

Financial Statements

CELIAC DISEASE FOUNDATION

December 31, 2018



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, 2018, 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, 2018, 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.

Wenzick & Caron

Pasadena, CA
April 15, 2019

CELIAC DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets

Cash and cash equivalents	\$ 1,672,924
Contributions receivable, net of allowance for doubtful accounts of \$0	92,104
Accounts receivable, net of allowance for doubtful accounts of \$0	145,950
Prepaid expenses	4,430
Investment in partnership	37,450
Deposits	8,425
Property and equipment	<u>119,761</u>

Total Assets \$ 2,081,044

Liabilities

Accounts payable	\$ 16,843
Accrued vacation	44,234
Unearned revenue	<u>157,793</u>

Total Liabilities 218,870

Net Assets Without Restrictions 1,862,174

Total Liabilities and Net Assets \$ 2,081,044

CELIAC DISEASE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

Support, Revenues and Other Income

Contributions and grants	\$ 1,030,976
Annual meeting	69,306
Gifts in kind	372,736
Sponsorships	350,895
Program income	303,036
Interest	137
Other income	(2,550)
Special events, net of direct expenses of \$22,734	<u>10,771</u>

Total Support, Revenues and Other Income 2,135,307

Expenses

Program expenses	1,318,016
Management and general	66,430
Fundraising	<u>50,334</u>

Total Expenses 1,434,780

Change in Net Assets 700,527

Net Assets Without Restrictions, Beginning of Year 1,161,647

Net Assets Without Restrictions, End of Year \$ 1,862,174

**CELIAC DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Flows from Operating Activities	
Cash received from donors	\$ 1,137,036
Cash received from service recipients	1,009,359
Cash paid to suppliers and employees	(1,486,405)
Interest income	137
	<hr/>
Net Cash Provided by Operating Activities	660,127
Cash Flows from Investing Activities	
Purchase of property and equipment	(82,617)
	<hr/>
Net Increase in Cash	577,510
Cash and Cash Equivalents, Beginning	<hr/> 1,095,414
Cash and Cash Equivalents, Ending	<u><u>\$ 1,672,924</u></u>
Reconciliation of the Change in Net Assets	
To Net Cash Provided Operating Activities	
Change in Net Assets	\$ 700,527
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	48,897
Donation of investment in partnership for sponsorship	(40,000)
Loss from partnership	2,550
(Increase) Decrease in:	
Contributions receivable	72,555
Accounts receivable	(3,450)
Prepaid expenses	13,371
Deposits	785
Increase (Decrease) in:	
Accounts payable	(99,867)
Accrued vacation	7,923
Unearned sponsorship revenue	(43,164)
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 660,127</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, 2018

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 472,991	\$ 15,424	\$ 25,706	\$ 514,121
Employee benefits	77,840	2,538	4,231	84,609
Payroll taxes	35,985	1,173	1,956	39,114
Total salaries and related benefits	586,816	19,135	31,893	637,844
Education and research	178,047	-	-	178,047
Professional services	134,080	28,045	-	162,125
Program expenses	128,562	-	-	128,562
Meetings and conferences	85,660	8,292	-	93,952
Computer	75,466	-	-	75,466
Occupancy	52,760	2,294	2,294	57,348
Depreciation	42,253	6,644	-	48,897
Supplies	14,429	1,706	4,059	20,194
Bank and merchant fees	13,787	314	-	14,101
Fundraising	-	-	12,088	12,088
Insurance	4,403	-	-	4,403
Volunteer	1,753	-	-	1,753
Total	\$ 1,318,016	\$ 66,430	\$ 50,334	\$ 1,434,780

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributed Services and Gifts in Kind

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance non-financial 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 that meet the above qualifications totaling \$372,736, at December 31, 2018.

Contributions and Accounts Receivable

Contributions 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, 2018 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.

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.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

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 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 various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2018, CDF's uninsured cash balances were \$1,367,619.

Note 3 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions.

**CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 3 – Liquidity and Availability of Financial Assets (continued)

Financial Assets at December 31, 2018 is comprised of:	
Cash and cash equivalents	\$ 1,672,924
Contributions receivable	92,104
Accounts receivable	<u>145,950</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,910,978</u>

The Organization is substantially supported by contributions. As part of the Organization liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Investment in Partnership

The Organization was granted an interest in a partnership as part of a sponsorship agreement. The partnership is valued at the December 31, 2018 capital balance.

Note 5 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 55,357
Software	6,825
Trademark	21,000
Website	<u>232,412</u>
	315,594
Less accumulated depreciation	<u>195,833</u>
	<u>\$ 119,761</u>

Note 6 – 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 \$39,861 for the year ending December 31, 2019.

Rent expense for the year ended December 31, 2018 was \$47,918.

Note 7 – 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 \$13,445 to the plan during the year.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 8 – Subsequent Events

Subsequent events were evaluated through April 15, 2019, 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.