

FINANCIAL STATEMENTS

**THE AMERICAN SOCIETY OF
HUMAN GENETICS**

**FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2016**

THE AMERICAN SOCIETY OF HUMAN GENETICS

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2017, with Summarized Financial Information for 2016	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	6 - 7
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	8
NOTES TO FINANCIAL STATEMENTS	9 - 15



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The American Society of Human Genetics
Bethesda, Maryland

We have audited the accompanying financial statements of The American Society of Human Genetics (ASHG), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASHG as of December 31, 2017, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from ASHG's 2016 financial statements, which were audited by other auditors and, in their report dated July 6, 2017, they expressed an unmodified opinion on those statements.

Gelman Rosenberg & Freedman

April 4, 2018

THE AMERICAN SOCIETY OF HUMAN GENETICS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and equivalents	\$ 464,558	\$ 1,230,899
Investments	18,192,388	17,045,785
Accounts receivable	361,477	195,648
Grants receivable	156,000	167,700
Prepaid expenses	<u>159,119</u>	<u>158,856</u>
Total current assets	<u>19,333,542</u>	<u>18,798,888</u>
FIXED ASSETS		
Furniture and fixtures	35,497	35,497
Less: Accumulated depreciation	<u>(33,942)</u>	<u>(32,266)</u>
Net fixed assets	<u>1,555</u>	<u>3,231</u>
TOTAL ASSETS	<u>\$ 19,335,097</u>	<u>\$ 18,802,119</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued liabilities	\$ 460,788	\$ 413,335
Deferred revenue	<u>528,275</u>	<u>442,602</u>
Total liabilities	<u>989,063</u>	<u>855,937</u>
NET ASSETS		
Unrestricted	18,286,416	17,886,182
Temporarily restricted	<u>59,618</u>	<u>60,000</u>
Total net assets	<u>18,346,034</u>	<u>17,946,182</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,335,097</u>	<u>\$ 18,802,119</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	<u>2017</u>			<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE AND SUPPORT				
Annual meeting	\$ 3,860,649	\$ -	\$ 3,860,649	\$ 4,132,429
Royalty income	1,559,842	-	1,559,842	1,533,653
Investment income	1,146,603	-	1,146,603	572,749
Membership dues	913,559	-	913,559	1,010,562
Advertising	266,727	-	266,727	418,855
Government grants	109,200	-	109,200	109,200
Mailing list sales	27,000	-	27,000	50,550
Contributions	6,888	100,000	106,888	70,047
Other income	39,979	-	39,979	82,046
Net assets released from donor restrictions	<u>100,382</u>	<u>(100,382)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>8,030,829</u>	<u>(382)</u>	<u>8,030,447</u>	<u>7,980,091</u>
EXPENSES				
Program Services:				
Annual Meeting	3,097,832	-	3,097,832	3,087,574
Journal	903,312	-	903,312	912,124
Education	759,202	-	759,202	888,432
Membership	250,190	-	250,190	301,236
Fellowships and Public Policy	479,503	-	479,503	424,381
GMEC	<u>100,382</u>	<u>-</u>	<u>100,382</u>	<u>-</u>
Total program services	<u>5,590,421</u>	<u>-</u>	<u>5,590,421</u>	<u>5,613,747</u>
Supporting Services:				
Management and General	<u>2,040,174</u>	<u>-</u>	<u>2,040,174</u>	<u>1,350,356</u>
Total expenses	<u>7,630,595</u>	<u>-</u>	<u>7,630,595</u>	<u>6,964,103</u>
Change in net assets	400,234	(382)	399,852	1,015,988
Net assets at beginning of year	<u>17,886,182</u>	<u>60,000</u>	<u>17,946,182</u>	<u>16,930,194</u>
NET ASSETS AT END OF YEAR	<u>\$ 18,286,416</u>	<u>\$ 59,618</u>	<u>\$ 18,346,034</u>	<u>\$ 17,946,182</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017			
	Program Services			
	Annual Meeting	Journal	Education	Membership
Salaries, benefits and payroll taxes	\$ 739,288	\$ -	\$ 620,633	\$ 44,166
Printing, mailing and labels	27,046	-	-	977
Editor's office expense	-	323,748	-	-
Stipends	-	83,436	-	-
Accounting and payroll services	-	-	-	-
Hotel and travel	127,827	20,489	49,473	4,334
Rent	180,750	-	-	-
Projection and audio visual	482,768	-	-	-
Exhibits, posters, signs and registration décor	281,169	-	-	-
Audit and legal fees	-	-	-	-
Contributions to other organizations	-	-	-	82,000
Telephone and fax	5,417	-	2,277	231
Supplies and duplicating	-	-	-	-
Computer, software, internet, and web services	205,073	-	12,800	-
Credit card fees	95,097	-	-	26,208
Promotion	56,678	-	13,518	-
Contracted services	122,518	470,221	50,747	3,435
Registration management fee	35,767	-	-	-
Insurance	16,503	-	-	-
Membership fees/professional development	15,950	-	2,154	-
Awards	74,281	-	4,747	88,816
Unrelated business income taxes	-	-	-	-
Catered events/coffee breaks	612,123	-	-	-
Advertising	14,439	-	-	-
FASEB dues	-	-	-	-
Miscellaneous	5,138	5,418	2,853	23
	\$ 3,097,832	\$ 903,312	\$ 759,202	\$ 250,190

