,247,766
Totals	\$ 8,399,996	\$ 77,770	\$ (492,873)	\$ 7,984,893

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

2. Investments (continued)

Cost and fair value of investments at December 31, 2017 are as follows:

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	\$ 881,487	\$ - 0 -	\$ - 0 -	\$ 881,487
Certificates of deposit	1,446,598	84,155	(81)	1,530,672
Hedge funds	376,909	- 0 -	(11,739)	365,170
Mutual funds:				
Equity funds	4,032,603	559,069	- 0 -	4,591,672
Fixed income funds	1,542,966	2,746	(705)	1,545,007
Totals	\$ 8,280,563	\$ 645,970	\$ (12,525)	\$ 8,914,008

The Foundation's investment portfolio is reported on the statements of financial position at December 31:

	2018	2017
ASSETS:		
Investments board directed	\$ 3,193,068	\$ 3,465,838
Investments other	651,265	1,035,500
Investments board designated endowment	<u>4,140,560</u>	<u>4,412,670</u>
Total investments	<u>\$ 7,984,893</u>	<u>\$ 8,914,008</u>

The Foundation records investment income by the "Total Return" approach, whereby realized gains and losses on the sale of invested funds, and trustee fees are included with interest and dividend income.

	2018	2017
Interest and dividends	\$ 277,925	\$ 132,606
Fees	(23,027)	(18,062)
Net realized gains (losses) on sales of investments	453,169	148,879
Net unrealized gains (losses) on investments held	<u>(1,048,548)</u>	<u>625,437</u>
Total investment income (loss)	<u>\$ (340,481)</u>	<u>\$ 888,860</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

3. Fair Value of Investments

Fair values consisted of the following at December 31:

	Fair Value Measurements at Reporting Date Using:			
	2018			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized Gains (Loss)	
Certificates of Deposit	\$ 929,482	\$ 929,482	\$ - 0 -	\$ 77,726
Hedge funds	449,048	- 0 -	449,048	(29,602)
Mutual funds	<u>6,119,923</u>	<u>6,119,923</u>	<u>- 0 -</u>	<u>(463,227)</u>
	<u>\$ 7,498,453</u>	<u>\$ 7,049,405</u>	<u>\$ 449,048</u>	<u>\$ (415,103)</u>
	2017			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized Gains (Loss)	
Certificates of Deposit	\$ 1,530,672	\$ 1,530,672	\$ - 0 -	\$ 84,074
Hedge funds	365,170	- 0 -	365,170	(11,739)
Mutual funds	<u>6,136,679</u>	<u>6,136,679</u>	<u>- 0 -</u>	<u>561,110</u>
	<u>\$ 8,032,521</u>	<u>\$ 7,667,351</u>	<u>\$ 365,170</u>	<u>\$ 633,445</u>

The fair value measurement standards establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets; and Level 3 inputs have the lowest priority. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used when no Level 1 inputs are available.

The Foundation's policy is to recognize transfers between levels in the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2018 and 2017, there were no transfers into or out of Level 2 or 3.

The Foundation's investments are reported at fair value in the accompanying financial statements. The methods used to measure fair value may produce an amount 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 fair value of certain instruments could result in a different fair value measurement at the reporting date. Consequently, the hedge funds, valued at \$449,048 and \$365,170 as of December 31, 2018 and 2017 are not actively traded and is reported at fair value, based upon estimated fair market value obtained from the issuer of the investment. There were no changes in valuation techniques used in fair value measurements for the years ended December 31, 2018 and 2017.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

4. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 296,049	\$ 257,999
Furniture and fixtures	206,560	206,560
Software and website	<u>22,454</u>	<u>22,454</u>
	525,063	487,013
Less: accumulated depreciation and amortization	<u>(321,053)</u>	<u>(273,103)</u>
Total	<u>\$ 204,010</u>	<u>\$ 213,910</u>

5. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2018</u>	<u>2017</u>
Financial assets at year end	\$ 8,842,047	\$ 9,687,990
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	493,079	1,126,468
Board designated assets	<u>7,427,120</u>	<u>7,979,762</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 921,848</u>	<u>\$ 581,760</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds. To help management meet unanticipated liquidity needs, the Foundation has a committed line of credit of \$1,000,000, which it could draw upon. Additionally, the Foundation has Board Designated net assets without donor restrictions that, while the Foundation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

6. Lease Commitments

On November 5, 2014, the Foundation signed a lease for office space. The lease commenced in December 2014 and is for a term of seven years and nine months, set to expire in September 2022. The base rent for the office space is \$238,989 with an escalated rent payment of 2.75% beginning the first day of each subsequent lease year. Additionally, the lease agreement stipulates a reduction in lease payments, equal to the amount of a prior office space lease, until the prior office space lease expired on September 30, 2015. Deferred rent of \$53,776 and \$50,555 as of December 31, 2018 and 2017, respectively reflects the cumulative difference between the straight-line calculation and the rent charged under the terms of the lease. Deferred rent is included in accounts payable and accrued expenses in the statement of financial position. In January of 2015, the Foundation signed a lease for storage space at a rate of \$5,184 for a term of seven years and nine months, set to expire in September 2022. On March 10, 2017, the Foundation signed a 3 year lease expiring in February 2020 for additional storage space at a rate of \$8,547 a year.

Rent expense was \$275,575 and \$272,060 for the years ended December 31, 2018 and 2017, respectively.

Total minimum annual rental commitments for all leases through the expiration of the leases are as follows:

Year ending December 31,	2019	\$	281,008
	2020		281,156
	2021		287,335
	2022		<u>221,427</u>
Present value of net minimum lease payments		\$	<u>1,070,926</u>

7. Operating Lease Commitments for Equipment

The Foundation is obligated under an operating lease for two copiers. The cost of the lease obligation consists of an operating lease and maintenance agreement, payable in monthly installments of \$1,348 through August 2017, collateralized by the related office equipment.

The Foundation is obligated under an operating lease for a postage machine. The cost of the lease obligation at December 31, 2018 consists of an operating lease payable in quarterly installments of \$3,225 through September 2022, collateralized by the related office equipment.

Annual equipment lease expense and maintenance contract expense (see Note 8) totaled \$28,547 and \$35,859 for the years ended December 31, 2018 and 2017, respectively.

Total minimum annual lease payments through the expiration of the lease are as follows:

Year ending December 31,	2019	\$	12,900
	2020		12,900
	2021		12,900
	2022		<u>9,675</u>
Present value of net minimum lease payments		\$	<u>48,375</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

8. Capital Leases

The Foundation is obligated under a capital lease for printers with a term of 63 months. The cost of the lease obligation at December 31, 2018 consists of a capital lease and maintenance agreement, payable in monthly installments of \$2,764, collateralized by the related office equipment. The balance of the capital lease is \$63,263 at December 31, 2018. This balance includes a current portion of \$11,878 for the year ended December 31, 2018.

Future minimum lease payments are as follows:

Year ending December 31,	2019	\$	33,173
	2020		33,173
	2021		33,173
	2022		33,173
	2023		<u>2,764</u>
Total minimum lease payments			135,456
Less: amount representing maintenance contract			(49,653)
Less: amount representing interest			<u>(22,540)</u>
Present value of net minimum lease payments		\$	<u>63,263</u>

The following is a schedule of the carrying value of equipment under the capital leases:

Cost	\$	75,141
Less: accumulated depreciation		<u>(17,491)</u>
Net carrying value	\$	<u>57,650</u>

The value of the equipment and related accumulated depreciation are included in property and equipment on the statement of financial position as of December 31, 2018 and 2017. Annual depreciation expense totaled \$13,913 and \$3,578 for the years ended December 31, 2018 and 2017, respectively.

