

Financial Statements

CELIAC DISEASE FOUNDATION

December 31, 2023



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, 2023, 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, 2023, 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

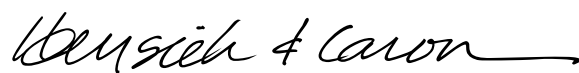
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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
April 26, 2024

CELIAC DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

Assets

Cash and cash equivalents	\$ 1,615,687
Contributions receivable, net of allowance for doubtful accounts of \$0	343,759
Accounts receivable, net of allowance for doubtful accounts of \$0	334,779
Prepaid expenses	21,336
Investments	3,352,031
Investment in partnership	79,059
Deposits	1,150
Property and equipment	<u>212,053</u>
Total Assets	<u><u>\$ 5,959,854</u></u>

Liabilities

Accounts payable	\$ 80,930
Accrued salaries	78,160
Unearned revenue	335,608
Grants payable	<u>139,092</u>
Total Liabilities	<u>633,790</u>

Net Assets

Without donor restrictions	5,294,564
With donor restrictions	<u>31,500</u>
Total Net Assets	<u>5,326,064</u>
Total Liabilities and Net Assets	<u><u>\$ 5,959,854</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues and Other Income			
Contributions and grants	\$ 1,808,245	\$ 63,500	\$ 1,871,745
Program income	1,792,875	-	1,792,875
Sponsorships	355,560	-	355,560
Gifts in kind	403,799	-	403,799
Investment returns	349,560	-	349,560
Loss on disposal of property and equipment	(15,840)	-	(15,840)
Other income	2,102	-	2,102
Net assets released from program restrictions	42,000	(42,000)	-
Total Support, Revenues and Other Income	4,738,301	21,500	4,759,801
Expenses			
Program expenses	2,777,308	-	2,777,308
Management and general	180,775	-	180,775
Fundraising	348,409	-	348,409
Total Expenses	3,306,492	-	3,306,492
Change in Net Assets	1,431,809	21,500	1,453,309
Net Assets, Beginning of Year	3,862,755	10,000	3,872,755
Net Assets, End of Year	\$ 5,294,564	\$ 31,500	\$ 5,326,064

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

CELIAC DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities	
Cash received from donors	\$ 1,551,052
Cash received from service recipients	2,324,579
Cash paid to suppliers and employees	(2,901,905)
Interest received	90,475
	<hr/>
Net Cash Provided by Operating Activities	1,064,201
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Cash Flows from Investing Activities	
Proceeds from sales of investments	2,286,384
Purchase of investments	(3,796,453)
Proceeds from disposal of property and equipment	3,100
Purchase of property and equipment	(190,770)
	<hr/>
Net Cash Flows Used in Investing Activities	(1,697,739)
	<hr/>
Net Decrease in Cash	(633,538)
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Cash and Cash Equivalents, Beginning	2,249,225
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Cash and Cash Equivalents, Ending	\$ 1,615,687
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Reconciliation of the Change in Net Assets	
To Net Cash Provided Operating Activities	
Change in Net Assets	\$ 1,453,309
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Gifts of financial assets	(126,333)
Depreciation	25,237
Change in net lease asset	(264)
Realized and unrealized gains on investments	(275,585)
Loss from partnership	3,899
Loss from disposal of property and equipment	15,840
(Increase) Decrease in:	
Contributions receivable	(194,360)
Accounts receivable	3,117
Prepaid expenses	33,244
Deposits	2,100
Increase (Decrease) in:	
Accounts payable	37,227
Accrued salaries	3,677
Unearned revenue	167,026
Grants payable	(83,933)
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Net Cash Provided by Operating Activities	\$ 1,064,201
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The accompanying notes are an integral part of these financial statements.

CELIAC DISEASE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,006,507	\$ 69,479	\$ 189,238	\$ 1,265,224
Employee benefits	160,996	11,113	30,270	202,379
Payroll taxes	74,424	5,137	13,993	93,554
Total salaries and related benefits	1,241,927	85,729	233,501	1,561,157
Education and research	552,846	1,648	4,310	558,804
Clinical trials support	392,363	-	-	392,363
Professional services	219,730	85,868	-	305,598
Fundraising campaigns	-	-	106,204	106,204
Advocacy	76,205	-	-	76,205
Meetings and conferences	72,490	-	-	72,490
Computer	60,387	-	-	60,387
Occupancy	36,721	1,597	1,597	39,915
Outreach	35,818	-	-	35,818
Bank and merchant fees	35,085	-	-	35,085
Supplies	23,677	1,229	1,029	25,935
Depreciation	23,218	1,009	1,009	25,236
Insurance	6,841	3,695	759	11,295
Total	\$ 2,777,308	\$ 180,775	\$ 348,409	\$ 3,306,492

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

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 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.

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, 2023 management determined that all receivables were collectible.