						2016
						Supporting Services
Fellowships and Public Policy	GMEC	Total Program Services	Management and General	Total Expenses	Total Expenses	
\$ 370,163	\$ 89,385	\$ 1,863,635	\$ 1,090,224	\$ 2,953,859	\$ 2,733,452	
-	-	28,023	2,356	30,379	71,685	
-	-	323,748	-	323,748	318,651	
-	-	83,436	-	83,436	61,992	
-	-	-	82,323	82,323	81,726	
10,854	245	213,222	97,098	310,320	385,461	
-	-	180,750	172,779	353,529	321,933	
-	-	482,768	-	482,768	443,906	
-	-	281,169	-	281,169	267,851	
-	-	-	49,017	49,017	33,416	
-	-	82,000	-	82,000	51,500	
-	-	7,925	19,155	27,080	28,024	
-	-	-	57,405	57,405	44,467	
-	-	217,873	202,467	420,340	217,673	
-	-	121,305	-	121,305	140,667	
-	-	70,196	9,311	79,507	69,068	
13,263	10,752	670,936	217,347	888,283	694,986	
-	-	35,767	-	35,767	32,709	
-	-	16,503	12,245	28,748	27,558	
-	-	18,104	13,309	31,413	36,863	
-	-	167,844	-	167,844	163,232	
-	-	-	1,405	1,405	20,749	
-	-	612,123	-	612,123	582,224	
-	-	14,439	-	14,439	38,872	
85,223	-	85,223	-	85,223	79,860	
-	-	13,432	13,733	27,165	15,578	
\$ 479,503	\$ 100,382	\$ 5,590,421	\$ 2,040,174	\$ 7,630,595	\$ 6,964,103	

THE AMERICAN SOCIETY OF HUMAN GENETICS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 399,852	\$ 1,015,988
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	1,676	1,797
Unrealized gain	(414,111)	(62,963)
Realized gain	(430,281)	(263,483)
(Increase) decrease in:		
Accounts receivable	(165,829)	239,574
Grants receivable	11,700	52,000
Prepaid expenses	(263)	158,967
Increase (decrease) in:		
Accounts payable and accrued liabilities	47,453	60,227
Deferred revenue	<u>85,673</u>	<u>(56,782)</u>
Net cash (used) provided by operating activities	<u>(464,130)</u>	<u>1,145,325</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(3,110)
Purchase of investments	(1,129,211)	(14,662,656)
Proceeds from sale of investments	<u>827,000</u>	<u>13,172,414</u>
Net cash used by investing activities	<u>(302,211)</u>	<u>(1,493,352)</u>
Net decrease in cash and cash equivalents	(766,341)	(348,027)
Cash and cash equivalents at beginning of year	<u>1,230,899</u>	<u>1,578,926</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 464,558</u>	<u>\$ 1,230,899</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	<u>\$ 18,314</u>	<u>\$ -</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The American Society of Human Genetics (ASHG) is a non-profit organization, incorporated and located in the State of Maryland. ASHG was established to bring close contact investigators in the many fields of genetic research, to encourage and integrate research in human genetics, and to deal with other related issues.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

ASHG considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, ASHG maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$2,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2017 totaled \$1,676.

Income taxes -

ASHG is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, but it is subject to tax on unrelated business income.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Income taxes (continued) -

The financial statements for the year ended December 31, 2017, include prepaid income tax expenses totaling \$23,986, which are included in other assets.

