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COMPANIES

EVIDENCE FOR HEALTHCARE IMPROVEMENT D/B/A INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

M | F | A
COMPANIES

To the Board of Directors
Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review
Boston, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review (the Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moody, Famigliette & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
June 6, 2019

December 31		**2018**		2017
Assets				
Current Assets:				
Cash and Cash Equivalents	**$**	**1,964,828**	$	1,713,104
Current Portion of Contributions Receivable		**5,060,672**		4,684,837
Accounts Receivable		**30,000**		47,262
Prepaid Expenses and Other Current Assets		**52,951**		31,274
Total Current Assets		**7,108,451**		6,476,477
Contributions Receivable, Net of Current Portion		**2,383,035**		7,099,274
Property and Equipment, Net of Accumulated Depreciation		**297,743**		379,843
Intangible Assets, Net of Accumulated Amortization		**7,213**		36,063
Security Deposits		**114,075**		136,890
Total Assets	**$**	**9,910,517**	$	14,128,547
Liabilities and Net Assets				
Current Liabilities:				
Accounts Payable	**$**	**215,373**	$	166,481
Accrued Expenses		**55,070**		131,222
Deferred Revenue		**545,000**		494,999
Current Portion of Deferred Rent		**49,912**		43,828
Total Current Liabilities		**865,355**		836,530
Deferred Rent, Net of Current Portion		**215,699**		265,611
Total Liabilities		**1,081,054**		1,102,141
Net Assets:				
Net Assets without Donor Restrictions		**1,406,729**		1,084,154
Net Assets with Donor Restrictions		**7,422,734**		11,942,252
Total Net Assets		**8,829,463**		13,026,406
Total Liabilities and Net Assets	**$**	**9,910,517**	$	14,128,547

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

For the Years Ended December 31	**2018**			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	**$ 780,025**	**$ 344,433**	**$ 1,124,458**	$ 240,000	$ 14,226,611	$ 14,466,611
Members' Dues	**939,999**	**-**	**939,999**	970,004	-	970,004
Contract Service Revenue	**32,937**	**-**	**32,937**	122,281	-	122,281
Interest Income	**3,428**	**-**	**3,428**	1,247	-	1,247
Other Income	**3,219**	**-**	**3,219**	-	-	-
Net Assets Released from Restriction	**4,863,951**	**(4,863,951)**	**-**	3,673,946	(3,673,946)	-
Total Revenue and Other Support	**6,623,559**	**(4,519,518)**	**2,104,041**	5,007,478	10,552,665	15,560,143
Operating Expenses:						
Program Services:						
Midwest Comparative Effectiveness Public Advisory Council	**1,364,670**	**-**	**1,364,670**	1,096,729	-	1,096,729
New England Comparative Effectiveness Public Advisory Council	**1,361,674**	**-**	**1,361,674**	1,234,458	-	1,234,458
California Technology Assessment Forum	**1,079,332**	**-**	**1,079,332**	1,262,598	-	1,262,598
New Drug Assessment Program	**832,003**	**-**	**832,003**	354,461	-	354,461
Membership Support	**776,144**	**-**	**776,144**	865,128	-	865,128
Total Program Services	**5,413,823**	**-**	**5,413,823**	4,813,374	-	4,813,374
General and Administrative	**824,574**	**-**	**824,574**	369,629	-	369,629
Fundraising	**62,587**	**-**	**62,587**	22,593	-	22,593
Total Operating Expenses	**6,300,984**	**-**	**6,300,984**	5,205,596	-	5,205,596
(Decrease) Increase in Net Assets from Operations	**322,575**	**(4,519,518)**	**(4,196,943)**	(198,118)	10,552,665	10,354,547
Net Assets, Beginning of Year	**1,084,154**	**11,942,252**	**13,026,406**	1,282,272	1,389,587	2,671,859
Net Assets, End of Year	**$ 1,406,729**	**$ 7,422,734**	**$ 8,829,463**	$ 1,084,154	$ 11,942,252	$ 13,026,406

