

FINANCIAL STATEMENTS

**THE AMERICAN SOCIETY
OF HUMAN GENETICS**

**FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

THE AMERICAN SOCIETY OF HUMAN GENETICS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The American Society of Human Genetics, Inc.
Rockville, Maryland

Opinion

We have audited the accompanying financial statements of The American Society of Human Genetics, Inc. (ASHG), which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASHG as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ASHG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ASHG's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ASHG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ASHG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited ASHG's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information Included in ASHG's Annual Report

Management is responsible for the other information included in ASHG's annual report. The other information comprises of a message from the President, Membership, Annual Meeting, Publications, Awards, Fellowship, Learning & Career Development, Diversity, Equity & Inclusion, Advocacy & Policy, Public Engagement, Finances, Partners, Donors and Leadership & Staff and other programmatic information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



November 4, 2024

THE AMERICAN SOCIETY OF HUMAN GENETICS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,286,828	\$ 1,092,098
Investments	21,308,903	19,213,779
Accounts receivable	82,270	133,262
Grants and contributions receivable	25,000	180,000
Prepaid expenses	483,160	400,006
Fixed assets, net	260,978	312,122
Deferred compensation investment	-	173,248
Right-of-use asset, net	<u>866,534</u>	<u>1,009,303</u>
TOTAL ASSETS	<u>\$ 24,313,673</u>	<u>\$ 22,513,818</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 375,664	\$ 455,326
Deferred revenue	2,508,420	2,452,849
Operating lease liability, net	1,383,204	1,600,929
Deferred compensation	<u>-</u>	<u>173,248</u>
Total liabilities	<u>4,267,288</u>	<u>4,682,352</u>

NET ASSETS

Without donor restrictions	20,015,385	17,798,966
With donor restrictions	<u>31,000</u>	<u>32,500</u>
Total net assets	<u>20,046,385</u>	<u>17,831,466</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,313,673</u>	<u>\$ 22,513,818</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Annual meeting	\$ 5,735,151	\$ -	\$ 5,735,151	\$ 4,361,044
Royalty income	1,630,846	-	1,630,846	1,609,128
Membership dues	1,007,571	-	1,007,571	964,224
Government contracts	389,751	-	389,751	309,042
Advertising	275,580	-	275,580	267,361
Other income	156,013	-	156,013	117,958
Contributions	143,758	236,000	379,758	344,211
Net assets released from donor restrictions	<u>237,500</u>	<u>(237,500)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>9,576,170</u>	<u>(1,500)</u>	<u>9,574,670</u>	<u>7,972,968</u>
EXPENSES				
Program Services:				
Annual Meeting	3,415,883	-	3,415,883	3,562,533
Journal	1,002,819	-	1,002,819	859,649
Education	208,913	-	208,913	226,034
Program Awards	379,388	-	379,388	440,573
Public Policy	460,510	-	460,510	513,596
Marketing and Communication	856,207	-	856,207	1,034,606
Genomic Workforce Diversity and Inclusion	393,957	-	393,957	699,772
Human Genetics Scholar Initiative	218,599	-	218,599	248,827
Digital Programming	388,420	-	388,420	631,051
Fellowship	<u>431,119</u>	<u>-</u>	<u>431,119</u>	<u>-</u>
Total program services	<u>7,755,815</u>	<u>-</u>	<u>7,755,815</u>	<u>8,216,641</u>
Supporting Services:				
Management and General	1,662,760	-	1,662,760	1,108,096
Development	<u>36,300</u>	<u>-</u>	<u>36,300</u>	<u>252,902</u>
Total supporting services	<u>1,699,060</u>	<u>-</u>	<u>1,699,060</u>	<u>1,360,998</u>
Total expenses	<u>9,454,875</u>	<u>-</u>	<u>9,454,875</u>	<u>9,577,639</u>
Change in net assets from operations	121,295	(1,500)	119,795	(1,604,671)
OTHER ITEM				
Net investment return	<u>2,095,124</u>	<u>-</u>	<u>2,095,124</u>	<u>1,140,885</u>
Change in net assets	2,216,419	(1,500)	2,214,919	(463,786)
Net assets at beginning of year	<u>17,798,966</u>	<u>32,500</u>	<u>17,831,466</u>	<u>18,295,252</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,015,385</u>	<u>\$ 31,000</u>	<u>\$ 20,046,385</u>	<u>\$ 17,831,466</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024							
	Program Services							
	Annual Meeting	Journal	Education	Program Awards	Public Policy	Marketing and Communication	Genomic Workforce Diversity and Inclusion	Human Genetics Scholar Initiative
Salaries, benefits and payroll taxes	\$ 812,346	\$ 388,118	\$ 156,359	\$ 142,193	\$ 198,308	\$ 555,241	\$ 292,273	\$ 94,340
Printing, mailing and labels	9,605	157	63	2,109	108	947	118	218
Editor's office and stipend	-	153,784	-	-	-	-	-	-
Accounting and human resource services	645	-	-	-	375	-	-	-
Hotel and travel	118,268	12,368	2,589	7,622	12,986	20,451	28,009	46,905
Office lease	100,153	11,812	4,759	4,327	6,035	16,898	9,027	5,180
Rental space and equipment	116,704	13,764	5,545	5,043	7,033	19,691	10,518	6,037
Projection and audio visual	706,973	2,762	925	1,273	1,141	395	208	2,229
Exhibits, posters, signs and registration décor	218,356	-	-	11,440	-	5,603	-	1,000
Audit and legal fees	22,079	-	-	-	-	-	-	-
Contributions to other organizations	6,035	5,003	1	128,251	2,001	4,574	2	2,549
Telephone and fax	6,548	1,721	554	2,043	1,257	2,113	1,179	448
Supplies and duplicating	124,886	1,523	613	558	778	2,310	1,147	370
Depreciation and amortization	289	138	56	51	71	198	104	34
Computer, software, internet, and web services	65,114	16,354	6,586	14,596	14,956	62,633	15,399	3,975
Credit card fees	127,818	-	-	29,421	-	-	-	-
Promotion	82,708	-	-	7,344	519	36,457	-	-
Contracted services	395,884	379,055	11,864	10,647	160,644	114,764	20,372	16,573
Insurance	34,109	3,874	1,561	1,419	1,980	5,542	2,918	942
Membership fees / professional development	26,288	736	297	270	654	1,054	555	179
Unrelated business income taxes	-	-	-	-	-	-	-	-
Catered events/coffee breaks	441,215	12,458	17,467	10,998	2,628	6,986	8,427	37,817
Dues to other organizations	1,799	-	-	62	49,449	-	-	-
Miscellaneous	(1,939)	(808)	(326)	(279)	(413)	350	3,701	(197)
TOTAL	\$ 3,415,883	\$ 1,002,819	\$ 208,913	\$ 379,388	\$ 460,510	\$ 856,207	\$ 393,957	\$ 218,599

