

Financial Statements

CELIAC DISEASE FOUNDATION

December 31, 2020



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, 2020, 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, 2020, 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 11, 2021

CELIAC DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

Assets

Cash and cash equivalents	\$ 2,378,171
Contributions receivable, net of allowance for doubtful accounts of \$0	177,043
Accounts receivable, net of allowance for doubtful accounts of \$0	160,500
Investment in partnership	89,268
Deposits	3,250
Property and equipment	<u>128,301</u>
Total Assets	<u><u>\$ 2,936,533</u></u>

Liabilities

Accounts payable	\$ 32,942
Accrued salaries	52,814
Unearned revenue	179,084
Loan payable - Payroll Protection Program	130,800
Grants payable	<u>361,650</u>
Total Liabilities	757,290

Net Assets Without Restrictions

Total Liabilities and Net Assets

2,179,243
\$ 2,936,533

CELIAC DISEASE FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Support, Revenues and Other Income

Contributions and grants	\$ 1,093,597
Annual meeting	9,173
Gifts in kind	354,373
Sponsorships	290,767
Program income	481,681
Interest	63
Other income	<u>5,664</u>

Total Support, Revenues and Other Income 2,235,318

Expenses

Program expenses	1,569,409
Management and general	73,021
Fundraising	<u>100,679</u>

Total Expenses 1,743,109

Change in Net Assets 492,209

**Net Assets Without Restrictions, Beginning of Year,
As Originally Stated** 2,048,684

Prior Period Adjustment (361,650)

**Net Assets Without Restrictions, Beginning of Year,
As Restated** 1,687,034

Net Assets Without Restrictions, End of Year \$ 2,179,243

**CELIAC DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Flows from Operating Activities	
Cash received from donors	\$ 979,333
Cash received from service recipients	765,629
Cash paid to suppliers and employees	(1,347,453)
Interest received	63
	<u>397,572</u>
Net Cash Provided by Operating Activities	<u>397,572</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(66,501)</u>
Cash Flows from Financing Activities	
Proceeds from loan payable - Payroll Protection Program	<u>130,800</u>
Net Increase in Cash	461,871
Cash and Cash Equivalents, Beginning	<u>1,916,300</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,378,171</u></u>
Reconciliation of the Change in Net Assets	
To Net Cash Provided Operating Activities	
Change in Net Assets	\$ 492,209
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	53,153
Donation of investment in partnership for sponsorship	(20,000)
Loss from partnership	3,693
(Increase) Decrease in:	
Contributions receivable	(114,264)
Accounts receivable	(13,750)
Prepaid expenses	9,354
Increase (Decrease) in:	
Accounts payable	(9,277)
Accrued salaries	(11,947)
Unearned revenue	8,401
	<u>397,572</u>
Net Cash Provided by Operating Activities	<u><u>\$ 397,572</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, 2020**

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 585,009	\$ 19,943	\$ 59,830	\$ 664,782
Employee benefits	95,152	3,244	9,731	108,127
Payroll taxes	45,355	1,546	4,639	51,540
Total salaries and related benefits	725,516	24,733	74,200	824,449
Education and research	277,281	-	-	277,281
Program expenses	212,397	-	-	212,397
Professional services	158,327	36,567	-	194,894
Occupancy	49,391	2,147	2,147	53,685
Depreciation	46,774	1,595	4,784	53,153
Computer	34,278	-	-	34,278
Supplies	25,372	2,514	5,425	33,311
Meetings and conferences	15,173	4,456	-	19,629
Bank and merchant fees	16,979	-	-	16,979
Fundraising	-	-	13,340	13,340
Insurance	7,652	1,009	783	9,444
Volunteer	269	-	-	269
Total	\$ 1,569,409	\$ 73,021	\$ 100,679	\$ 1,743,109

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 \$354,373, at December 31, 2020.

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, 2020 management determined that all receivables were collectible.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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.

Unearned Revenue

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, CDF’s uninsured cash balances were \$1,878,128.

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, 2020 capital balance.

Note 4 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 100,089
Software	6,825
Trademark	21,000
Website	298,912
	426,826
Less accumulated depreciation	298,525
	\$ 128,301

Note 5 – 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, 2020:

To be paid in 2021	\$ 329,085
To be paid in 2022	32,565
	\$ 361,650

Note 6 – 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, 2020 is comprised of:	
Cash and cash equivalents	\$ 2,378,171
Contributions receivable	177,043
Accounts receivable	160,500
	\$ 2,715,714
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,715,714

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 6 – Liquidity and Availability of Financial Assets (continued)

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 7 – Paycheck Protection Program Loan

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.

Subsequent to year end, the loan was forgiven.

Note 8 – Lease Commitments

The Foundation operates from offices under a noncancelable lease agreement expiring September 2022. Minimum payments under this operating lease are as follows:

<u>Years ending December 31,</u>	
2021	\$ 49,531
2022	37,397

Rent expense for the year ended December 31, 2020 was \$53,685.

Note 9 – 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 \$19,069 to the plan during the year.

Note 10 – Restatement

During the year, it came to CDF’s attention that grants payable was understated. Net assets without restrictions for the fiscal year ended December 31, 2019 was overstated by \$361,650.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 11, 2021, 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.