9. Board Designated Net Assets

The board has designated net assets without donor restrictions for the following projects at December 31:

	<u>2018</u>	<u>2017</u>
Board designated endowment	\$ 4,140,560	\$ 4,412,670
Board directed	2,759,464	2,881,953
Board directed research investment	433,604	583,884
PIRC designated	<u>93,492</u>	<u>101,255</u>
Total board designated net assets	\$ <u>7,427,120</u>	\$ <u>7,979,762</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Purpose restrictions, available for spending:		
Advocacy	\$ 70,000	\$ - 0 -
Core Services	- 0 -	310,562
CVID Initiative	40,700	- 0 -
David Salamone Fund	11,375	- 0 -
E Personal Health Record	- 0 -	100,000
Education and Mentoring	3,118	- 0 -
Fundraising Walks	- 0 -	80,000
General Support Future Periods	54,000	- 0 -
IDF Friends	- 0 -	25,000
Life Stages Initiative	275	- 0 -
National Conference	7,500	- 0 -
Nurse Advisory Committee	- 0 -	45,000
Patient and Family Handbook	231,077	- 0 -
Patient Programs	- 0 -	28,372
Public Policy	- 0 -	100,870
Reel Stories	- 0 -	1,200
Retreats	- 0 -	130,000
Sponsorship	- 0 -	51,500
Survey Research	24,165	70,636
Teen Program	- 0 -	90,000
Transformational Therapy	5,000	- 0 -
USIDNET	39,502	44,650
Volunteer Outreach	4,097	8,678
XLA Initiative	2,270	- 0 -
Young Adult Program	- 0 -	40,000
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 493,079</u>	<u>\$ 1,126,468</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

10. Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows during the years ended December 31:

	2018	2017
Advocacy	\$ - 0 -	\$ 40,000
Core Services	310,562	239,438
E Personal Health Record	100,000	- 0 -
Education and Mentoring	41,882	- 0 -
Fundraising Walks	80,000	40,000
IDF Friends	25,000	- 0 -
National Conference	- 0 -	559,000
Nurse Advisory Committee	45,000	- 0 -
Nurse Education	- 0 -	25,286
Patient and Family Handbook	13,373	- 0 -
Patient Programs	28,372	3,378
Public Policy	100,870	- 0 -
Reel Stories	1,200	33,800
Retreats	130,000	- 0 -
Sponsorship	51,500	- 0 -
Survey Research	150,471	126,982
Teen Program	90,000	- 0 -
USIDNET	5,148	16,000
Volunteer Outreach	92,581	12,072
Young Adult Program	40,000	- 0 -
	\$ 1,305,959	\$ 1,095,956
Total purpose restrictions accomplished	\$ 1,305,959	\$ 1,095,956

11. Endowment Funds

During 2011, the Board of Trustees passed a resolution to create a board designated endowment. The board designated endowment balance was \$4,140,560 and \$4,412,670 as of December 31, 2018 and 2017, respectively.

As required by generally accepted accounting principles, net assets associated with the endowment fund designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. Therefore, the Foundation's board designated endowment fund is classified as part of net assets without donor restrictions.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

11. Endowment Funds (continued)

Return objective and risk parameters: The board designated endowment fund seeks to achieve long term capital growth while avoiding excessive risk and achieving preservation of purchasing power. The investment return goal is to generate returns in excess of the rate of inflation over the investment horizon.

Spending policy: Distributions for the board designated endowment may be made at the discretion of the Board. Since the establishment of the endowment, no funds have been appropriated for expenditure. Determination of a spending criterion will be established at a future date.

Changes in board designated endowment net assets for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
	Without Donor Restrictions Board Designated	Without Donor Restrictions Board Designated
Endowment net assets, beginning of year	\$ 4,412,670	\$ 4,211,533
Contributions	- 0 -	- 0 -
Amounts appropriated for expenditure	- 0 -	- 0 -
Investment return, net	(272,110)	201,137
Endowment net assets, end of year	\$ 4,140,560	\$ 4,412,670

12. Retirement Program

The Foundation is the sponsor of the Immune Deficiency Foundation 401(k) Plan for all full time employees older than age 21 having completed more than one year of services. One year of service is defined as at least 1,000 hours of service. The Foundation contributions comply with the Safe Harbor Rules. Under these rules the Foundation matches 100% of the first 3% an employee contributes and 50% of the next 2% the employee contributes. The Foundation's contributions were \$81,463 and \$77,830 for the years ended December 31, 2018 and 2017, respectively.