See accompanying notes to financial statements.

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024 (Continued)						2023	
	Program Services (Continued)			Supporting Services				
	Digital Programming	Fellowship	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses	Total Expenses
Salaries, benefits and payroll taxes	\$ 280,596	\$ 337,980	\$ 3,257,754	\$ 940,277	\$ 13,865	\$ 954,142	\$ 4,211,896	\$ 4,168,560
Printing, mailing and labels	114	813	14,252	381	1,679	2,060	16,312	38,965
Editor's office and stipend	-	-	153,784	-	-	-	153,784	149,361
Accounting and human resource services	-	-	1,020	383,401	-	383,401	384,421	344,778
Hotel and travel	6,740	9,822	265,760	12,414	7,705	20,119	285,879	452,063
Office lease	8,539	10,286	177,016	28,617	422	29,039	206,055	191,057
Rental space and equipment	9,951	11,986	206,272	33,344	492	33,836	240,108	77,106
Projection and audio visual	2,951	241	719,098	670	10	680	719,778	717,073
Exhibits, posters, signs and registration décor	-	-	236,399	-	-	-	236,399	258,738
Audit and legal fees	-	1,627	23,706	82,649	-	82,649	106,355	70,867
Contributions to other organizations	2	2	148,420	7	-	7	148,427	232,289
Telephone and fax	994	1,197	18,054	3,331	679	4,010	22,064	-
Supplies and duplicating	1,101	1,326	134,612	3,689	54	3,743	138,355	38,694
Depreciation and amortization	100	120	1,161	49,978	5	49,983	51,144	51,144
Computer, software, internet, and web services	31,441	14,241	245,295	39,620	3,489	43,109	288,404	376,277
Credit card fees	945	-	158,184	1,017	929	1,946	160,130	169,929
Promotion	4,773	-	131,801	-	-	-	131,801	70,490
Contracted services	31,448	32,402	1,173,653	62,323	5,569	67,892	1,241,545	1,563,984
Insurance	2,801	3,374	58,520	9,386	138	9,524	68,044	28,361
Membership fees / professional development	2,478	2,154	34,665	1,784	26	1,810	36,475	54,555
Unrelated business income taxes	-	-	-	-	-	-	-	3,435
Catered events/coffee breaks	4,030	4,252	546,278	11,831	1,267	13,098	559,376	487,666
Dues to other organizations	-	-	51,310	-	-	-	51,310	31,378
Miscellaneous	(584)	(704)	(1,199)	(1,959)	(29)	(1,988)	(3,187)	869
TOTAL	\$ 388,420	\$ 431,119	\$ 7,755,815	\$ 1,662,760	\$ 36,300	\$ 1,699,060	\$ 9,454,875	\$ 9,577,639

See accompanying notes to financial statements.

