

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2016, with Summarized Financial Information for 2015	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015	7
NOTES TO FINANCIAL STATEMENTS	8 - 14



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Aplastic Anemia & MDS International Foundation, Inc.  
Rockville, Maryland

We have audited the accompanying financial statements of the Aplastic Anemia & MDS International Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2016, 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 the Foundation as of December 31, 2016, 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

June 6, 2017

## APLASTIC ANEMIA &amp; MDS INTERNATIONAL FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

<b>ASSETS</b>		<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	1,581,413	\$ 1,460,357
Investments		2,680,166	3,861,406
Contributions and grants receivable		652,890	442,622
Prepaid expenses		<u>310,711</u>	<u>225,649</u>
Total current assets		<u>5,225,180</u>	<u>5,990,034</u>
<b>FIXED ASSETS</b>			
Property and equipment		360,519	272,668
Less: Accumulated depreciation		<u>(238,078)</u>	<u>(235,566)</u>
Net fixed assets		<u>122,441</u>	<u>37,102</u>
<b>OTHER ASSETS</b>			
Security deposits		25,783	10,541
Charitable Remainder Trust		<u>265,238</u>	<u>250,224</u>
Total other assets		<u>291,021</u>	<u>260,765</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>5,638,642</u></b>	<b>\$ <u>6,287,901</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	72,859	\$ 353,575
Accrued expenses		291,374	62,353
Grants payable		<u>748,620</u>	<u>1,144,187</u>
Total current liabilities		<u>1,112,853</u>	<u>1,560,115</u>
<b>LONG-TERM LIABILITIES</b>			
Deferred rent		<u>42,939</u>	<u>-</u>
Total liabilities		<u>1,155,792</u>	<u>1,560,115</u>
<b>NET ASSETS</b>			
Unrestricted:			
Undesignated		211,137	129,820
Board-designated		<u>242,912</u>	<u>272,912</u>
Total unrestricted		454,049	402,732
Temporarily restricted		<u>4,028,801</u>	<u>4,325,054</u>
Total net assets		<u>4,482,850</u>	<u>4,727,786</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>5,638,642</u></b>	<b>\$ <u>6,287,901</u></b>

See accompanying notes to financial statements.

## APLASTIC ANEMIA &amp; MDS INTERNATIONAL FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Contributions and grants:				
Individuals	\$ 504,045	\$ 93,230	\$ 597,275	\$ 713,647
Corporate and other Foundations	1,766,337	511,419	2,277,756	1,189,176
Special events	534,598	2,706,700	3,241,298	3,291,915
Trust and wills	6,274	2,646	8,920	16,315
Investment income (loss)	174,614	15,014	189,628	92,309
Contributed materials and services	207,696	-	207,696	(53,113)
Conference and other revenue	68,971	-	68,971	23,859
Net assets released from donor restrictions	62,389	-	62,389	33,365
	<u>3,625,262</u>	<u>(3,625,262)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,950,186</u>	<u>(296,253)</u>	<u>6,653,933</u>	<u>5,307,473</u>
<b>EXPENSES</b>				
Program Services	<u>6,216,903</u>	<u>-</u>	<u>6,216,903</u>	<u>5,925,293</u>
Supporting Services:				
General and Administrative	236,606	-	236,606	315,423
Fundraising	<u>445,360</u>	<u>-</u>	<u>445,360</u>	<u>444,882</u>
Total supporting services	<u>681,966</u>	<u>-</u>	<u>681,966</u>	<u>760,305</u>
Total expenses	<u>6,898,869</u>	<u>-</u>	<u>6,898,869</u>	<u>6,685,598</u>
Change in net assets	51,317	(296,253)	(244,936)	(1,378,125)
Net assets at beginning of year	<u>402,732</u>	<u>4,325,054</u>	<u>4,727,786</u>	<u>6,105,911</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 454,049</u></b>	<b><u>\$ 4,028,801</u></b>	<b><u>\$ 4,482,850</u></b>	<b><u>\$ 4,727,786</u></b>