For the Years Ended December 31 **2018**

	Program Services								
	Midwest Comparative Effectiveness Public Advisory Council	**New England Comparative Effectiveness Public Advisory Council**	**California Technology Assessment Forum**	**New Drug Assessment Program**	**Membership Support**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total**
Salaries and Related Benefits and Taxes	$ 695,980	$ 758,315	$ 597,856	$ 613,028	$ 519,947	$ 3,185,126	$ 452,559	$ 59,044	$ 3,696,729
Contractors	479,347	426,573	346,020	100,833	30,299	1,383,072	-	-	1,383,072
Meetings and Travel	103,466	81,003	69,518	46,466	149,630	450,083	19,360	-	469,443
Professional Fees	13,320	14,477	10,414	13,020	49,923	101,154	155,911	742	257,807
Occupancy	67,710	75,949	51,243	30,625	23,847	249,374	2,904	2,391	254,669
Website Amortization and Depreciation	-	-	-	-	-	-	110,950	-	110,950
Office Expenses	4,076	4,507	3,548	6,105	1,249	19,485	25,303	222	45,010
Information Technology	771	850	733	20,324	1,249	23,927	16,729	188	40,844
Board Costs	-	-	-	-	-	-	22,478	-	22,478
Professional Development	-	-	-	1,602	-	1,602	18,380	-	19,982
Total	$ 1,364,670	$ 1,361,674	$ 1,079,332	$ 832,003	$ 776,144	$ 5,413,823	$ 824,574	$ 62,587	$ 6,300,984

For the Years Ended December 31 2017

	Program Services								
	Midwest Comparative Effectiveness Public Advisory Council	**New England Comparative Effectiveness Public Advisory Council**	**California Technology Assessment Forum**	**New Drug Assessment Program**	**Membership Support**	**Total Program Services**	**General and Administrative**	**Fundraising**	**Total**
Salaries and Related Benefits and Taxes	$ 633,234	$ 633,183	$ 785,649	$ 261,317	$ 580,430	$ 2,893,813	$ 55,189	$ 21,645	$ 2,970,647
Contractors	331,070	439,149	300,375	-	59,055	1,129,649	1,500	-	1,131,149
Meetings and Travel	47,763	68,033	69,875	37,642	162,636	385,949	3,236	-	389,185
Professional Fees	8,118	11,019	10,414	10,279	10,883	50,713	124,975	111	175,799
Occupancy	49,530	54,847	61,327	9,472	37,942	213,118	4,783	680	218,581
Website Amortization and Depreciation	-	-	-	-	-	-	112,151	-	112,151
Office Expenses	6,765	7,439	8,564	11,024	5,979	39,771	18,315	67	58,153
Information Technology	20,249	20,788	26,394	10,901	8,050	86,382	661	90	87,133
Board Costs	-	-	-	-	-	-	18,768	-	18,768
Professional Development	-	-	-	13,826	153	13,979	30,051	-	44,030
Total	$ 1,096,729	$ 1,234,458	$ 1,262,598	$ 354,461	$ 865,128	$ 4,813,374	$ 369,629	$ 22,593	$ 5,205,596

For the Years Ended December 31	2018	2017
Cash Flows from Operating Activities:		
(Decrease) Increase in Net Assets	**$ (4,196,943)**	$ 10,354,547
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	**110,950**	112,151
Loss on Disposal of Property and Equipment	**-**	2,175
Decrease (Increase) in Contributions Receivable	**4,340,404**	(11,618,438)
Decrease in Accounts Receivable	**17,262**	163,238
(Increase) Decrease in Prepaid Expenses and Other Current Assets	**(21,677)**	8,916
Increase in Accounts Payable	**48,892**	26,626
(Decrease) Increase in Accrued Expenses	**(76,152)**	62,522
Increase (Decrease) in Deferred Revenue	**50,001**	(130,004)
Decrease in Deferred Rent	**(43,828)**	(47,960)
Net Cash Provided by (Used in) Operating Activities	**228,909**	(1,066,227)
Cash Flows from Investing Activities:		
Return of Security Deposits	**22,815**	-
Acquisition of Property and Equipment	**-**	(14,266)
Net Cash Provided by (Used in) Investing Activities	**22,815**	(14,266)
Net Increase (Decrease) in Cash and Cash Equivalents	**251,724**	(1,080,493)
Cash and Cash Equivalents, Beginning of Year	**1,713,104**	2,793,597
Cash and Cash Equivalents, End of Year	**$ 1,964,828**	$ 1,713,104

Supplemental Disclosure of Non-Cash Investing Activities:

During the year ended December 31, 2017, the Organization disposed of property and equipment with an original cost basis of $2,721 and accumulated depreciation of $546, resulting on a loss on disposal of property and equipment in the amount of $2,175.

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

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review (ICER or the Organization) is a nonprofit organization incorporated in 2013 that produces reports analyzing the evidence on the effectiveness and value of drugs and other medical services. ICER's reports include evidence-based calculations of prices for new drugs that accurately reflect the degree of improvement expected in long-term patient outcomes, while also highlighting price levels that might contribute to unaffordable short-term cost growth for the overall health care system.

Program Services: To achieve its mission, ICER directs the following programs:

New Drug Assessment Program: ICER's program to evaluate new drugs at or near the time of FDA approval provides an independent analysis of the comparative effectiveness of new drugs, along with an associated "value-based" price benchmark, with the objective of helping decision-makers understand and apply evidence to improve value throughout the health care system. The reports of the New Drug Assessment program are vetted through a public process described below.

