

**GBS | CIDP FOUNDATION  
INTERNATIONAL**

**FINANCIAL STATEMENTS**

**(AND INDEPENDENT AUDITOR'S REPORT)**

**YEAR ENDED DECEMBER 31, 2019**



## **Independent Auditor's Report**

Board of Directors  
GBS I CIDP Foundation International  
Conshohocken, Pennsylvania

We have audited the accompanying financial statements of GBS I CIDP Foundation International (a Pennsylvania nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows 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 from 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 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 GBS | CIDP Foundation International as of December 31, 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited the GBS | CIDP Foundation International's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Isdaner + Company LLC*

April 1, 2020

**GBS | CIDP FOUNDATION INTERNATIONAL**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

<b>ASSETS</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Current assets:		
Cash	\$ 412,984	\$ 545,531
Operating investments	4,708,144	3,749,341
Prepaid expenses	<u>124,347</u>	<u>3,855</u>
Total current assets	5,245,475	4,298,727
Cash, board designated	3,890	31,036
Investments	3,959,007	3,401,121
Furniture and equipment, net of accumulated depreciation of \$24,112 and \$56,913 in 2019 and 2018, respectively	54,472	39,300
Deposits	<u>14,226</u>	<u>14,226</u>
	<u><u>\$ 9,277,070</u></u>	<u><u>\$ 7,784,410</u></u>
 <b>LIABILITIES AND NET ASSETS</b>  		
Current liabilities:		
Accounts payable and accrued expenses	\$ 131,435	\$ 65,504
Grants payable, current portion	<u>372,571</u>	<u>290,998</u>
Total current liabilities	504,006	356,502
Grants payable, net of current portion	<u>409,223</u>	<u>109,223</u>
Total liabilities	<u>913,229</u>	<u>465,725</u>
Net assets:		
Without donor restrictions:		
Undesignated	4,395,695	3,811,429
Board designated - research	2,193,536	1,969,584
Board designated - fellowship	<u>1,769,360</u>	<u>1,462,573</u>
	8,358,591	7,243,586
With donor restrictions:		
Purpose restrictions	<u>5,250</u>	<u>75,099</u>
Total net assets	<u>8,363,841</u>	<u>7,318,685</u>
	<u><u>\$ 9,277,070</u></u>	<u><u>\$ 7,784,410</u></u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
Support and revenue:				
Contributions	\$ 1,447,677	\$ 250,062	\$ 1,697,739	\$ 1,710,302
Special events	480,070	-	480,070	483,202
Less direct costs of special events	<u>(41,036)</u>	<u>-</u>	<u>(41,036)</u>	<u>(43,549)</u>
	1,886,711	250,062	2,136,773	2,149,955
 Net assets released from restrictions	 <u>319,911</u>	 <u>(319,911)</u>	 <u>-</u>	 <u>-</u>
 Total support and revenue	 <u>2,206,622</u>	 <u>(69,849)</u>	 <u>2,136,773</u>	 <u>2,149,955</u>
 Expenses:				
Program	2,187,036	-	2,187,036	1,651,604
Management and general	157,950	-	157,950	147,142
Fundraising	<u>104,713</u>	<u>-</u>	<u>104,713</u>	<u>68,986</u>
	<u>2,449,699</u>	<u>-</u>	<u>2,449,699</u>	<u>1,867,732</u>
 Net investment income	 <u>1,358,081</u>	 <u>-</u>	 <u>1,358,081</u>	 <u>(393,516)</u>
 Change in net assets	 1,115,004	 (69,849)	 1,045,155	 (111,293)
 Net assets at beginning of year	 <u>7,243,586</u>	 <u>75,099</u>	 <u>7,318,685</u>	 <u>7,429,978</u>
 Net assets at end of year	 <u>\$ 8,358,590</u>	 <u>\$ 5,250</u>	 <u>\$ 8,363,840</u>	 <u>\$ 7,318,685</u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

