

American Society of Transplantation and Subsidiary

Financial Statements
Year Ended December 31, 2018



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AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

**Boards of Directors
American Society of Transplantation
Mount Laurel, New Jersey**

We have audited the accompanying consolidated financial statements of the American Society of Transplantation (a nonprofit organization) and Subsidiary (a limited liability company), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 consolidated financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Society of Transplantation and Subsidiary as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the American Society of Transplantation and Subsidiary's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
April 15, 2019**

**AMERICAN SOCIETY OF TRANSPLANTATION
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 733,321	\$ 274,217
Accounts receivable		
Contributions	257,500	40,000
Distribution from joint venture	103,062	425,645
Publications	258,821	272,471
Other	7,219	18,863
Prepaid expenses	196,758	162,364
Equipment and website development costs (net of accumulated depreciation of \$76,292 in 2018 and \$43,982 in 2017)	171,047	71,433
Investments	13,717,965	14,849,806
Interest in net assets of joint ventures	<u>265,083</u>	<u>264,829</u>
Total assets	<u>\$ 15,710,776</u>	<u>\$ 16,379,628</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 336,316	\$ 155,088
Deferred income	<u>856,645</u>	<u>736,645</u>
Total liabilities	<u>1,192,961</u>	<u>891,733</u>
NET ASSETS		
Without donor restrictions		
Operating	2,361,212	2,835,953
Board designated	<u>10,908,757</u>	<u>11,315,173</u>
	13,269,969	14,151,126
With donor restrictions	<u>1,247,846</u>	<u>1,336,769</u>
Total net assets	<u>14,517,815</u>	<u>15,487,895</u>
Total liabilities and net assets	<u>\$ 15,710,776</u>	<u>\$ 16,379,628</u>

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
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CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2018 with comparative totals for 2017

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Totals</u>	
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		<u>2018</u>	<u>2017</u>
REVENUE						
Membership dues and subscriptions	\$ 1,155,857	\$ -	\$ 1,155,857	\$ -	\$ 1,155,857	\$ 1,087,755
Income from joint ventures	755,970	-	755,970	-	755,970	547,562
Journal royalty	305,883	-	305,883	-	305,883	314,254
Meeting registration fees and educational projects	203,359	-	203,359	-	203,359	241,359
Other	147,707	-	147,707	-	147,707	127,415
Total revenue	<u>2,568,776</u>	<u>-</u>	<u>2,568,776</u>	<u>-</u>	<u>2,568,776</u>	<u>2,318,345</u>
SUPPORT						
Contributions	993,170	47,828	1,040,998	402,656	1,443,654	1,515,185
NET ASSETS RELEASED FROM RESTRICTIONS						
Endowment spending policy	353,700	(338,808)	14,892	(14,892)	-	-
Expiration of board designations	47,362	(47,362)	-	-	-	-
Expiration of purpose and time restrictions	452,500	-	452,500	(452,500)	-	-
Total revenue and support	<u>4,415,508</u>	<u>(338,342)</u>	<u>4,077,166</u>	<u>(64,736)</u>	<u>4,012,430</u>	<u>3,833,530</u>
EXPENSES						
Program services						
Grants and awards	423,938	-	423,938	-	423,938	736,871
Meetings and educational projects	1,859,588	-	1,859,588	-	1,859,588	2,176,940
Fellowship training	83,297	-	83,297	-	83,297	166,624
Advocacy	598,110	-	598,110	-	598,110	472,237
Other	167,643	-	167,643	-	167,643	269,556
Supporting services						
Management and general	709,033	-	709,033	-	709,033	311,866
Member services	365,792	-	365,792	-	365,792	294,817
Fundraising	215,736	-	215,736	-	215,736	344,735
Total expenses	<u>4,423,137</u>	<u>-</u>	<u>4,423,137</u>	<u>-</u>	<u>4,423,137</u>	<u>4,773,646</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(7,629)	(338,342)	(345,971)	(64,736)	(410,707)	(940,116)
OTHER CHANGES						
Investment income (loss)	32,888	(568,074)	(535,186)	(24,187)	(559,373)	1,582,197
Transfer	(500,000)	500,000	-	-	-	-
Total other changes	<u>(467,112)</u>	<u>(68,074)</u>	<u>(535,186)</u>	<u>(24,187)</u>	<u>(559,373)</u>	<u>1,582,197</u>
CHANGE IN NET ASSETS	(474,741)	(406,416)	(881,157)	(88,923)	(970,080)	642,081
NET ASSETS						
Beginning of year	2,835,953	11,315,173	14,151,126	1,336,769	15,487,895	14,845,814
End of year	<u>\$ 2,361,212</u>	<u>\$ 10,908,757</u>	<u>\$ 13,269,969</u>	<u>\$ 1,247,846</u>	<u>\$ 14,517,815</u>	<u>\$ 15,487,895</u>

