

FINANCIAL STATEMENTS

**THE AMERICAN SOCIETY
OF HUMAN GENETICS**

FOR THE YEAR ENDED JUNE 30, 2019

THE AMERICAN SOCIETY OF HUMAN GENETICS

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The American Society of Human Genetics
Rockville, 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 June 30, 2019, 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASHG as of June 30, 2019, 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

October 14, 2019

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 1,314,517
Investments	18,996,078
Accounts receivable	28,036
Grants receivable	57,635
Prepaid expenses	<u>339,572</u>
Total current assets	<u>20,735,838</u>

FIXED ASSETS

Furniture and fixtures	10,145
Leasehold improvements	<u>562,604</u>
	572,749
Less: Accumulated depreciation and amortization	<u>(62,326)</u>
Net fixed assets	<u>510,423</u>

TOTAL ASSETS **\$ 21,246,261**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 364,546
Deferred revenue	2,175,590
Current portion of deferred rent	<u>49,642</u>
Total current liabilities	<u>2,589,778</u>

LONG-TERM LIABILITIES

Deferred rent and tenant improvement allowance	<u>715,083</u>
Total liabilities	<u>3,304,861</u>

NET ASSETS

Without donor restrictions	17,916,400
With donor restrictions	<u>25,000</u>
Total net assets	<u>17,941,400</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 21,246,261**

THE AMERICAN SOCIETY OF HUMAN GENETICS
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Annual meeting	\$ 4,565,992	\$ -	\$ 4,565,992
Royalty income	1,479,767	-	1,479,767
Membership dues	936,299	-	936,299
Government grants	156,435	-	156,435
Advertising	362,627	-	362,627
Other income	19,490	-	19,490
Contributions	7,987	25,000	32,987
Interest on short term investments, net	299,093	-	299,093
Net assets released from donor restrictions	<u>14,795</u>	<u>(14,795)</u>	<u>-</u>
Total revenue and support	<u>7,842,485</u>	<u>10,205</u>	<u>7,852,690</u>
EXPENSES			
Program Services:			
Annual Meeting	2,840,300	-	2,840,300
Journal	813,663	-	813,663
Education	413,784	-	413,784
Program Awards	358,248	-	358,248
Fellowships and Public Policy	613,818	-	613,818
Marketing and communication	<u>388,716</u>	<u>-</u>	<u>388,716</u>
Total program services	<u>5,428,529</u>	<u>-</u>	<u>5,428,529</u>
Supporting Services:			
Management and General	2,027,157	-	2,027,157
Development	<u>86,354</u>	<u>-</u>	<u>86,354</u>
Total expenses	<u>7,542,040</u>	<u>-</u>	<u>7,542,040</u>
Change in net assets from operations	300,445	10,205	310,650
OTHER ITEM			
Investments income, net	<u>865,676</u>	<u>-</u>	<u>865,676</u>
Change in net assets	1,166,121	10,205	1,176,326
Net assets at beginning of year	<u>16,750,279</u>	<u>14,795</u>	<u>16,765,074</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,916,400</u>	<u>\$ 25,000</u>	<u>\$ 17,941,400</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services						Supporting Services			Total Expenses
	Annual Meeting	Journal	Education	Program Awards	Fellowships and Public Policy	Marketing and Communication	Total Program Services	Management and General	Development	
Salaries, benefits and payroll taxes	\$ 546,625	\$ -	\$ 321,318	\$ 142,182	\$ 477,910	\$ 270,934	\$ 1,758,969	\$ 1,216,917	\$ 73,741	\$ 3,049,627
Printing, mailing and labels	31,289	-	1,541	303	246	5,085	38,464	11,313	1,798	51,575
Editor's office and stipend	-	378,165	-	-	-	-	378,165	-	-	378,165
Accounting and payroll services	-	-	-	-	-	-	-	63,476	-	63,476
Hotel and travel	83,945	7,226	25,012	19,228	14,868	2,694	152,973	66,828	-	219,801
Office rental	35,320	-	20,762	9,187	30,880	17,506	113,655	78,631	4,765	197,051
Convention rental space	294,252	-	-	-	-	-	294,252	-	-	294,252
Projection and audio visual	543,949	546	5,137	-	1,747	1,324	552,703	(3,170)	-	549,533
Exhibits, posters, signs and registration décor	293,684	-	-	505	-	9,274	303,463	5,335	-	308,798
Audit and legal fees	2,715	-	-	-	-	-	2,715	45,546	-	48,261
Contributions to other organizations	18,500	2,000	4,993	149,866	2,500	-	177,859	-	-	177,859
Telephone and fax	405	-	145	-	925	351	1,826	18,105	-	19,931
Supplies and duplicating	5,773	-	28	30	161	-	5,992	58,604	-	64,596
Depreciation and amortization	9,275	-	5,452	2,413	8,109	4,597	29,846	20,650	1,251	51,747
Computer, software, internet and web services	171,049	720	746	125	7,502	42,079	222,221	174,099	3,690	400,010
Credit card fees	106,122	-	55	17,421	55	-	123,653	7,611	-	131,264
Promotion	16,780	-	2,184	5,888	2,712	23,643	51,207	1,138	-	52,345
Contracted services	160,221	425,006	13,828	6,171	13,807	1,749	620,782	129,800	-	750,582
Insurance	17,110	-	-	-	-	-	17,110	26,342	-	43,452
Membership fees/ professional development	23,754	-	7,481	2,858	2,716	23	36,832	38,848	1,109	76,789
Taxes	-	-	-	-	-	-	-	18,013	-	18,013
Catered events/coffee breaks	448,692	-	5,102	45	722	2,813	457,374	23,906	-	481,280
Advertising	25,986	-	-	-	-	6,484	32,470	-	-	32,470
FASEB dues	-	-	-	-	48,862	-	48,862	24,431	-	73,293
Miscellaneous	4,854	-	-	2,026	96	160	7,136	734	-	7,870
TOTAL	\$ 2,840,300	\$ 813,663	\$ 413,784	\$ 358,248	\$ 613,818	\$ 388,716	\$ 5,428,529	\$ 2,027,157	\$ 86,354	\$ 7,542,040

See accompanying notes to financial statements.

