

NATIONAL ALOPECIA AREATA FOUNDATION

SAN RAFAEL, CALIFORNIA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
National Alopecia Areata Foundation
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of National Alopecia Areata Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, 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 opinions 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 organization'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 organization'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Alopecia Areata Foundation as of December 31, 2017, and the changes 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.

Report on Summarized Comparative Information

We have previously audited National Alopecia Areata Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 26, 2018

National Alopecia Areata Foundation
STATEMENTS OF FINANCIAL POSITION
December 31, 2017
(With Comparative Totals for December 31, 2016)

	2017	2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,144,011	\$ 481,857
Investments	1,826,917	2,669,898
Accounts receivable	423,383	346,382
Prepaid expenses and other current assets	15,765	21,770
Total current assets	3,410,076	3,519,907
Non-current assets:		
Grants receivable	-	100,000
Fixed assets, net of accumulated depreciation	3,978	7,404
Total non-current assets	3,978	107,404
Total assets	\$ 3,414,054	\$ 3,627,311
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 185,354	\$ 57,584
Accrued vacation payable	34,962	33,437
Deferred revenue	2,400	9,795
Total current liabilities	222,716	100,816
Net assets:		
Unrestricted	2,190,290	1,767,718
Temporarily restricted	1,001,048	1,758,777
Total net assets	3,191,338	3,526,495
Total liabilities and net assets	\$ 3,414,054	\$ 3,627,311

The accompanying notes are an integral part of these financial statements.

National Alopecia Areata Foundation
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
Operating revenues:				
Contributions	\$ 836,816	\$ 23,699	\$ 860,515	\$ 963,698
Grants and sponsorships	596,555	62,932	659,487	758,992
TDP services	70,682	-	70,682	68,404
Fundraising events	206,418	-	206,418	423,843
Conference registration fees	106,212	-	106,212	109,478
Publications and community services	29,417	-	29,417	25,265
Interest and dividends	88,485	-	88,485	101,312
Realized gains/(losses) on investments	67,544	-	67,544	(80,070)
Unrealized gains on investments	165,240	-	165,240	130,081
Net assets released from restrictions	844,360	(844,360)	-	-
Total operating revenues	<u>3,011,729</u>	<u>(757,729)</u>	<u>2,254,000</u>	<u>2,501,003</u>
Operating expenses:				
Program services:				
Support and education	895,591	-	895,591	792,608
Awareness and advocacy	273,171	-	273,171	220,146
Treatment development	981,388	-	981,388	930,406
Supportive services:				
Fundraising	274,486	-	274,486	273,814
Administration	164,521	-	164,521	158,047
Total operating expenses	<u>2,589,157</u>	<u>-</u>	<u>2,589,157</u>	<u>2,375,021</u>
Change in net assets	422,572	(757,729)	(335,157)	125,982
Net assets, beginning of period	<u>1,767,718</u>	<u>1,758,777</u>	<u>3,526,495</u>	<u>3,400,513</u>
Net assets, end of period	<u>\$ 2,190,290</u>	<u>\$ 1,001,048</u>	<u>\$ 3,191,338</u>	<u>\$ 3,526,495</u>

The accompanying notes are an integral part of these financial statements.

National Alopecia Areata Foundation
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Program Services			Supportive Services		Total 2017	Total 2016
	Support and Education	Awareness and Advocacy	Treatment Development	Fundraising	Admin- istration		
Expenses:							
Grants	\$ -	\$ -	\$ 479,423	\$ -	\$ -	\$ 479,423	\$ 403,247
Research program	-	-	101,283	-	-	101,283	171,421
Scholarships	14,791	-	-	-	-	14,791	11,267
Salaries	348,695	104,584	177,020	131,716	60,184	822,199	692,129
Payroll taxes	25,640	7,690	13,016	9,685	4,426	60,457	54,281
Medical benefits	38,253	11,473	19,419	14,450	6,602	90,197	71,347
Retirement benefits	47,997	14,396	24,366	18,131	8,284	113,174	97,766
Workers compensation insurance	1,438	431	730	543	248	3,390	6,671
Legal fees	-	-	-	-	2,536	2,536	4,617
Accounting and tax preparation	-	-	-	-	33,328	33,328	38,282
Audit fees	-	-	-	-	5,800	5,800	5,750
Website and software maintenance	37,658	7,966	13,760	10,139	2,897	72,420	47,646
Other professional fees	-	-	-	-	-	-	200
Payroll processing fees	2,559	768	1,299	967	441	6,034	6,138
Rent	36,993	7,825	13,517	9,960	2,846	71,141	63,353
Insurance	4,572	967	1,671	1,231	352	8,793	8,494
Supplies	8,960	1,274	1,266	1,436	163	13,099	12,788
Expendable equipment	3,846	814	1,405	1,036	296	7,397	2,078
Telephone and internet	4,621	2,570	2,544	1,250	654	11,639	12,755
Postage and shipping	26,755	3,428	2,078	11,121	42	43,424	42,956
Printing and publications	18,158	18,064	8,351	30,506	(311)	74,768	90,314
Equipment maintenance & leasing	14,073	1,949	3,662	2,481	1,266	23,431	23,623
Travel	31,774	24,718	58,118	1,711	158	116,479	110,526
Conventions and meetings	131,391	28,391	48,232	2,427	693	211,134	188,845
Awareness and fundraising events	-	8,620	-	8,619	-	17,239	48,562
Audio and visual	19,155	19,155	9,577	-	-	47,887	43,282
Other taxes, licenses and fees	-	-	-	-	23,778	23,778	6,695
Dues and subscriptions	-	7,711	-	-	1,360	9,071	4,970
Bank charges	-	-	-	16,597	-	16,597	19,495
Investment fees	-	-	-	-	8,342	8,342	20,321
Constituent assistance	76,480	-	-	-	-	76,480	61,034
Depreciation	1,782	377	651	480	136	3,426	4,168
Total expenses	<u>\$ 895,591</u>	<u>\$ 273,171</u>	<u>\$ 981,388</u>	<u>\$ 274,486</u>	<u>\$ 164,521</u>	<u>\$ 2,589,157</u>	<u>\$ 2,375,021</u>