## APLASTIC ANEMIA &amp; MDS INTERNATIONAL FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015	
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries, benefits and payroll taxes	\$ 1,432,189	\$ 126,834	\$ 193,766	\$ 1,752,789	\$ 1,574,037
Professional and contract services	616,398	33,380	93,604	743,382	649,535
Office expenses	205,469	8,852	96,236	310,557	324,549
Information technology	127,229	21,329	12,009	160,567	141,566
Occupancy and related expenses	173,100	29,117	12,400	214,617	144,688
Travel and meetings	633,149	1,810	26,990	661,949	567,664
Professional development	11,037	1,198	822	13,057	11,475
Awards, grants and honoraria	662,335	1,348	1,185	664,868	518,557
CRC grant expense	2,268,340	-	-	2,268,340	2,631,099
Insurance	15,034	2,529	1,077	18,640	19,059
Bank service fees	36,041	4,056	4,650	44,747	44,008
Depreciation	36,582	6,153	2,621	45,356	59,361
<b>TOTAL</b>	<b>\$ 6,216,903</b>	<b>\$ 236,606</b>	<b>\$ 445,360</b>	<b>\$ 6,898,869</b>	<b>\$ 6,685,598</b>

## APLASTIC ANEMIA &amp; MDS INTERNATIONAL FOUNDATION, INC.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (244,936)	\$ (1,378,125)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	45,356	59,361
Unrealized (gain) loss on investments	(136,160)	310,843
Realized loss (gain) on investments	11,081	(92,414)
Donated investments	-	(4,273)
Donated property and equipment	(26,640)	-
Change in value of Charitable Remainder Trust	(15,014)	(14,164)
(Increase) decrease in:		
Contributions and grants receivable	(210,268)	1,531,818
Inventory	-	2,648
Prepaid expenses	(85,062)	(113,520)
Security deposits	(15,242)	-
Increase (decrease) in:		
Accounts payable	(280,716)	853
Accrued expenses	229,021	(376,538)
Grants payable	(395,567)	622,716
Deferred rent	<u>42,939</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(1,081,208)</u>	<u>549,205</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (purchases) sales of investments	1,306,319	(290,953)
Purchase of property and equipment	<u>(104,055)</u>	<u>(5,457)</u>
Net cash provided (used) by investing activities	<u>1,202,264</u>	<u>(296,410)</u>
Net increase in cash and cash equivalents	121,056	252,795
Cash and cash equivalents at beginning of year	<u>1,460,357</u>	<u>1,207,562</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,581,413</u></b>	<b><u>\$ 1,460,357</u></b>



**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Aplastic Anemia & MDS International Foundation, Inc. (the Foundation) is a non-profit organization, incorporated in the State of Maryland and located in Bethesda, Maryland. The Foundation was formed to provide patient assistance, advocacy and support; create and distribute educational materials and medical information; and support research to find treatment for various bone marrow diseases including Aplastic Anemia (AA), Myelodysplastic Syndromes (MDS), Paroxysmal Nocturnal Hemoglobinuria (PNH), and related bone marrow failure diseases. The Foundation received voluntary contributions from localized support groups and families which fund-raise independently of the Foundation.

Basis of presentation -

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

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 the Foundation's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation 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 Corporate (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances at financial institutions in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. Amounts in excess of FDIC limits were protected through additional insurance by the financial institution.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, fees and realized and unrealized gains and losses are included in investment income (loss) in the Statement of Activities and Change in Net Assets.

Contributions and grants receivable -

Contributions and grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All contributions and grants receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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

Fixed assets -

Fixed assets with acquisition costs of \$500 or more are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred.

Contributed materials and services -

Contributed materials and services include t-shirts, hats, office supplies, presentation services, and property and equipment, and are recorded at their fair value as of the date of the gift.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2016, the Foundation 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.

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 the Foundation and include both internally designated and undesignated resources. The Foundation's Board set aside Board-designated net assets for use in support of research related to Aplastic Anemia and Myelodysplastic Syndrome.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation 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 restrictions.

Contributions and grants -

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 contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Risks and uncertainties -

The Foundation 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 -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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

New accounting pronouncement (continued) -

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 that the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position.