Public Deliberative Bodies: ICER organizes three regional collaboratives of independent experts in the evaluation and application of evidence: the *California Technology Assessment Forum* (CTAF), the *Midwest Comparative Effectiveness Public Advisory Council* (Midwest CEPAC), and the *New England Comparative Effectiveness Public Advisory Council* (New England CEPAC). For each program, independent clinicians, methodologists and public representatives convene several times each year at public meetings to review objective evidence reports produced by ICER and develop recommendations for how stakeholders can apply evidence to improve the quality and value of health care. All three programs directly engage clinicians, patients, and payers during these public meetings to discuss application of the evidence for clinical decision-making, benefit design, and patient and clinician tools to improve clinical care and patient outcomes.

Membership: The ICER membership program was launched to give a select number of leading health care organizations a unique opportunity to shape the future of evidence and coverage policy in the U.S. The tension between innovation and health care costs continues to focus critical attention on how evidence will be developed by manufacturers and how it will be interpreted by payers in making coverage decisions. Benefiting from ICER's experience as a leader in health technology assessment, and its unique ability to serve as an engaged, objective convener and moderator, ICER membership brings together a small, influential group of evidence leaders from insurers, pharmacy benefit management firms, health technology assessment groups, and life science companies to address key controversies in evidence methods and policy. Working together in a balanced, non-adversarial environment, ICER members gain the skills and insights in evidence policy necessary to strengthen their competitive position in the marketplace.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. Organization and Summary of Significant Accounting Policies (Continued):

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Revenue Recognition: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues consist of contract service fees and membership dues. Revenues are recognized when persuasive evidence of an agreement exists, delivery of services has occurred, the fee is fixed or determinable, and collectability is probable. Interest income is recorded when earned. Membership dues are recognized ratably over the membership term beginning the month the membership becomes effective.

Deferred Revenue: Deferred revenue results from revenues received for advance payments of membership dues for which the aforementioned revenue recognition criteria has not been met.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the entire grant's restrictions are met in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and service to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or service is received.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of receivables, which considers historical write-off experience and any specific risks identified in customer or donor collection matters. Bad debts are written off against the allowance when identified.

1. Organization and Summary of Significant Accounting Policies (Continued):

Contributions Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents, contributions receivable, and accounts receivable. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. Contributions and accounts receivable are carried at the outstanding principal balance, less an estimate for allowance for uncollectible receivables based upon management’s judgment of potential defaults. Management determines the allowance for doubtful accounts by identifying troubled receivable balances and by using an assessment of the donor’s or customer's credit worthiness. As of December 31, 2018 and 2017, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Lesser of Useful Life or Life of Lease
Furniture and Fixtures	5 Years
Office and Computer Equipment	3 - 5 Years

Definite-Lived Intangible Assets: Intangible assets consist of certain website development costs. Such costs include direct labor, supplies, materials, and other direct expenses. Costs incurred by the Organization during the application development stage are capitalized, subject to their recoverability. All costs incurred after the website has been implemented and is fully operational are expensed when incurred. The Organization accounts for amortization using the straight-line method over the related asset's estimated useful life of three years.

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2018 and 2017, the Organization evaluated its long-lived assets for impairment and determined that they were not impaired.

Deferred Rent: The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly to that function, while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Related Benefits and Taxes	Time and Effort
Professional Fees	Time and Effort
Occupancy	Full Time Equivalent
Office Expenses	Full Time Equivalent
Information Technology	Full Time Equivalent

1. Organization and Summary of Significant Accounting Policies (Continued):

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of December 31, 2018 and 2017, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities.

Effective for the year ended December 31, 2018, the Tax Cuts and Jobs Act of 2017 requires nonprofit organizations to remit taxes on qualifying transportation fringe benefits. During the year ended December 31, 2018, the Organization has determined that taxes are owed on qualifying transportation fringe benefits and has accrued taxes in the amount of $6,188, which has been included in accrued expenses on the accompanying statements of financial position.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance GAAP. Actual results experienced by the Organization may differ from those estimates.

Reclassification: Certain accounts in the December 31, 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the December 31, 2018 financial statements. On the statements of functional expenses, board costs expense was added as a natural classification and insurance expense was reclassified into office expenses.

Subsequent Events: Management has evaluated subsequent events spanning the period from December 31, 2018 through June 6, 2019, the latter representing the issuance date of these financial statements.

Recently Adopted Accounting Policies: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. The ASU 2016-14 has been applied retrospectively to all periods presented.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of December 31, 2018 due to contractual or donor-imposed restrictions.