Uncertain tax positions -

For the year ended December 31, 2017, ASHG has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Deferred revenue -

Deferred revenue consists of member dues and conference and meeting registrations. ASHG recognizes member dues on a pro-rata basis over the annual membership period. ASHG recognizes conference and meeting revenue when the related event has occurred.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of ASHG and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of ASHG and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

ASHG receives funding under grants and contracts from the U.S. government. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Use of estimates -

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

Advertising -

ASHG expenses advertising costs as incurred. Advertising expense was \$14,439 for the year ended December 31, 2017.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

ASHG invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

In accordance with FASB ASC 820, *Fair Value Measurement*, ASHG has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market ASHG has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement (continued) -

For disclosure of inputs and valuation techniques, see Note 2.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of ASHG's financial statements, it is not expected to alter ASHG's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. ASHG has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

ASHG plans to adopt the new ASUs at the respective required implementation dates.

2. INVESTMENTS

The table below summarizes, the investments measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with the measurement were made.

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. INVESTMENTS (Continued)

ASHG's investments as of December 31, 2017 were as follows:

	Level 1	Level 2	Level 3	Total December 31, 2017
Asset Class:				
Money market funds	\$ 384,558	\$ -	\$ -	\$ 384,558
Equity mutual funds	5,030,222	-	-	5,030,222
Fixed income mutual funds	5,453,402	-	-	5,453,402
U.S. Treasury obligations	-	3,668,704	-	3,668,704
Corporate and foreign bonds	-	2,616,436	-	2,616,436
U.S. Government agencies	-	1,039,066	-	1,039,066
TOTAL	\$10,868,182	\$ 7,324,206	\$ -	\$ 18,192,388

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

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Equity and fixed income mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by ASHG's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by ASHG's are deemed to be actively traded.
- *U.S Treasury, Corporate and foreign and U.S. agency bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2017. Transfers between levels are recorded at the end of the reporting period, if applicable.

Included in investment income are the following:

Interest and dividends	\$ 302,211
Unrealized gain	414,111
Realized gain	430,281
TOTAL INVESTMENT INCOME	\$ 1,146,603

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017:

Genomic Medicine Education Consortium (GMEC)	\$ 59,618
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THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Genomic Medicine Education Consortium (GMEC)	\$ <u>100,382</u>
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4. LEASE COMMITMENTS

ASHG leases office space under a three-year agreement, which was modified on May 31, 2016. Base rent is \$172,779 per year, plus a proportionate share of expenses. ASHG plans to terminate this lease in 2018.

On October 31, 2017, ASHG signed a lease for office space in Bethesda, Maryland. The term of the lease is June 1, 2018 through September 30, 2029. Base rent is \$18,985 per year, plus a proportionate share of expenses, increasing by a factor of 2.7% per year. The lease includes sixteen months of abated rent and tenant build-out allowance not to exceed \$554,680.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position. This principle will take effect for ASHG starting in 2018.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2018	\$ 71,991
2019	58,519
2020	237,819
2021	244,376
2022	251,125
Thereafter	<u>1,885,285</u>
	<u>\$ 2,749,115</u>

Rent expense for the year ended December 31, 2017 was \$353,529. Of this, \$172,779 is for office rent; the remainder is for meeting rental expense.

ASHG subleases a portion of its office space under a lease, which expired on December 31, 2016. However, per the sublease agreement, the sublease will automatically renew for periods of one year unless sooner terminated by either party. The agreement states a consideration of \$34,100 per year payable in two installments per year.

Rental income for the year ended December 31, 2017 was \$31,383 and is included in other income on the Statement of Activities and Change in Net Assets.

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. RETIREMENT PLAN

All full time employees of ASHG may participate in a defined contribution plan sponsored by the Federation of American Societies of Experimental Biology (FASEB). The plan provides a 10% contribution on each eligible salary when the employee contributes 3%. Contributions to the plan during the year ended December 31, 2017 totaled \$212,451.

6. COMMITMENTS

ASHG is committed under agreements for conference space for annual meetings 2018, 2025 and 2026. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increases through the date of the event.

The Society has an employee lease and services agreement with the Genetics Society of America (GSA). Under this agreement, GSA reimburses the Society for compensation, benefits, and the respective share of human resources services provided by the Society associated with leased employees. Reimbursements due to ASHG from GSA at December 31, 2017 totaled \$26,794.

7. AMERICAN JOURNAL OF HUMAN GENETICS

In June 2007, the Society entered into a journal publishing agreement with Cell Press, for the professional publication, The American Journal of Human Genetics. Under the terms of the agreement, Cell Press publishes the journal, handles the subscription process, and keeps the accounting for the journal operations. This agreement expires in 2022. For the year ended December 31, 2017, total royalty income received from Cell Press as part of this agreement was \$1,559,842.

8. SUBSEQUENT EVENTS

In preparing these financial statements, ASHG has evaluated events and transactions for potential recognition or disclosure through April 4, 2018, the date the financial statements were issued.