See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018 with comparative totals for 2017

	Program Services					Supporting Services					Totals	
	Grants and Awards	Meetings and Educational Projects	Fellowship Training	Advocacy	Other	Total Program Services	Management and General	Member Services	Fundraising	Total Supporting Services	2018	2017
Salaries and benefits	\$ 26,454	\$ 555,508	\$ -	\$ 264,527	\$ -	\$ 846,489	\$ 331,419	\$ 105,811	\$ 105,811	\$ 543,041	\$ 1,389,530	\$ 1,281,315
Accreditation expense	-	21,312	-	-	-	21,312	-	-	-	-	21,312	35,500
Annual meeting expense	-	32,012	-	-	-	32,012	-	-	-	-	32,012	34,058
Audiovisual services	-	125,818	-	-	-	125,818	-	-	-	-	125,818	142,093
Board meetings expense	-	-	-	45,775	-	45,775	47,185	45,775	-	92,960	138,735	156,519
Committee expenses	-	47,546	-	8,829	-	56,375	-	12,439	-	12,439	68,814	30,831
Contracted services	-	129,102	40,000	-	-	169,102	146,543	129,102	-	275,645	444,747	389,147
Copies, printing and supplies	-	936	244	-	-	1,180	14,068	-	-	14,068	15,248	16,544
Grants	362,117	89,756	-	-	-	451,873	-	-	-	-	451,873	576,494
Hotel, food and beverage	-	403,830	-	4,947	-	408,777	60,627	-	45,722	106,349	515,126	657,186
Insurance	-	1,354	13,452	-	-	14,806	19,455	-	-	19,455	34,261	25,690
Journal subscription expense	-	-	-	-	167,643	167,643	-	-	-	-	167,643	163,029
Officer expense	17,875	17,875	-	17,875	-	53,625	-	-	17,875	17,875	71,500	71,500
Professional fees	-	-	100	240,000	-	240,100	24,619	13,440	10,808	48,867	288,967	333,090
Program materials	-	238,517	-	-	-	238,517	-	-	8,757	8,757	247,274	146,506
Public relations and marketing	687	13,231	-	-	-	13,918	-	15,806	26,299	42,105	56,023	225,025
Speaker honoraria	-	21,280	-	-	-	21,280	-	-	-	-	21,280	36,938
Technology	16,371	5,745	3,569	2,500	-	28,185	270	23,768	-	24,038	52,223	89,359
Travel	-	102,770	22,182	12,907	-	137,859	-	-	-	-	137,859	248,935
Miscellaneous	434	52,996	3,750	750	-	57,930	64,847	19,651	464	84,962	142,892	113,887
Total expenses	\$ 423,938	\$ 1,859,588	\$ 83,297	\$ 598,110	\$ 167,643	\$ 3,132,576	\$ 709,033	\$ 365,792	\$ 215,736	\$ 1,290,561	\$ 4,423,137	\$ 4,773,646