Financial Assets at Year End:	
Cash and Cash Equivalents	$ 1,964,828
Contributions Receivable	7,443,707
Accounts Receivable	30,000
Total Financial Assets at December 31, 2018	9,438,535
Less: Amounts Unavailable for General Expenditures within One Year:	
Due to Contractual or Donor-Imposed Restriction:	
Restricted by Donor with Time or Purpose Restrictions	7,422,734
Financial Assets Available to Meet Cash Needs for General Expenditures Over the Next Twelve Months	$ 2,015,801

The Organization is substantially supported by restricted contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

3. Contributions Receivable:

Contributions receivable as of December 31, 2018 and 2017 consists of the following:

	2018	2017
Receivable in Less than One Year	$ 5,060,672	$ 4,684,837
Receivable in One to Five Years	2,427,523	7,339,555
	7,488,195	12,024,392
Less: Discount to Net Present Value	44,488	240,281
	$ 7,443,707	$ 11,784,111

Long-term contributions receivable have been discounted by the Organization using a risk adjusted rate based on the daily treasury yield curves. As of December 31, 2018 and 2017, the risk adjusted rate used by the Organization amounted to 5.50% and 4.50%, respectively.

4. Conditional Contributions:

On December 10, 2018, the Organization was notified of a conditional grant in the amount of $222,550. The grant is expected to be paid in three installments through 2020 and is contingent upon certain program milestones being reached. Due to the contingent nature of this grant, the balance of $132,550 has not been recorded as a contribution receivable as of December 31, 2018. During the year ended December 31, 2018, the Organization recorded $90,000 as contribution revenue. The grant can be terminated by either the Organization or the donor with proper notice, as defined in the agreement, if the conditions of the grant are not met.

5. Property and Equipment:

Property and equipment as of December 31, 2018 and 2017 consists of the following:

	2018	2017
Leasehold Improvements	$ 428,529	$ 428,529
Furniture and Fixtures	67,429	67,429
Office Equipment	39,759	39,759
	535,717	535,717
Less: Accumulated Depreciation	237,974	155,874
	$ 297,743	$ 379,843

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $82,100 and $83,302, respectively.

6. Intangible Assets:

As of December 31, 2018 and 2017, intangible assets consist of the following:

	2018	
	Cost	Accumulated Amortization
Website Development Costs	$ 86,550	$ 79,337

	2017	
	Cost	Accumulated Amortization
Website Development Costs	$ 86,550	$ 50,487

Future amortization expense related to intangible assets as of December 31, 2018 is $7,213 for the year ending December 31, 2019.

Amortization expense for the years ended December 31, 2018 and 2017 amounted to $28,850 and $28,849, respectively.

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Subject to Expenditure for Specified Purpose:		
Drug Assessments and Public Councils / Forums	$ 7,406,072	$ 11,751,322
California Technology Assessment Forum	16,662	190,930
	$ 7,422,734	$ 11,942,252

8. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended December 31, 2018 and 2017 consist of the following:

	2018	2017
Drug Assessments and Public Councils/Forums	$ 4,689,516	$ 3,521,794
California Technology Assessment Forum	174,435	152,152
	$ 4,863,951	$ 3,673,946

9. Operating Leases:

The Organization is a party to an operating lease agreement for space located in Boston, Massachusetts. Under the terms of the lease agreement, the Organization is required to remit monthly escalating rental payments ranging from $21,294 to $24,336 per month, plus certain operating expenses. The lease agreement expires on May 31, 2023. During the years ended December 31, 2018 and 2017, rent expense incurred under this agreement amounted to $221,333 and $216,244, respectively.

Future minimum lease payments due under these noncancelable lease agreements as of December 31, 2018, are as follows:

Year Ending December 31,	
2019	$ 271,245
2020	277,329
2021	283,413
2022	289,497
2023	121,680
	$ 1,243,164

10. Retirement Plan:

The Organization sponsors a defined contribution plan (the Plan) covering substantially all of its employees who meet certain eligibility requirements. The Organization contributes up to 3.0% of eligible employees' salary to the Plan. Additionally, the Organization, at the discretion of the Board of Directors, may make profit sharing contributions to the plan. In February 2018, the Organization amended the Plan to offer matching contributions in the amount of 50% of the first 4% of elective salary deferrals. During the years ended December 31, 2018 and 2017, the Organization made contributions to the plan of approximately $179,282 and $116,054, respectively.

11. Economic Dependency:

During the years ended December 31, 2017, the Organization received a substantial portion of its contributions from one donor. Contributions from this donors approximated 88% of the Organization's total contributions during the years ended December 31, 2017. There was no contribution concentration during the year ended December 31, 2018. As of December 31, 2018 and 2017, contributions receivable from one donor represented approximately 97% and 98%, respectively, of the Organization's total contributions receivable.

12. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2018 and 2017, no amounts have been accrued related to such indemnification provisions.

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