13. Line of Credit

On October 6, 2014 the Foundation obtained a line of credit from J.P. Morgan Chase Bank for \$1,000,000, which was originally set to expire on September 28, 2015. The line of credit was renewed until October 31, 2019. The line bears interest at the index which is the LIBOR rate plus 1.9% (indexed rate). The line was secured by substantially all of the Foundation's assets. As of December 31, 2018, the Foundation had no outstanding balance on the line of credit and \$1,000,000 was available.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2018 and 2017

14. Concentrations of Credit Risk

The Foundation has deposits in financial institutions, which, at times, may exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation (FDIC and SIPC) insured limits. The Foundation has not experienced any losses in such accounts and continually reviews credit concentrations as part of its asset and liability management.

15. Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Foundation for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liability that may arise from such audits since the amounts, if any, cannot be determined at this date. Management expects such amounts, if any, will not be significant.

16. Effects of Current Economic Conditions and Contributions

The Foundation depends heavily on contributions and grants for its revenue. The ability of certain of the Foundation's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Foundation. While the Foundation's Board of Trustees believe the Foundation has the resources to continue programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

17. Risk and Uncertainties

The Foundation may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

18. Subsequent Events

Management has evaluated subsequent events through June 14, 2019, the date which the financial statements were available to be issued.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Immune Deficiency Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Immune Deficiency Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Immune Deficiency Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Immune Deficiency Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards (Continued)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Immune Deficiency Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weyrauch, Cronin + Sarra

Lutherville, Maryland
June 14, 2019



Independent Auditors' Report on Compliance For Each Major Program and on Internal Control
Over Compliance Required by The Uniform Guidance

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

Report on Compliance for Each Major Federal Program

We have audited Immune Deficiency Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Immune Deficiency Foundation's major federal programs for the year ended December 31, 2018. Immune Deficiency Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Immune Deficiency Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Immune Deficiency Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immune Deficiency Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Immune Deficiency Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control
Over Compliance Required by The Uniform Guidance (Continued)

Report on Internal Control Over Compliance

Management of Immune Deficiency Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Immune Deficiency Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Immune Deficiency Foundation 's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weyrauch, Cronin + Sarra

Lutherville, Maryland

June 14, 2019

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

IMMUNE DEFICIENCY FOUNDATION

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
National Institutes of Health				
<u>Research and Development Cluster:</u>				
Allergy, Immunology and Transplantation Research				
Resources to Assist Investigations in Primary				
Immunodeficiency Diseases	93.855	5U24AI086037	\$ 229,226	<u>\$ 632,301</u>
Total Research and Development Cluster				632,301
Health Resource and Services Administration				
Maternal and Child Health Federal				
Consolidated Programs	93.110	SC1MC31881	79,487	<u>249,307</u>
Total US Department of Health and Human Services				<u>881,608</u>
Total Expenditures of Federal Awards				<u><u>\$ 881,608</u></u>

See accompanying notes to schedule of expenditures of federal awards

IMMUNE DEFICIENCY FOUNDATION

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Immune Deficiency Foundation under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Immune Deficiency Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Immune Deficiency Foundation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Immune Deficiency Foundation has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

IMMUNE DEFICIENCY FOUNDATION

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

IMMUNE DEFICIENCY FOUNDATION

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

1. Summary of Auditors' Results

- (i) The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Immune Deficiency Foundation were prepared in accordance with accounting principles generally accepted in the United States of America.
- (ii) No material weaknesses or significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements of the Immune Deficiency Foundation.
- (iii) No instances of noncompliance material to the financial statements of the Immune Deficiency Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (iv) No material weaknesses or significant deficiencies were disclosed during the audit of internal control over the major federal award program.
- (v) The independent auditors' report on compliance for the major federal award program for the Immune Deficiency Foundation expresses an unmodified opinion on the major federal award program.
- (vi) There were no findings and questioned costs for federal awards which would include audit findings as defined in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
- (vii) The following program was tested as the major federal award program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.855	Allergy, Immunology and Transplantation Research Resources to Assist Investigations in Primary Immunodeficiency Diseases

- (viii) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- (ix) The Immune Deficiency Foundation does not qualify as a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None