The accompanying notes are an integral part of these financial statements.

National Alopecia Areata Foundation
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (335,157)	\$ 125,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,426	4,168
Realized (gains)/losses on investments	(67,544)	80,070
Unrealized gains on investments	(165,240)	(130,081)
Donation of investments	(24,544)	(13,623)
Changes in certain assets and liabilities:		
Accounts receivable	22,999	(346,375)
Prepaid expenses and other current assets	6,005	(6,728)
Accounts payable	127,770	4,772
Accrued vacation payable	1,525	5,190
Deferred revenue	(7,395)	(2,365)
Net cash used for operating activities	(438,155)	(278,990)
Cash flows from investing activities:		
Purchase of investments	(439,731)	(830,758)
Sale of investments	1,540,040	1,149,007
Net cash provided by investing activities	1,100,309	318,249
Net increase in cash during the period	662,154	39,259
Cash balance, beginning of period	481,857	442,598
Cash balance, end of period	\$ 1,144,011	\$ 481,857

The accompanying notes are an integral part of these financial statements.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - GENERAL

The National Alopecia Areata Foundation (the Organization) was incorporated in 1981 as a non-profit public benefit corporation under the laws of the State of California as a world center for Alopecia Areata resources. The Organization is raising public consciousness of the disease, providing support and resources for those with the condition, and encouraging and funding medical research for better treatment and an ultimate cure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by the Organization in the course of its operations.

D. Temporarily Restricted Net Assets

The Organization reports donations and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Allocation of Expenses

Directly identifiable expenses are charged directly to program services and supportive services. Expenses related to more than one function are charged to program services and supportive services on the basis of periodic time and expense studies. Administration expenses include those expenses that provide for the overall support and direction of the Organization.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments such as certificates of deposit with a maturity of three months or less.

G. Investments

Investments are recorded at fair market value.

H. Accounts Receivable/Grants Receivable

The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

For grants receivable due over one year, the Organization has not recorded the discount to net present value because the amounts were considered immaterial.

I. Fixed Assets

Acquisitions of property and equipment in excess of \$3,500 are capitalized. Property and equipment are stated at cost and are depreciated over their estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

J. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

K. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Concentrations of Risk

The Organization maintains a portfolio of financial instruments which potentially expose the Organization to concentrations of investment risk. To limit the amount of risk exposure the Organization diversifies its portfolio by asset class and by depository. Subject to market fluctuations, management does not consider this risk a particular concern at this time.

M. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 26, 2018, the date the financial statements were available to be issued.

N. Comparative Financial Information

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with National Alopecia Areata Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of December 31 were as follows:

	2017	2016
Westamerica Bank	\$ 254,509	\$ 322,807
Morgan Stanley	-	144,932
Charles Schwab	<u>889,502</u>	<u>14,118</u>
Total	<u>\$ 1,144,011</u>	<u>\$ 481,857</u>

Cash on deposit with Westamerica Bank was insured up to the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institution in the Organization's name. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time. Cash on deposit with Charles Schwab in the amount of \$889,502 was fully insured by the FDIC and other insurance provided by Charles Schwab.

NOTE 5 - INVESTMENTS

As indicated in note 2L, the Organization maintains a diversified portfolio of financial instruments. In addition, the Organization frequently receives donations in the form of marketable securities. Donated marketable securities are sold within a short period after receipt. Investments are recorded at current market value on the statement of financial position.

	Charles Schwab	Morgan Stanley	Total
Account balances as of 12/31/16	\$ 4,950	\$ 2,664,948	\$ 2,669,898
Purchase of investments/reinvested dividends	323,515	160,439	483,954
Sale of investments	(1,292,848)	(247,192)	(1,540,040)
Transfers	2,742,181	(2,761,860)	(19,679)*
Realized gains and losses	(116,121)	183,665	67,544
Unrealized gains and losses	<u>165,240</u>	<u>-</u>	<u>165,240</u>
Account balances as of 12/31/17	<u>\$ 1,826,917</u>	<u>\$ 0</u>	<u>\$ 1,826,917</u>
Bond Funds	\$ 852,236	\$ -	\$ 852,236
Equity Funds	504,565	-	504,565
Exchange Traded Funds	<u>470,116</u>	<u>-</u>	<u>470,116</u>
Total	<u>\$ 1,826,917</u>	<u>\$ 0</u>	<u>\$ 1,826,917</u>

*The balance of the transfer of \$19,679 represents transfers to the Charles Schwab cash funds.