THE AMERICAN SOCIETY OF HUMAN GENETICS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,214,919	\$ (463,786)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	51,144	51,144
Unrealized (gain) loss	(637,676)	352,724
Realized gain	(964,930)	(894,340)
Amortization of right-of-use asset	142,769	141,015
Decrease (increase) in:		
Accounts receivable	50,992	(17,273)
Grants and contributions receivable	155,000	(180,000)
Prepaid expenses	(83,154)	(84,468)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(79,662)	10,748
Deferred revenue	55,571	829,883
Operating lease liability	<u>(217,725)</u>	<u>(208,985)</u>
Net cash provided (used) by operating activities	<u>687,248</u>	<u>(463,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(14,276,051)	(4,406,302)
Proceeds from sale of investments	<u>13,783,533</u>	<u>4,707,032</u>
Net cash (used) provided by investing activities	<u>(492,518)</u>	<u>300,730</u>
Net increase (decrease) in cash and cash equivalents	194,730	(162,608)
Cash and cash equivalents at beginning of year	<u>1,092,098</u>	<u>1,254,706</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,286,828</u>	<u>\$ 1,092,098</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	\$ <u>-</u>	\$ <u>3,435</u>
Right-of-Use Asset	\$ <u>-</u>	\$ <u>1,150,318</u>
Operating Lease Liability for Right-of-Use Asset	\$ <u>-</u>	\$ <u>1,809,914</u>

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The American Society of Human Genetics, Inc. (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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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 ASHG's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by ASHG that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The impact of the standard is considered immaterial to the overall financial statements.

Cash and cash equivalents -

ASHG considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$989,140 as of June 30, 2024.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

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

Cash and cash equivalents (continued) -

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. Interest, dividends, realized and unrealized gains and losses are included in investment return, net of management fees paid to external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to royalty income, government contracts and other income. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. As a result of the aforementioned analysis, the allowance was deemed immaterial and resulted in enhanced disclosure only.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. All grants and contributions receivable are considered to be fully collectible within one year of the date of the Statement of Financial Position.

Fixed assets -

Fixed assets in excess of \$3,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2024 totaled \$51,144.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

ASHG is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3) and is only subject to tax on its unrelated business income pertaining to journal advertising sales, net of applicable deductions. ASHG is not a private foundation.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

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

Revenue from contracts with customers -

ASHG's annual meeting, royalty income, membership dues, government contracts and advertising are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. ASHG has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. ASHG's contracts with customers generally have initial terms of one year or less.

Annual meeting revenue consists of registration and exhibit income. Meeting registration allows attendees access to the virtual exhibit floor, all scientific sessions and ticketed events (when purchased separately). ASHG also provides professional education credits (when purchased separately). ASHG allows exhibitors access to the virtual exhibit floor and complementary access to all scientific sessions for 2 staff members. All annual meeting revenue is recognized at the time the meeting takes place. ASHG retained a hotel booking agency related to in-person annual meetings. ASHG is entitled to a percentage rebate of all bookings made through the agency. Hotel rebate revenue is recognized when the booking agency issues rebate statements.

Royalty income pertains to the publishing and distribution of ASHG's journal according to the contract terms with a third party publishing company. In exchange for publication and distribution, ASHG is entitled to the greater of 70% royalty of the journal's net profits or the minimum guaranteed royalty. ASHG recognizes the minimum guaranteed royalty on a pro-rata basis over the fiscal year. Any excess royalty is recorded once determined by the publishing company in the period the performance obligations are met.

Members receive the following benefits as part of their membership dues: reduced rates for the annual meeting, online subscription to the *American Journal of Human Genetics* and various other benefits. Membership dues are bifurcated amongst the different benefits received and recognized as revenue when the performance obligations are met. 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.

Advertising revenue pertains to sale of advertising at the annual meeting as well as advertising sales from the third party journal publishing company. Annual meeting advertising revenue is recorded when the annual meeting takes place. Advertising revenue associated to the journal is recorded when determined by the publishing company.

Support from contributions and grants -

Contributions are recognized in the appropriate category of net assets in the period received. ASHG performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

THE AMERICAN SOCIETY OF HUMAN GENETICS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

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

Support from contributions and grants (continued) -

Contributions, including grants qualifying as contributions, that are unconditional but have 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, ASHG had no refundable advances as of June 30, 2024.

In addition, ASHG may obtain funding source agreements related to conditional contributions, which will be received in future years. However, ASHG had no conditional contributions to be received in future years as of June 30, 2024.

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.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. Prior year reclassifications pertain to adoption of Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The reclassifications had no change on the previously reported net assets.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

2. INVESTMENTS

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

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

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

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

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - Valued at the daily closing price as reported by the fund. The money market funds are open-end mutual funds that are 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.
- *Mutual Funds and ETFs (Equity, fixed income, real estate and other funds)* - Valued at the daily closing price as reported by the fund. Mutual funds held by ASHG are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by ASHG are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2024.

