INTERNATIONAL HEALTH ECONOMICS ASSOCIATION

YEAR ENDED AUGUST 31, 2016

CONTENTS

Independent Accountants Review Report .......................................... 1

Audited Financial Statements:

  Statement of Assets and Net Assets - Modified Cash Basis ......................... 2
  Statement of Revenues and Expenses - Modified Cash Basis .......................... 3
  Statement of Functional Expenses - Modified Cash Basis ............................ 4
  Statement of Cash Flows - Modified Cash Basis ..................................... 5
  Notes to Financial Statements ..................................................... 6-7
INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Board of Directors of
International Health Economics Association

I have reviewed the accompanying financial statements of International Health Economics Association (a nonprofit organization), which comprise the statement of assets and net assets – modified cash basis as of August 31, 2016, and the related statements of revenues and expenses – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Accountant’s Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant’s Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

I draw attention to the Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

Robert C. Bezgin, CPA
Robert C. Bezgin, CPA
October 27, 2016
International Health Economics Association
Statements of Assets and Net Assets - Modified Cash Basis
As of August 31, 2016

Assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$575,066</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$575,066</td>
</tr>
</tbody>
</table>

Unrestricted net assets          $575,066
International Health Economics Association  
Statements of Revenue and Expenses - Modified Cash Basis  
For the Year Ended August 31, 2016

<table>
<thead>
<tr>
<th><strong>08/31/2016</strong></th>
<th></th>
</tr>
</thead>
</table>

**Support and Revenue:**  
- Program services: $-  
- Contributions: -  
- Memberships: $94,012  
- Unrealized gain (loss) on investments: -  
- Realized gain (loss) on investments: $30,235  
- Dividend and interest income: $16,170

<table>
<thead>
<tr>
<th><strong>Total Support and Revenue</strong></th>
<th>$140,417</th>
</tr>
</thead>
</table>

**Expenses:**  
- Program services: $599,843  
- Management and general: $80,176  
- Fundraising: $48,712

<table>
<thead>
<tr>
<th><strong>Total Expenses</strong></th>
<th>$728,732</th>
</tr>
</thead>
</table>

**Change in net assets:** $(588,315)

**Net assets - beginning of the year:** $1,163,381

**Net assets - end of the year:** $575,066
## International Health Economics Association
### Statements of Functional Expenses - Modified Cash Basis
**For the Year Ended August 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and accounting</td>
<td>$ -</td>
<td>$5,442</td>
<td>$ -</td>
<td>$5,442</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,287</td>
<td>228</td>
<td>-</td>
<td>1,515</td>
</tr>
<tr>
<td>Conferences</td>
<td>227,799</td>
<td>-</td>
<td>-</td>
<td>227,799</td>
</tr>
<tr>
<td>Consultants</td>
<td>82,732</td>
<td>16,547</td>
<td>11,031</td>
<td>110,310</td>
</tr>
<tr>
<td>Scholarships and awards</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>1,316</td>
<td>-</td>
<td>1,316</td>
</tr>
<tr>
<td>Management fees</td>
<td>258,795</td>
<td>51,759</td>
<td>34,506</td>
<td>345,060</td>
</tr>
<tr>
<td>Office and occupancy</td>
<td>6,373</td>
<td>354</td>
<td>354</td>
<td>7,081</td>
</tr>
<tr>
<td>Technology</td>
<td>9,691</td>
<td>1,710</td>
<td>-</td>
<td>11,401</td>
</tr>
<tr>
<td>Travel</td>
<td>13,166</td>
<td>2,821</td>
<td>2,821</td>
<td>18,809</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$599,843</strong></td>
<td><strong>$80,177</strong></td>
<td><strong>$48,712</strong></td>
<td><strong>$728,732</strong></td>
</tr>
</tbody>
</table>

See independent accountant's review report and notes to the financial statements.
International Health Economics Association
Statements of Cash Flows - Modified Cash Basis
For the Year Ended August 31, 2016

08/31/2016

Cash flows from operating activities:
Change in net assets ($588,315)
Adjustments to reconcile change in net assets to
net cash provided by (used in) operating activities:
   Reinvested dividends (16,159)
   Unrealized (gain) loss on investments -
   Realized (gain) loss on investments (30,235)

   Net cash provided by (used in) operating activities (634,708)

Cash flows from investing activities:
Purchase of investments 10,700
Proceeds from sale of investments 829,440

   Net cash provided by (used in) investing activities 840,140

Net change in cash and cash equivalents 205,432
Cash and cash equivalents - beginning of the year 369,634
Cash and cash equivalents - end of the year $575,066
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. iHEA distributes information to members and maintains the World Directory of Health Economists. iHEA also holds biennial international conferences on health economics.

Basis of Presentation - The accompanying financial statements have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned, and expenses are recorded when paid rather than when the obligation is incurred. In addition, marketable securities are stated at fair value, with the corresponding unrealized gains and losses recognized in the statements of revenues and expenses - modified cash basis. Also, deferred compensation for the benefit of the Executive Director was not recognized until it was paid. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

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.
Investments - iHEA carries investments in marketable securities with readily determinable fair values at fair value based on quoted prices in active markets.

Program Service Revenue - Program service revenue includes registrations for conferences held by iHEA, as well as fees received in support of other similar organizations.

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 2013, 2014 and 2015 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 Revenues and Expenses — Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - Deferred Compensation Commitment:

iHEA had a deferred compensation agreement for the benefit of the previous Executive Director. The agreement required a benefit equal to one-twelfth of annual compensation for each year of service beginning with 1994, to be paid upon separation from iHEA for any reason other than termination for cause. The Executive Director retired December 31, 2015, which required iHEA to make final payment of $54,995 in November, 2015.

NOTE C - Subsequent Events:

In preparing these financial statements, iHEA has evaluated events and transactions for potential recognition or disclosure through October 27, 2016, the date these financial statements were available to be issued.