

Financial Statements

CELIAC DISEASE FOUNDATION

December 31, 2017



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Celiac Disease Foundation

We have audited the accompanying financial statements of Celiac Disease Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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 Celiac Disease Foundation as of December 31, 2017, and the changes 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.

Wensick & Caron

Pasadena, CA
May 5, 2018

CELIAC DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

Assets	
Cash	\$ 1,095,414
Grants receivable, net of allowance for doubtful accounts of \$0	164,659
Accounts receivable, net of allowance for doubtful accounts of \$0	142,500
Prepaid expenses	17,801
Deposits	9,210
Property and equipment	<u>86,041</u>
Total Assets	<u><u>\$ 1,515,625</u></u>
Liabilities	
Accounts payable	\$ 116,710
Accrued vacation	36,311
Unearned revenue	<u>200,957</u>
Total Liabilities	<u>353,978</u>
Net Assets	
Unrestricted	1,161,647
Temporarily restricted	<u>-</u>
Total Net Assets	<u><u>1,161,647</u></u>
Total Liabilities and Net Assets	<u><u>\$ 1,515,625</u></u>

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

CELIAC DISEASE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenues and Other Income			
Contributions and grants	\$ 571,851	\$ -	\$ 571,851
Annual meeting	72,770	-	72,770
Gifts in kind	292,092	-	292,092
Sponsorships	338,920	-	338,920
Program income	325,256	-	325,256
Other	127	-	127
Special events, net of direct expenses of \$21,287	37,605	-	37,605
Net assets released from purpose restrictions	44,342	(44,342)	-
Total Support, Revenues and Other Income	<u>1,682,963</u>	<u>(44,342)</u>	<u>1,638,621</u>
Expenses			
Program expenses	1,151,147	-	1,151,147
Management and general	66,540	-	66,540
Fundraising	50,591	-	50,591
Total Expenses	<u>1,268,278</u>	<u>-</u>	<u>1,268,278</u>
Change in Net Assets	<u>414,685</u>	<u>(44,342)</u>	<u>370,343</u>
Net Assets, Beginning of Year, as Originally Reported	846,962	44,342	891,304
Prior Period Adjustment	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net Assets, Beginning of Year, Restated	<u>746,962</u>	<u>44,342</u>	<u>791,304</u>
Net Assets, End of Year	<u>\$ 1,161,647</u>	<u>\$ -</u>	<u>\$ 1,161,647</u>

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

CELIAC DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities	
Cash received from donors	\$ 542,540
Cash received from service recipients	996,852
Cash paid to suppliers and employees	<u>(1,267,735)</u>
Net Cash Provided by Operating Activities	271,657
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(41,852)</u>
Net Increase in Cash	229,805
Cash, Beginning	<u>865,609</u>
Cash, Ending	<u><u>\$ 1,095,414</u></u>
Reconciliation of the Change in Net Assets	
To Net Cash Provided Operating Activities	
Change in Net Assets	\$ 370,343
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	39,792
(Increase) Decrease in:	
Grants receivable	(88,203)
Accounts receivable	(73,400)
Prepaid expenses	(12,967)
Deposits	(3,077)
Increase (Decrease) in:	
Accounts payable	(1,334)
Accrued vacation	(584)
Unearned sponsorship revenue	<u>41,087</u>
Net Cash Provided by Operating Activities	<u><u>\$ 271,657</u></u>

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

CELIAC DISEASE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 420,070	\$ 18,678	\$ 17,610	\$ 456,358
Employee benefits	68,822	2,992	2,992	74,806
Payroll taxes	33,517	1,457	1,457	36,431
Total salaries and related benefits	522,409	23,127	22,059	567,595
Professional services	166,929	26,103	-	193,032
Education and research	125,701	-	-	125,701
Meetings and conferences	74,819	7,163	-	81,982
Program expenses	65,554	-	-	65,554
Occupancy	51,220	2,227	2,227	55,674
Communication	48,000	-	-	48,000
Depreciation	32,469	6,337	986	39,792
Computer	12,346	-	9,578	21,924
Bank and merchant fees	18,747	264	-	19,011
Fundraising	-	-	15,322	15,322
Supplies	13,123	1,319	419	14,861
Independent contractors	11,243	-	-	11,243
Insurance	5,751	-	-	5,751
Volunteer	2,836	-	-	2,836
Total	\$ 1,151,147	\$ 66,540	\$ 50,591	\$ 1,268,278

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Celiac Disease Foundation ("CDF") was organized in November, 1990. CDF attempts to bring an end to the suffering caused by celiac disease through accelerating diagnosis, discovering treatments, and working toward a cure for celiac disease and non-celiac gluten sensitivity through research, education, and advocacy.

Public Support and Revenue

Donations, including unconditional promises to give (pledges), are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

CDF received non-cash donations of legal fees, website and magazine advertising and complementary meals that meet the above qualifications totaling \$292,092, at December 31, 2017.

Grants and Accounts Receivable

Grants and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CDF provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the CDF's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2017 management determined that all receivables were collectible.

Property and Equipment

Property and equipment are stated at cost, except for those assets received as donations, which are stated at fair market value at the date of donation. It is CDF's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided on the straight-line basis over three to twenty-seven years.

Expenditures for maintenance and repairs are charged to expense; betterments and major renewals are capitalized.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

For the purpose of the statement of cash flows, CDF includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

Income Taxes

CDF is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). CDF believes that it has no uncertain tax positions that impact its financial statements.

CDF files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Concentration of Credit Risk

Financial instruments, which potentially subject CDF to concentrations of credit risk, consist of cash and cash equivalents. CDF maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2017, CDF's uninsured cash balances were \$826,598.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 48,715
Software	6,825
Trademark	21,000
Website	156,437
	<hr/> 232,977
Less accumulated depreciation	146,936
	<hr/> <hr/> \$ 86,041

Note 4 – Lease Commitments

The Foundation operates from offices under a noncancelable lease agreement expiring on September 2019. The lease includes the option to renew, at current market rent, for an additional three year term. Minimum payments under this operating lease are as follows:

<u>Year ending June 30,</u>	
2018	\$ 45,576
2019	11,394

Rent expense for the year ended December 31, 2017 was \$45,851.

Note 5 – Unearned Revenue

Unearned revenue represents promotional revenue invoiced in the current year for advertising in the newsletter and the website, and product marketing that is published in the following year. Unearned revenue also includes royalty income from the use of the license of the Foundation's logo.

Note 6 – Employee Benefit Plan

CDF established a 403(b) profit sharing plan for qualifying employees that are at least 21 years of age. Eligible employees may defer a portion of their income to the plan. The Foundation may make annual contributions to the 403(b) plan. The Foundation contributed \$15,090 to the plan during the year.

Note 7 – Restatement

During the year, it came to CDF's attention that accounts payable was understated. Unrestricted net assets for the fiscal year ended December 31, 2016 was overstated by \$100,000.

Note 8 – Subsequent Events

Subsequent events were evaluated through May 5, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.