2. **INVESTMENTS**

Investments consisted of the following at December 31, 2016:

	<u>Market Value</u>
U.S. Treasury notes and government agency securities	\$ 240,574
Corporate bonds	133,395
Common stock	471,344
Mutual funds	<u>1,834,853</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 2,680,166</u></b>

Included in investment income are the following for the year ended December 31, 2016:

Interest, dividends and fees	\$ 82,617
Unrealized gain	136,160
Realized loss	<u>(11,081)</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 207,696</u></b>

3. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2016:

Charitable Remainder Trust	\$ 265,238
Research	834,334
MDS Clinical Research Consortium	2,490,650
MDS Alliance	174,579
Health Professional Education Programs	128,000
Patient Educational Programs and Conferences	<u>136,000</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 4,028,801</u></b>

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions, for the year ended December 31, 2016, by incurring expenses, which satisfied the restricted purposes specified by the donors:

Research	\$ 576,101
MDS Clinical Research Consortium	2,104,336
MDS Alliance	106,828
Health Professional Education Programs	197,000
Patient Educational Programs and Conferences	<u>640,997</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 3,625,262</u></b>

**5. LEASE COMMITMENT**

In October 2010, the Foundation expanded its office space by signing an additional lease for another suite, with a lease term of 36 months. During 2014, the Foundation expanded its office space and signed extensions for all existing leases. All leases for these office spaces expired on December 31, 2016.

The Foundation entered into a new ninety-two month lease agreement beginning in October 2016. Base rent is \$175,707 per year, plus a proportionate share of expenses. Beginning with the third year of the lease, base rent shall increase by a factor of 2.5% each year. Under the terms of the lease, the landlord will grant the Foundation an abatement of base rent and its share of expenses for the first eight months after the commencement date.

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.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 102,496
2018	176,806
2019	181,226
2020	185,756
2021	190,400
Thereafter	<u>480,103</u>
	<b><u>\$ 1,316,787</u></b>

Total rent expense was \$164,517 for the year ended December 31, 2016, and is included in occupancy and related expense in the Statement of Functional Expenses. The deferred rent liability was \$42,939.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**6. CHARITABLE REMAINDER TRUST**

The Foundation entered into an irrevocable life tenancy agreement in 2004 with an individual, whereby the Foundation will receive the individual's residence upon his death. Under accounting principles generally accepted in the United States of America, the beneficial interest to the Foundation is measured at the present value of the estimated future cash flow to be received by the Foundation. The fair value of the property at December 31, 2004, which was determined by an independent appraisal performed in April 2005, was \$475,000. The fair value was discounted to present value over an estimated life of 20 years, at a discount rate of 6%, and reported as "Trust and wills revenue" in the accompanying Statement of Activities and Change in Net Assets. The current year present value adjustment increased the value of the trust by \$15,014.

**7. PENSION PLAN**

The Foundation has established an independent 403(b) retirement plan (the Plan). The Plan is available to full-time and part-time employees who are at least 21 years old. The Foundation currently matches 100% of employee deferral contributions, up to 6% of eligible compensation. The Foundation contributed \$62,549 for the year ended December 31, 2016.

**8. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation 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 the Foundation 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.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2016:

- *U.S. Government securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Common stocks and bonds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Charitable Remainder Trust* - Valued at the estimated present value of the appraised value of a life tenancy agreement.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**8. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of December 31, 2016:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury notes and government agency securities	\$ 240,574	\$ -	\$ -	\$ 240,574
Corporate bonds	133,395	-	-	133,395
Common stock	471,344	-	-	471,344
Mutual funds	1,834,853	-	-	1,834,853
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>265,238</u>	<u>265,238</u>
<b>TOTAL</b>	<b><u>\$ 2,680,166</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 265,238</u></b>	<b><u>\$ 2,945,404</u></b>

**Level 3 Financial Assets**

The change in present value is recorded in temporarily restricted net assets and is associated with the Charitable Remainder Trust, which is still held at December 31, 2016.

The following table provides a summary of changes in fair value of the Foundation's financial assets for the year ended December 31, 2016:

	<u>Charitable Remainder Trust</u>
Balance as of December 31, 2015	\$ 250,224
Present value adjustment	<u>15,014</u>
<b>BALANCE AS OF DECEMBER 31, 2016</b>	<b><u>\$ 265,238</u></b>

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 6, 2017, the date the financial statements were issued.