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See accompanying notes

**AMERICAN SOCIETY OF TRANSPLANTATION
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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (970,080)	\$ 642,081
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Realized and unrealized (gain) loss on investments	774,493	(1,434,190)
Contributions restricted for long-term purpose	(31,656)	(17,756)
Change in interest in net assets of joint ventures	(254)	(8,703)
Depreciation	32,310	27,451
(Increase) decrease in		
Accounts receivable	130,377	136,573
Prepaid expenses	(34,394)	118,138
Increase (decrease) in		
Accounts payable and accrued expenses	181,228	(357,619)
Deferred income	<u>120,000</u>	<u>(11,317)</u>
Net cash provided by (used for) operating activities	<u>202,024</u>	<u>(905,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,100,783)	(4,458,415)
Proceeds from sale of investments	6,458,131	5,530,793
Purchase of equipment and website development costs	<u>(131,924)</u>	<u>(32,760)</u>
Net cash provided by investing activities	<u>225,424</u>	<u>1,039,618</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purpose	<u>31,656</u>	<u>17,756</u>
Net change in cash	459,104	152,032
CASH		
Beginning of year	<u>274,217</u>	<u>122,185</u>
End of year	<u>\$ 733,321</u>	<u>\$ 274,217</u>

See accompanying notes

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(1) NATURE OF OPERATIONS

American Society of Transplantation ("**AST**") is a not-for-profit organization, the primary objectives of which are to promote and encourage education and research with respect to transplantation medicine and immunology; to provide a forum for the exchange of scientific information related to transplantation medicine and immunology; and to provide physicians and allied scientists interested in transplantation medicine and immunology an effective, unified authoritative voice in dealing with other governmental, medical, professional and private agencies and organizations.

AST Transplant Nephrology Fellowship Training Accreditation Program ("**TNFTAP**") was organized as a limited liability company on May 1, 2014 and is wholly owned by AST. TNFTAP's primary purpose is to conduct, oversee, and manage the AST Transplant Nephrology Fellowship Training Accreditation Program in order to promote the education, training and knowledge of renal transplant physicians.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of AST and TNFTAP. All material intercompany accounts and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

AST and TNFTAP report information regarding their financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of AST and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting AST to expend the income generated in accordance with the provisions of the contribution.

Fair Value Measurements of Assets and Liabilities

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of AST and TNFTAP. Unobservable inputs reflect AST and TNFTAP's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

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December 31, 2018

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the AST and TNFTAP have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect AST and TNFTAP's own assumptions.

Accounting Estimates

In preparing consolidated financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on outstanding balances.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the consolidated statement of activities. Dividend and interest income is recorded as earned.

AST invests in a professionally-managed portfolio that contains various types of investments (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the consolidated financial statements could change materially in the near term.

Equipment and Website Development Costs

Equipment and website development costs are carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Revenue

Meetings and educational projects revenue and expenses are recognized in the period that the event is held. Membership dues and subscriptions are recorded as revenue in the year to which they relate. Accordingly, revenue from these sources received in advance of the applicable year is included in deferred income in the accompanying consolidated statement of financial position.

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

AMERICAN SOCIETY OF TRANSPLANTATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

Income Taxes

AST is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. AST qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from certain activities not directly related to AST's tax-exempt purpose may be subject to taxation as unrelated business income.

TNFTAP is a limited liability company whose single member is AST.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the consolidated financial statements. AST and TNFTAP believe that they had no uncertain tax positions as defined in GAAP.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the consolidated statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort.

Summarized Prior-Year Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with AST and TNFTAP's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Concentrations of Credit Risk

Financial instruments which potentially subject AST to concentrations of credit risk are cash and accounts receivable. AST maintain cash deposits at high-quality financial institutions. At times, such deposits may exceed federally-insured limits. Accounts receivable consist primarily of royalties from the publisher of AST's journal, distributions receivable from the joint venture with ASTS (**See Note 5**) and contributions expected to be collected in 2019.