Asset Class	Level 1	Level 2	Level 3	Total
Money market funds	\$ 989,140	\$ -	\$ -	\$ 989,140
Equity mutual funds	9,312,852	-	-	9,312,852
Fixed income mutual funds	7,439,869	-	-	7,439,869
Real estate EFTs and other funds	<u>3,567,042</u>	<u>-</u>	<u>-</u>	<u>3,567,042</u>
TOTAL	<u>\$ 21,308,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,308,903</u>

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. INVESTMENTS (Continued)

Included in investment return are the following:

Interest and dividends	\$ 602,332
Unrealized gain	637,676
Realized gain	964,930
Management fees	<u>(109,814)</u>

NET INVESTMENT RETURN **\$ 2,095,124**

3. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Royalty income	\$ -	\$ 13,461
Government contracts	65,576	85,428
Other income	<u>16,694</u>	<u>34,373</u>
TOTAL CONTRACT ASSETS	<u>\$ 82,270</u>	<u>\$ 133,262</u>

Contract liabilities consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Annual meeting	\$ 1,937,605	\$ 2,031,033
Membership dues	383,165	362,171
Advertising	143,200	11,145
Other income	<u>44,450</u>	<u>48,500</u>
TOTAL CONTRACT LIABILITIES	<u>\$ 2,508,420</u>	<u>\$ 2,452,849</u>

4. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2024:

Furniture and fixtures	\$ 14,645
Leasehold improvements	<u>562,604</u>
Subtotal	577,249
Total fixed assets	<u>(316,271)</u>
NET FIXED ASSETS	<u>\$ 260,978</u>

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

5. LINE OF CREDIT

ASHG has a \$2,000,000 bank line of credit. Amounts borrowed under this agreement bear interest at the rate for one month loans as published in the Wall Street Journal. As of June 30, 2024, the applicable interest rate was 6.94%. As of June 30, 2024, there was no outstanding balance on the line of credit. The line is secured by the investments portfolio.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2024:

Human Genetics Scholar Initiative (HGSi)	\$ <u>31,000</u>
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The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended June 30, 2024.

Human Genetics Scholar Initiative (HGSi)	\$ 62,500
Digital Programming	<u>175,000</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>237,500</u>
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7. 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, 2024:

Cash and cash equivalents	\$ 1,286,828
Investments	21,308,903
Accounts receivable	82,270
Grants and contributions receivable	25,000
Less: Donor restricted funds	<u>(31,000)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>22,672,001</u>
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ASHG has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, ASHG has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to \$2,000,000.

8. LEASE COMMITMENTS

ASHG follows FASB ASC 842 for leases. ASHG has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. ASHG has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

8. LEASE COMMITMENTS (Continued)

For the year ended June 30, 2024, total lease cost was \$206,055 (of which, \$186,575 is related to lease expense and \$19,480 is related to storage, real estate tax and operating costs) and total cash paid was \$261,531. The operating lease liability in the amount of was calculated using a present value discount rate of 2.92%.

As of June 30, 2024, the following is a schedule of future lease payments.

<u>Year Ending June 30,</u>	
2025	\$ 268,683
2026	276,072
2027	283,692
2028	291,478
2029	299,501
Thereafter	<u>76,764</u>
Subtotal	1,496,190
Less: Imputed interest	<u>(112,986)</u>
OPERATING LEASE LIABILITY, NET	<u>\$ 1,383,204</u>

9. RETIREMENT PLANS

All full time employees of ASHG may participate in a defined contribution plan sponsored by ASHG. The Plan provides an 8% contribution on each eligible salary when the employee contributes 3%. Employer contributions to the Plan during the year ended June 30, 2024 totaled \$273,465.

ASHG maintained a deferred compensation retirement plan under Section 457(b) of the Internal Revenue Code. ASHG's contribution expense related to the 457(b) plan totaled \$20,000 for the year ended June 30, 2024. All deferred compensation assets were distributed during the year ended June 30, 2024.

10. CONTINGENCY

Various lawsuits and other contingent liabilities arise in the ordinary course of ASHG's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on ASHG's financial statements.

11. COMMITMENTS

ASHG is committed under agreements for conference space for annual meetings for the years 2024 (November) through 2033, excluding 2032. 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.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

12. AMERICAN JOURNAL OF HUMAN GENETICS

In June 2007, ASHG 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 2027. For the year ended June 30, 2024, total royalty and editorial support received from Cell Press as part of this agreement was \$1,630,846.

13. SUBSEQUENT EVENTS

In preparing these financial statements, ASHG has evaluated events and transactions for potential recognition or disclosure through November 4, 2024, the date the financial statements were issued.