

Financial Statements

CELIAC DISEASE FOUNDATION

December 31, 2021



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Celiac Disease Foundation

Opinion

We have audited the accompanying financial statements of Celiac Disease Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Celiac Disease Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Celiac Disease Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

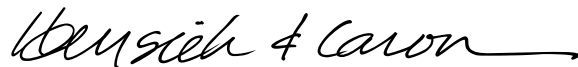
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Celiac Disease Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Celiac Disease Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Pasadena, CA
May 16, 2022

CELIAC DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

Assets

| | |
|---|---------------|
| Cash and cash equivalents | \$ 2,028,969 |
| Contributions receivable, net of allowance for doubtful accounts of \$0 | 113,068 |
| Accounts receivable, net of allowance for doubtful accounts of \$0 | 134,000 |
| Prepaid expenses | 4,363 |
| Investments | 1,631,575 |
| Investment in partnership | 85,653 |
| Deposits | 3,250 |
| Property and equipment | <u>97,277</u> |

Total Assets \$ 4,098,155

Liabilities

| | |
|------------------|----------------|
| Accounts payable | \$ 59,784 |
| Accrued salaries | 53,147 |
| Unearned revenue | 283,459 |
| Grants payable | <u>519,390</u> |

Total Liabilities 915,780

Net Assets Without Restrictions 3,182,375

Total Liabilities and Net Assets \$ 4,098,155

CELIAC DISEASE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Support, Revenues and Other Income

| | |
|--|----------------|
| Contributions and grants | \$ 1,672,281 |
| Program income | 936,452 |
| Sponsorships | 349,125 |
| Gifts in kind | 264,175 |
| Investment returns | 80,452 |
| Special events, net of direct expense of \$7,339 | 12,184 |
| Other income | <u>(3,586)</u> |

Total Support, Revenues and Other Income 3,311,083

Expenses

| | |
|------------------------|----------------|
| Program expenses | 2,105,164 |
| Management and general | 87,596 |
| Fundraising | <u>115,191</u> |

Total Expenses 2,307,951

Change in Net Assets 1,003,132

Net Assets Without Restrictions, Beginning of Year 2,179,243

Net Assets Without Restrictions, End of Year 3,182,375

CELIAC DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|---|---------------------|
| Cash Flows from Operating Activities | |
| Cash received from donors | \$ 1,433,091 |
| Cash received from service recipients | 1,423,820 |
| Cash paid to suppliers and employees | (1,825,636) |
| Interest received | 27,534 |
| | <u>1,058,809</u> |
| Net Cash Provided by Operating Activities | |
| Cash Flows from Investing Activities | |
| Purchase of investments | (1,531,438) |
| Proceeds from sale of investments | 6,530 |
| Purchase of property and equipment | (13,903) |
| | <u>(1,538,811)</u> |
| Net Cash Flows Used in Investing Activities | |
| Cash Flows from Financing Activities | |
| Proceeds from loan payable - Paycheck Protection Program | 130,800 |
| | <u>130,800</u> |
| Net Decrease in Cash | |
| | (349,202) |
| Cash and Cash Equivalents, Beginning | |
| | <u>2,378,171</u> |
| Cash and Cash Equivalents, Ending | |
| | <u>\$ 2,028,969</u> |
| Reconciliation of the Change in Net Assets | |
| To Net Cash Provided Operating Activities | |
| Change in Net Assets | \$ 1,003,132 |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities | |
| Noncash gifts | (53,749) |
| Depreciation | 44,927 |
| Realized and unrealized gains on investments | (52,918) |
| Loss from partnership | 3,615 |
| Forgiveness of loan payable - Paycheck Protection Program | (261,600) |
| (Increase) Decrease in: | |
| Contributions receivable | 63,975 |
| Accounts receivable | 26,500 |
| Prepaid expenses | (4,363) |
| Increase (Decrease) in: | |
| Accounts payable | 26,842 |
| Accrued salaries | 333 |
| Unearned revenue | 104,375 |
| Grants payable | 157,740 |
| | <u>\$ 1,058,809</u> |
| Net Cash Provided by Operating Activities | |

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

CELIAC DISEASE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Program</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Total</u> |
|--|---------------------|-------------------------------------|--------------------|---------------------|
| Salaries and wages | \$ 653,378 | \$ 22,274 | \$ 66,823 | \$ 742,475 |
| Employee benefits | 102,742 | 3,463 | 9,235 | 115,440 |
| Payroll taxes | 51,436 | 1,734 | 4,623 | 57,793 |
| Total salaries and related benefits | 807,556 | 27,471 | 80,681 | 915,708 |
| Education and research | 639,517 | 895 | 1,986 | 642,398 |
| Program expenses | 397,505 | - | - | 397,505 |
| Professional services | 85,459 | 47,571 | - | 133,030 |
| Computer | 27,551 | 802 | - | 28,353 |
| Occupancy | 45,199 | 1,965 | 1,965 | 49,129 |
| Depreciation | 39,985 | 1,348 | 3,594 | 44,927 |
| Bank and merchant fees | 30,293 | - | - | 30,293 |
| Fundraising | - | - | 25,811 | 25,811 |
| Supplies | 19,312 | 5,107 | 836 | 25,255 |
| Meetings and conferences | 9,680 | - | - | 9,680 |
| Insurance | 3,107 | 2,437 | 318 | 5,862 |
| Total | \$ 2,105,164 | \$ 87,596 | \$ 115,191 | \$ 2,307,951 |

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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 \$247,287, at December 31, 2021.