Accounting Pronouncements Adopted

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. AST and TNFTAP have adjusted the presentation of their consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the AST and TNFTAP's consolidated 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 unrestricted net asset class has been renamed net assets without donor restrictions.
- The consolidated financial statements include a new disclosure about liquidity and availability of resources (**Note 11**).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 631,855	\$ 740,663
Common stocks	3,584,399	3,849,984
Mutual funds		
Equity	4,935,079	5,159,836
Fixed income	<u>4,566,632</u>	<u>5,099,323</u>
	<u>\$13,717,965</u>	<u>\$14,849,806</u>

Investment income (loss) for the year ended December 31, was comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 299,411	\$ 221,186
Net realized and unrealized gain (loss)	(774,493)	1,434,190
Less investment management fees	<u>(84,291)</u>	<u>(73,179)</u>
	<u>\$ (559,373)</u>	<u>\$ 1,582,197</u>

Investments are measured at fair value using Level 1 (quoted prices in active markets) valuation inputs.

(4) CONDITIONAL GRANTS PAYABLE

AST had conditional grant agreements of approximately \$460,000 and \$240,000 at December 31, 2018 and 2017, respectively. As these grants are conditional on future events, no liability has been recorded in the consolidated financial statements. Future anticipated payments of conditional grants are \$310,000 in 2019 and \$150,000 in 2020.

(5) INTEREST IN NET ASSETS OF JOINT VENTURES

AST has entered into an unincorporated joint venture with the American Society of Transplant Surgeons ("**ASTS**") to co-sponsor meetings, publications and other common activities. Each organization has a 50% interest in the joint venture. AST has estimated its interest in the net assets of the joint venture to be \$201,023 as of December 31, 2018 and 2017. AST also has a distribution receivable from the joint venture of \$103,062 included in accounts receivable on the statement of financial position at December 31, 2018.

AST also has a joint venture with the American Society of Nephrology ("**ASN**"). Each organization has a 50% interest in the joint venture. AST has estimated its investment to be \$64,060 and \$63,806 as of December 31, 2018 and 2017, respectively.

AST records its interest in the net assets of the joint ventures described above on the equity method. Summarized financial information as of December 31, 2018 and 2017 and for the years then ended from the joint ventures' financial statements is as follows:

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December 31, 2018

<u>2018</u>	<u>ASTS</u>	<u>ASN</u>	<u>Total</u>
Assets	\$ 924,767	\$128,119	\$ 1,052,886
Liabilities	<u>(522,721)</u>	<u>-</u>	<u>(522,721)</u>
Net assets	<u>\$ 402,046</u>	<u>\$128,119</u>	<u>\$ 530,165</u>
Revenues	\$ 5,137,005	\$ 1,125	\$ 5,138,130
Expenses	(3,330,880)	(618)	(3,331,498)
Distributions, net	<u>(1,806,125)</u>	<u>-</u>	<u>(1,806,125)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ 507</u>
<u>2017</u>	<u>ASTS</u>	<u>ASN</u>	<u>Total</u>
Assets	\$ 1,620,321	\$127,952	\$ 1,748,273
Liabilities	<u>(1,218,275)</u>	<u>(340)</u>	<u>(1,218,615)</u>
Net assets	<u>\$ 402,046</u>	<u>\$127,612</u>	<u>\$ 529,658</u>
Revenues	\$ 4,812,267	\$ 24,825	\$ 4,837,092
Expenses	(3,460,979)	(7,418)	(3,468,397)
Distributions, net	<u>(1,351,288)</u>	<u>-</u>	<u>(1,351,288)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 17,407</u>	<u>\$ 17,407</u>

(6) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Board designated net assets consist of the following:

	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Investment Income</u>	<u>Releases</u>	<u>Balance December 31, 2018</u>
Quasi-Endowment fund	\$10,635,860	\$500,000	\$(550,267)	\$(338,808)	\$10,246,785
AST RN fund	<u>679,313</u>	<u>47,828</u>	<u>(17,807)</u>	<u>(47,362)</u>	<u>661,972</u>
	<u>\$11,315,173</u>	<u>\$547,828</u>	<u>\$(568,074)</u>	<u>\$(386,170)</u>	<u>\$10,908,757</u>

The Quasi-Endowment fund is to provide income to support core AST programs. The AST Research Network ("**AST RN**") fund fosters transformative, multi-disciplinary transplantation and immunology research opportunities.