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.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Revenue and Revenue Recognition

Contribution Revenue

Contributions received are considered available for unrestricted use unless restricted by the donor. CDF records contributions with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Program and Sponsorship Revenue

A portion of CDF's revenue is derived from contracts which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CDF has incurred expenditures in compliance with a specific contract provisions. Amounts received before incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

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.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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 various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2023, CDF's uninsured cash balances were \$1,115,688.

Note 3 – Investment in Partnership

CDF was granted an interest in a partnership as part of a sponsorship agreement. The partnership is accounted for using the cost method and is valued at the December 31, 2023 capital account.

Note 4 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 33,195
Software	6,825
Trademark	21,000
Website	298,911
Software design in progress	<u>180,000</u>
	539,931
Less accumulated depreciation	<u>327,878</u>
	<u>\$ 212,053</u>

Note 5 – Investments and Fair Value Measurements

U.S. GAAP requires reporting certain assets and liabilities at fair value in the financial statements. Under U.S. GAAP, fair value is defined as the price that the Foundation would received upon selling an investment in an orderly transaction to a market participant at the measurement date.

FASB ASC Topic 820, *Fair Value Measurement and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements).

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 5 – Investments and Fair Value Measurements (continued)

The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets that the entity has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the assets, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.
- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

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, 2023 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)
Equities	\$ 2,071	\$ 2,071	-	-
Mutual funds	3,349,960	3,349,960	-	-
	\$ 3,352,031	\$ 3,352,031	\$ -	\$ -

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, 2023:

To be paid in 2024	\$ 103,092
To be paid in 2025	36,000
Grants authorized but unpaid	\$ 139,092

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of funds restricted for young investigator scholarships.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8 – Gifts-in-Kind

The Foundation received gifts-in-kind for the year ended December 31, 2023:

Professional services	\$ 212,758
Advertising	120,000
Inventory	56,043
Educational costs	10,998
Research prize services	4,000
	<u>4,000</u>
	<u>\$ 403,799</u>

The Foundation's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Foundation was provided legal services at no cost in order to review sponsorship and clinical trial contracts. Based on current market rates for legal services, the Foundation would have paid \$212,758 for the year ended December 31, 2023.

The Foundation was gifted educational events for staff. Based on current market rates for the educational events, the Foundation would have paid \$10,998 for the year ended December 31, 2023.

The Foundation was gifted research prize services. Based on the rate agreed upon for these services, the Foundation would have paid \$4,000 for the year ended December 31, 2023.

The Foundation was provided advertising space online and in print. Based on current market rates for advertising space, the Foundation would have paid \$120,000 for the year ended December 31, 2023.

The Foundation received donated inventory with an estimated fair market value of \$56,043 for the year ended December 31, 2023. The inventory was provided for distribution to those with celiac disease.

The fair value of donated services included as contributions in the financial statements and the corresponding program expense for the year ended December 31, 2023 is as follows:

Professional services	\$ 212,758
Education and research	134,998
Fundraising campaigns	56,043
	<u>56,043</u>
	<u>\$ 403,799</u>

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 9 – 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, 2023 is comprised of:

Cash and cash equivalents	\$ 1,615,687
Contributions receivable	343,759
Accounts receivable	334,779
Investments	<u>3,352,031</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,646,256</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 10 – Lease Commitment

The Foundation has an operating lease for corporate offices. The lease expires August 31, 2024 and will be extended for another year, indefinitely, until either party notifies the other party of the wish to terminate the lease.

The operating lease cost of \$4,750 is included in the statement of activities in occupancy. Also included in occupancy are costs from a prior operating lease totaling \$35,165.

The FASB has issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). Under the guidance of ASU 2016-02, a lessee should recognize in the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The ASU is effective for years ending after December 31, 2022. No right-of-use asset or liability has been recorded due to the one-year term of the Foundation’s lease and the uncertainty as to whether the lease will be extended.

Note 11 – 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 \$31,773 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.

CELIAC DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 12 – Revenue, Contract Assets and Contract Liabilities

The following table shows the Foundation’s revenue disaggregated according to the timing of the transfer of services at December 31, 2023:

Revenue Recognized at a Point in Time	
Recruitment	<u>\$ 1,699,210</u>
Revenue Recognized Over Time	
Sponsorships	\$ 355,560
Recruitment licensing and data access	<u>93,665</u>
	<u>\$ 449,225</u>

Contract assets consisted of the following amounts at December 31, 2023:

Sponsorships	\$ 121,500
Recruitment licensing and data access	<u>213,279</u>
	<u>\$ 344,779</u>

Contract liabilities consisted of the following amounts at December 31, 2023:

Sponsorships	\$ 242,274
Recruitment licensing and data access	<u>93,334</u>
	<u>\$ 335,608</u>

Note 13 – Subsequent Events

Subsequent events were evaluated through April 26, 2024, 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.