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, 2021 management determined that all receivables were collectible.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Investments

Investments, comprised primarily of exchange traded funds and equity securities are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities.

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.

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 Foundation.

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.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Unearned Revenue

Unearned revenue includes sponsorship revenue and revenue from recruitment for clinical trials that will be earned in the following year.

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, 2021, CDF’s uninsured cash balances were \$1,680,861.

Note 3 – Investment in Partnership

CDF was granted an interest in a partnership as part of a sponsorship agreement. The partnership is valued at the December 31, 2021 capital balance.

Note 4 – Property and Equipment

Property and equipment consists of the following:

| | |
|-------------------------------|------------|
| Furniture and fixtures | \$ 103,993 |
| Software | 6,825 |
| Trademark | 21,000 |
| Website | 298,911 |
| Website in progress | 10,000 |
| | 440,729 |
| Less accumulated depreciation | 343,452 |
| | \$ 97,277 |

Note 5 – Investments and Fair Value Measurements

Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2021 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
|-----------------------------|--------------|---|--|--|
| Money markets | \$ 22,953 | \$ 22,953 | \$ - | \$ - |
| Equities | 68,156 | 68,156 | - | - |
| Mutual funds | 5,412 | 5,412 | - | - |
| Exchange traded products | 1,535,054 | 1,535,054 | - | - |
| | \$ 1,631,575 | \$ 1,631,575 | \$ - | \$ - |

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 5 – Investments and Fair Value Measurements (continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 6 – Grants Payable

Grants authorized but unpaid at year end are reported as a liability on the statement of financial position. Grants to be paid in more than one year are discounted using a 0% rate. The following is a summary of grants authorized and payable at December 31, 2021:

| | |
|------------------------------|-------------------|
| To be paid in 2022 | \$ 366,825 |
| To be paid in 2023 | 128,565 |
| To be paid in 2024 | <u>24,000</u> |
| Grants authorized but unpaid | <u>\$ 519,390</u> |

Note 7 – Liquidity and Availability of Financial Assets

The following reflects the Foundation'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.

| | |
|--|---------------------|
| Financial Assets at December 31, 2021 is comprised of: | |
| Cash and cash equivalents | \$ 2,028,969 |
| Contributions receivable | 113,068 |
| Accounts receivable | 134,000 |
| Investments | <u>1,631,575</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,907,612</u> |

CDF is substantially supported by contributions. As part of the Foundation's 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 8 – Loan Payable - Paycheck Protection Program

On May 3, 2020, CDF obtained a \$130,800 loan from Citibank, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid Relief and Economic Security Act (CARES Act), which was enacted on March 27, 2020. Funds from the loan may only be used for payroll costs, employee health insurance, mortgage interest, rent or lease obligations and utilities.

CDF is required to apply for loan forgiveness. If the Small Business Administration (SBA) confirms full and complete forgiveness of the unpaid balance, the Foundation's obligation will be deemed fully satisfied and paid in full. If the SBA does not confirm or partially confirms forgiveness, the Foundation will be obligated to repay Citibank. In such case Citibank will establish terms for repayment of the loan in a separate letter to the Foundation setting forth the loan balance, monthly payment, interest rate (not to exceed 1%), the terms and maturity date of two years from the initial funding date. No principal or interest is due during the deferment period, which ends August 18, 2021.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 – Loan Payable - Paycheck Protection Program (continued)

The original loan was forgiven on February 10, 2021 and is included in grants and contributions on the statements of activities. A new loan of \$130,800, with similar terms and conditions, was received on January 26, 2021; that loan was forgiven on October 21, 2021.

Note 9 – Lease Commitments

The Foundation operates from offices under a noncancelable lease agreement expiring September 2022. Minimum payments under this operating lease are \$37,397 for the year ending December 31, 2022.

Rent expense for the year ended December 31, 2021 was \$49,130.

Note 10 – 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 \$21,398 to the plan during the year.

CDF also has a 457(b) deferred compensation plan for qualifying employees. Employees may defer a portion of their compensation from the time of employment. The Foundation does not contribute to this plan.

Note 11 – Commitments and Contingencies

In early March 2020, the spread of Coronavirus Disease 2019 (“COVID-19”) was declared a global pandemic. As a result of efforts to slow the spread of COVID-19, CDF reorganized operations.

CDF continues to actively monitor the current and potential impacts of COVID-19, and will prepare and plan accordingly. The continued spread of COVID-19 could adversely impact results of operations, cash flows and financial conditions. However, the Foundation is not able to predict any potential impact at this time. No adjustments were necessary to the financial statements with respect to this matter.

Note 12 – Subsequent Events

Subsequent events were evaluated through May 16, 2022, 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.