

INTERNATIONAL HEALTH ECONOMICS ASSOCIATION
YEARS ENDED AUGUST 31, 2018 AND 2017

ROBERT C. BEZGIN
CERTIFIED PUBLIC ACCOUNTANT

INTERNATIONAL HEALTH ECONOMICS ASSOCIATION

YEARS ENDED AUGUST 31, 2018 AND 2017

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Independent Auditor's Report

Board of Directors
International Health Economics Association
King of Prussia, Pennsylvania

Report on the Financial Statements

I have audited the accompanying financial statements of International Health Economics Association which comprise the statement of financial position as of August 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial position of the International Health Economics Association as of August 31, 2018 and 2017, and its activities, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Robert C. Bezgin, CPA

Robert C. Bezgin, CPA
October 24, 2018

International Health Economics Association
Statement of Financial Position
As of August 31, 2018 and 2017

	<u>08/31/2018</u>	<u>08/31/2017</u>
Assets:		
Cash and cash equivalents	\$557,137	\$812,195
Accounts receivable	-	30,426
Prepaid expenses	78,405	14,208
	<hr/>	<hr/>
Total assets	<u>\$635,542</u>	<u>\$856,829</u>
Liabilities:		
Accounts payable	6,112	61,768
Accrued liabilities	-	9,296
Deferred memberships	27,229	102,910
	<hr/>	<hr/>
Total liabilities	33,341	173,974
Unrestricted net assets	602,201	682,855
	<hr/>	<hr/>
Total liabilities and unrestricted net assets	<u>\$635,542</u>	<u>\$856,829</u>

International Health Economics Association
Statement of Activities
For the Years Ended August 31, 2018 and 2017

	<u>08/31/2018</u>	<u>08/31/2017</u>
Support and Revenue:		
Program services	\$ -	\$1,115,264
Advertising	4,950	11,000
Memberships	104,058	112,863
	<hr/>	<hr/>
Total Support and Revenue	109,008	1,239,127
	<hr/>	<hr/>
Expenses:		
Program services	153,336	1,097,873
Management and general	28,207	25,206
Fundraising	8,118	8,260
	<hr/>	<hr/>
Total Expenses	189,661	1,131,339
	<hr/>	<hr/>
Change in net assets	(80,653)	107,788
Net assets - beginning of the year	682,854	575,067
	<hr/>	<hr/>
Net assets - end of the year	<u>\$602,201</u>	<u>\$682,855</u>

International Health Economics Association
Statement of Functional Expenses
For the Years Ended August 31, 2018 and 2017

	08/31/2018			08/31/2017				
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Legal and accounting	\$ -	\$7,900	\$ -	\$7,900	\$ -	\$3,405	\$ -	\$3,405
Bank charges	2,068	517	-	2,584	3,258	815	-	4,073
Bad debts	1,583	-	-	1,583	-	-	-	-
Board related costs	239	45	15	299	8,609	1,614	538	10,762
Conferences	-	-	-	-	939,471	-	-	939,471
Scholarships and awards	1,757	-	-	1,757	4,356	-	-	4,356
Insurance	-	1,359	-	1,359	-	1,110	-	1,110
Management fees	136,695	16,082	8,041	160,818	130,029	15,297	7,649	152,975
Engagement with other associations	1,528	-	-	1,528	-	-	-	-
Office	993	186	62	1,241	1,164	218	73	1,455
Technology	8,474	2,118	-	10,592	9,777	2,444	-	12,222
Travel	-	-	-	-	1,209	302	-	1,511
Total expenses	\$153,336	\$28,207	\$8,118	\$189,661	\$1,097,873	\$25,206	\$8,260	\$1,131,339

International Health Economics Association
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	<u>08/31/2018</u>	<u>08/31/2017</u>
Cash flows from operating activities:		
Change in net assets	(\$80,653)	\$107,788
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease in accounts receivable	30,426	(30,426)
(Increase) in prepaid expenses	(64,197)	(14,208)
(Decrease) in accounts payable	(55,656)	61,768
(Decrease) in accrued liabilities	(9,296)	9,296
(Decrease) in deferred memberships	(75,682)	102,910
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(255,057)	237,129
Cash and cash equivalents - beginning of the year	<hr/> 812,195	<hr/> 575,066
Cash and cash equivalents - end of the year	<u><u>\$557,137</u></u>	<u><u>\$812,195</u></u>

INTERNATIONAL HEALTH ECONOMICS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

NOTE A - Summary of Significant Accounting Policies:

Nature of Organization - The International Health Economics Association ("iHEA") was formed to increase communication among health economists, foster a higher standard of debate in the application of economics to health and health care systems, and assist young researchers at the start of their careers. iHEA awards the annual Kenneth J. Arrow Award for the best paper in health economics and an annual Student Paper Prize for the best health economics paper written by a student. iHEA distributes a monthly newsletter and disseminates a range of information to members, maintains a repository of training materials which are made available as Open Educational Resources, organizes Special Interest Groups to facilitate networking and sharing of knowledge and skills between health economists with common interests, and offers a webinar series. iHEA also holds biennial international conferences on health economics.

Accrual - Activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

iHEA reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. iHEA's net assets are classified as unrestricted. Unrestricted net assets are those not subject to any donor-imposed restrictions. Temporarily restricted net assets are those subject to donor-imposed use or time restrictions that expire either when the contributions are used for their stipulated purposes or when the time restrictions expire. Permanently restricted net assets are those subject to donor-imposed restrictions that neither expire with the passage of time nor can be met and removed by actions of the organization.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions which affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. iHEA maintained its cash balances in one financial institution. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. iHEA has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Program Service Revenue - Program service revenue includes registrations for conferences held by iHEA and donations and grants received to support its member activities.

INTERNATIONAL HEALTH ECONOMICS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

Income Taxes - iHEA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under the provisions of the Pennsylvania Nonprofit Corporation Law. Donors may deduct contributions to iHEA in accordance with the provisions of Section 170(b)(1)(A) of the Code, and iHEA has been classified as an organization that is not a private foundation under the provisions of Section 509(a)(2) of the Code.

iHEA's tax filings for fiscal 2015, 2016 and 2017 are subject to examination, generally for three years after they were filed.

Functional Allocation of Expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - Subsequent Events:

In preparing these financial statements, iHEA has evaluated events and transactions for potential recognition or disclosure through October 24, 2018, the date these financial statements were available to be issued.