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2018</u>
Subject to expenditure for specified purposes or periods				
Grants and awards	\$ 353,124	\$302,500	\$(257,500)	\$ 398,124
Meetings and education	45,000	68,500	(45,000)	68,500
Future initiatives	<u>450,000</u>	<u>-</u>	<u>(150,000)</u>	<u>300,000</u>
	<u>848,124</u>	<u>371,000</u>	<u>(452,500)</u>	<u>766,624</u>

**AMERICAN SOCIETY OF TRANSPLANTATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

Net assets to be maintained indefinitely Endowment, whose income is available for various programs	<u>488,645</u>	<u>7,469</u>	<u>(14,892)</u>	<u>481,222</u>
	<u>\$1,336,769</u>	<u>\$378,469</u>	<u>\$(467,392)</u>	<u>\$1,247,846</u>

The endowment has an historical dollar value of \$449,979 at December 31, 2018.

(8) ENDOWMENT FUNDS

In 2009, the State of New Jersey enacted the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**") effective immediately, the provisions of which apply to endowment funds existing on or established after that date. AST has determined that its net assets with donor restrictions meet the definition of an endowment fund under UPMIFA.

AST has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. AST's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The spending policy calculates the amount of money annually distributed from the endowment funds to support various programs. The current spending policy on the endowment funds is to distribute an amount equal to 3.5% in 2018 and 2017, respectively, of a moving three-year average of the fair value of the endowment fund.

Changes in the endowment assets for the years ended are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	\$10,635,860	\$488,645	\$11,124,505
Additions	500,000	31,656	531,656
Investment loss	(550,267)	(24,187)	(574,454)
Spending policy distribution	<u>(338,808)</u>	<u>(14,892)</u>	<u>(353,700)</u>
Endowment net assets, December 31, 2018	<u>\$10,246,785</u>	<u>\$481,222</u>	<u>\$10,728,007</u>

(9) RETIREMENT PLAN

AST participates in a defined contribution plan that covers substantially all of its employees. Employees can contribute any percentage of their income up to the Internal Revenue Service limit for the year. AST can make a discretionary matching contribution. Employer contributions made to the plan for the year ended December 31, 2018 were \$39,550. No employer contributions were made to the plan in 2017.

(10) MANAGEMENT AGREEMENT

AST entered into a management agreement for the provision of certain association management services to be provided through December 31, 2021. Services to be provided include financial management, human resources, general office management and computer capabilities. Fees under the agreement were \$268,636 and \$303,713 for the years ended December 31, 2018 and 2017, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects AST and TNFTAP's financial assets as of the consolidated statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$ 733,321
Accounts receivable	626,602
Investments	13,717,965
Interest in net assets of joint ventures	<u>265,083</u>
Total financial assets	15,342,971
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	(766,624)
Restricted by donor to be maintained indefinitely	(481,222)
Interest in net assets of joint ventures	(265,083)
Board designated funds	<u>(10,908,757)</u>
Total financial assets available within one year	<u>\$ 2,921,285</u>

Liquidity Management

As part of AST and TNFTAP's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds and fixed income mutual funds.

(12) HOTEL COMMITMENTS

AST has entered into agreements with hotels providing room accommodations for its educational meetings through 2021. These agreements include a guarantee by AST that a minimum number of rooms will be rented by conference attendees. AST intends to hold its educational meetings at the scheduled hotels.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2019, the date on which the consolidated financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that require recognition or disclosure in the consolidated financial statements.