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 1,176,326
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	51,747
Unrealized loss	788,255
Realized gain	(1,566,766)
Decrease (increase) in:	
Accounts receivable	30,689
Grants receivable	12,565
Prepaid expenses	(5,803)
Increase in:	
Accounts payable and accrued liabilities	80,998
Deferred revenue	190,019
Deferred rent and tenant improvement allowance	<u>186,573</u>
Net cash provided by operating activities	<u>944,603</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(386,258)</u>
Net cash used by investing activities	<u>(386,258)</u>
Net increase in cash and cash equivalents	558,345
Cash and cash equivalents at beginning of year	<u>756,172</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,314,517</u></u>

SUPPLEMENTAL INFORMATION:

Taxes Paid	<u><u>\$ 3,494</u></u>
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THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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 into 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.

ASHG changed their year-end from December 31 to June 30, effective for the year ended June 30, 2018.

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) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019.

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 gain on investments, net of management fees 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 measured at the present value of their future cash flows. 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 \$2,500 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 and amortization expense for the year ended June 30, 2019 totaled \$51,747. Leasehold improvements are amortized over the remaining life of the lease.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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. ASHG is not a private foundation. The financial statements for the year ended June 30, 2019, include federal and state income tax expenses totaling \$18,013.

Uncertain tax positions -

For the year ended June 30, 2019, 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 conference and meeting revenue when the related event has occurred. A portion of membership dues assigned to the annual conference is recognized once the event has occurred. The remaining membership dues are recognized on a pro-rata basis over the annual membership period.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying financial statements.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Contributions and grants (continued) -

Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

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 revenue without donor restrictions 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.

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.

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.

Expenses directly attributed to a specific functional area of ASHG are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

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.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Fair value measurement (continued) -

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.

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. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted) -

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 fiscal 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP.

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

New accounting pronouncements (not yet adopted) -

The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. ASHG has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

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, by level within the fair value hierarchy by which the measurements were made. ASHG's investments as of June 30, 2019 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2019</u>
Asset Class:				
Money market funds	\$ 2,406,552	\$ -	\$ -	\$ 2,406,552
Equity mutual funds	5,388,032	-	-	5,388,032
Fixed income mutual funds	2,865,064	-	-	2,865,064
U.S. fixed income obligations	<u>-</u>	<u>8,336,430</u>	<u>-</u>	<u>8,336,430</u>
TOTAL	<u>\$ 10,659,648</u>	<u>\$ 8,336,430</u>	<u>\$ -</u>	<u>\$ 18,996,078</u>

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 June 30, 2019.

- *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 Fixed income obligations* - 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.

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

2. INVESTMENTS (Continued)

There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

Included in investment gains are the following:

Interest and dividends	\$ 452,477
Unrealized loss	(788,255)
Realized gain	1,566,766
Management fees	<u>(66,219)</u>
TOTAL INVESTMENT GAIN	<u>\$ 1,164,769</u>

Interest on short term investments, net of fees, are included under revenue and support and the remaining investment income, net of fees, are included as an Other Item in the accompanying Statement of Activities and Change in Net Assets.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019:

Human Genetics Scholar Initiative (HGSi)	<u>\$ 25,000</u>
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The following net assets with donor restrictions 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>\$ 14,795</u>
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4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following at June 30, 2019:

Cash and equivalents	\$ 1,314,517
Investments	18,996,078
Accounts receivable	28,036
Grants receivable	<u>57,635</u>
Subtotal financial assets available within one year	20,396,266
Less: Donor restricted funds	<u>(25,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 20,371,266</u>

ASHG has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, ASHG has financial assets equal to approximately 32 months of operating expenses.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

5. LEASE COMMITMENTS

On October 31, 2017, ASHG signed a lease for office space in Rockville, Maryland. The term of the lease is June 1, 2018 through September 30, 2029. Base rent is \$18,985 per month, 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 and project management allowances not to exceed \$562,604.

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.

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

<u>Year Ending June 30,</u>	
2020	\$ 176,091
2021	241,048
2022	247,717
2023	254,545
2024	261,532
Thereafter	<u>1,496,190</u>
	<u>\$ 2,677,123</u>

Rent expense for the year ended June 30, 2019 was \$197,051.

6. 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 2.5%. Contributions to the Plan during the year ended June 30, 2019 totaled \$204,348.

7. COMMITMENTS

ASHG is committed under agreements for conference space for annual meetings for the years 2020, 2021, 2022, 2025, 2026 and 2029. 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 a service agreement with the Genetics Society of America (GSA). Under this agreement, GSA reimburses the Society for IT domain name costs. Reimbursements due to ASHG from GSA at June 30, 2019 totaled \$2,640.

THE AMERICAN SOCIETY OF HUMAN GENETICS

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

8. 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 June 30, 2019, total royalty and editorial support received from Cell Press as part of this agreement was \$1,450,449.

9. SUBSEQUENT EVENTS

In preparing these financial statements, ASHG has evaluated events and transactions for potential recognition or disclosure through October 14, 2019, the date the financial statements were issued.