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

As of December 31, 2017, the investments balance of \$1,826,917 was all classified to be Level 1.

FSP FAS 157-4 provides further clarification on SFAS 157 in determining an inactive market and a non-distressed transaction. The above investments for December 31, 2017 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Bond Funds	\$ 852,236	\$ 852,236	\$ -	\$ -
Equity Funds	504,565	504,565	-	-
Exchange Traded Funds	470,116	470,116	-	-
Total	<u>\$ 1,826,917</u>	<u>\$ 1,826,917</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - FIXED ASSETS

Fixed assets as of December 31, 2017 were as follows:

	Years	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Furniture/equipment	5	\$ 28,124	<u>\$ -</u>	<u>\$ -</u>	\$ 28,124
Less accumulated depreciation		(20,720)			(24,146)
Fixed assets, net		<u>\$ 7,404</u>			<u>\$ 3,978</u>

Depreciation expense was \$3,426 and \$4,168 for the years ended December 31, 2017 and December 31, 2016, respectively.

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8 - ACCRUED VACATION PAYABLE

The Organization's employees earn between ten to eighteen days vacation leave per year up to a maximum of 144 hours. At the end of the year, employees are paid for all vacation leave over 144 hours. Sick leave is earned at a rate of one day per month up to a maximum of 160 hours. Upon termination, the Organization is obligated to compensate employees for all earned and unused vacation time only. Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$34,962 and \$33,437 as of December 31, 2017, and December 31, 2016, respectively.

NOTE 9 - FUNDRAISING EVENTS, NET

Fundraising events, net during the years ended December 31 were as follows:

	2017	2016
Awareness and fundraising events income	\$ 206,418	\$ 423,843
Related expenses	(17,239)	(48,562)
Awareness and fundraising events, net	\$ 189,179	\$ 375,281

NOTE 10 - DEFINED CONTRIBUTION RETIREMENT PLAN

In September 2012, the Board of Directors amended the defined contribution retirement plan established in 2001 for its employees. The plan was changed from an IRC 403(b) plan to an IRC 401(k) plan. Employees need to work one full year before they qualify for the plan. The Organization contributes 15% of the employee's salary to the plan which is fully vested immediately. Total employer's contribution to this plan during the years ended December 31, 2017 and December 31, 2016 was \$113,174 and \$97,766, respectively.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 were available for the following purposes:

	Beginning Balance	Additions	Releases	Ending Balance
Support and Education Fund	\$ -	\$ 54,931	\$ (53,431)	\$ 1,500
Treatment Development Fund	1,758,777	30,200	(790,929)	998,048
Research Fund	-	1,500	-	1,500
Total	\$ 1,758,777	\$ 86,631	\$ (844,360)	\$ 1,001,048

National Alopecia Areata Foundation
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2017

NOTE 12 - RESEARCH GRANTS COMMITMENTS

The Organization has entered into various contracts with individuals and organizations to perform research projects. Research grants commitments as of December 31 were as follows:

	<u>2017</u>	<u>2016</u>
Columbia University	\$ 175,000	\$ 195,000
Leavett Medical Associates of Florida	3,500	3,500
Stanford University	199,626	
The Children's Hospital of Philadelphia	-	15,694
University of Bradford	100,000	125,000
University of Minnesota	173,254	173,254
University of Munster	<u>100,000</u>	<u>175,000</u>
Total	<u>\$ 751,380</u>	<u>\$ 687,448</u>

NOTE 13 - LEASE COMMITMENT

The Organization has entered into an operating lease to rent the facility at 65 Mitchell Blvd, San Rafael, CA 94903 pursuant to a lease agreement entered in September 2014. The lease expires in November 2019. The rent expense is currently \$5,726 per month and the security deposit not applicable towards last month's rent is \$5,465. Future lease payments under this agreement are as follows:

Year ending December 31, 2018	\$ 64,117
Year ending December 31, 2019	<u>60,118</u>
Total	<u>\$ 124,235</u>

NOTE 14 - COMMITMENTS

In March 2015, the Organization entered into a group sales agreement with Hyatt Regency, Scottsdale, Arizona to hold the 2018 Annual Conference in June-July 2018. The agreement has a cancellation option whereby the canceling party must provide payment to the non-canceling party in the amount of \$118,400 plus applicable taxes if the cancellation option is exercised within 179 days or less from the start of the official event dates.

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the December 31, 2016 financial statements, specifically the revenue and expense categories in the statement of activities and statement of functional expenses, have been reclassified to conform to the December 31, 2017 presentation. These reclassifications have no effect on the change in net assets as previously reported.