	<b>2019</b>			<b>2018</b>	
	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries	\$ 591,353	\$ 89,523	\$ 62,245	\$ 743,121	\$ 606,874
Payroll taxes and employee benefits	94,710	14,338	9,969	119,017	117,921
Total salaries and related expenses	686,063	103,861	72,214	862,138	724,795
Research grants	745,695	-	-	745,695	266,800
Board expenses	54,363	-	-	54,363	11,254
Chapter expenses	38,979	-	-	38,979	25,357
Contracted service	143,091	-	-	143,091	117,397
Depreciation	9,655	1,481	711	11,847	10,644
Dues and subscriptions	2,550	-	-	2,550	129
Equipment rental and supplies	9,879	1,098	-	10,977	7,568
Insurance	7,794	6,391	574	14,759	10,519
Postage and delivery	50,950	1,427	2,122	54,499	35,474
Printing	113,603	215	12,742	126,560	88,125
Professional expenses	31,584	3,475	-	35,059	35,217
Public relations	27,805	-	-	27,805	28,444
Rent and utilities	81,866	7,421	4,456	93,743	77,086
Supplies and other	11,140	29,463	7,211	47,814	43,269
Telephone	4,079	1,412	1,391	6,882	7,020
Travel and meetings	167,940	1,706	3,292	172,938	390,479
Total functional expenses reported in statement of activities	<u>2,187,036</u>	<u>157,950</u>	<u>104,713</u>	<u>2,449,699</u>	<u>1,879,577</u>
Special event production, facility and other direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,036</u>	<u>43,549</u>
Total functional expenses and direct costs of special events	<u><u>\$ 2,187,036</u></u>	<u><u>\$ 157,950</u></u>	<u><u>\$ 104,713</u></u>	<u><u>\$ 2,490,735</u></u>	<u><u>\$ 1,923,126</u></u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ 1,045,155	\$ (111,293)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,847	10,644
Net realized and unrealized (gain) loss on investments	(1,174,298)	566,755
Changes in assets and liabilities:		
Prepaid expenses	(120,492)	-
Accounts payable and accrued expenses	65,931	(28,071)
Grants payable	381,573	(211,440)
Net cash provided by operating activities	209,716	226,595
Cash flows from investing activities:		
Purchase of furniture and equipment	(27,019)	(318)
Purchase of investments	(2,379,666)	(1,156,742)
Proceeds from sale of investments	2,037,276	1,081,682
Net cash used in investing activities	(369,409)	(75,378)
Net increase (decrease) in cash and cash, board designated	(159,693)	151,217
Cash and cash, board designated, beginning of year	576,567	425,350
Cash and cash, board designated, end of year	\$ 416,874	\$ 576,567

The accompanying notes are an integral part of these statements.

# GBS I CIDP FOUNDATION INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

GBS I CIDP Foundation International (the “Organization”) was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation. The Organization improves the quality of life for individuals and families affected by Guillain-Barre Syndrome (“GBS”), Chronic Inflammatory Demyelinating Polyneuropathy (“CIDP”), and variants. It provides patient support, research sponsorship, and lay and professional educational programs worldwide. The Organization receives the majority of its support from individual, corporate, and foundation contributions.

#### Basis of Presentation

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Resources in the financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions, as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for research and fellowship grants.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any net assets to be held in perpetuity as of December 31, 2019 or 2018.

#### Cash and cash, board designated

Cash is primarily held in operating accounts at major financial institutions in which the Organization is exposed to market and credit risk.



**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Cash and cash, board designated - Continued

The following table provides a reconciliation of cash and cash, board designated reported in the statement of financial position to the total shown in the statement of cash flows:

	<u>2019</u>	<u>2018</u>
Cash	\$412,984	\$545,531
Cash, board designated	<u>3,890</u>	<u>31,036</u>
Total cash and cash, board designated shown in the statements of cash flows	<u>\$416,874</u>	<u>\$576,567</u>

Cash amounts that are designated by the board are to be used for fellowships and research.

Investments

Investments consist of domestic corporate bonds, mutual funds, and money market funds that are carried at fair value (See Note 3). Net appreciation (depreciation) in the fair value of investments, which consists of realized and unrealized gains or losses on those investments, is shown in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Revenue Recognition

Contribution revenue is recognized when cash, unconditional promises to give, or notifications of a beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met.

Furniture and Equipment

Furniture and equipment is recorded at cost. Expenditures with a useful life in excess of one year are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation to program, general and administrative, and fundraising is based on the activities of personnel and the usage of materials and services.

**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 740, *Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribes a recognition threshold of *more-likely-than-not* to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. ASC Topic 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. No liability for uncertain tax positions was recorded as of December 31, 2019 or 2018.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that effect amount and disclosures based on management’s knowledge and experience. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

Effective January 1, 2019, the Organization adopted FASB Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers” and all related amendments. ASC 606 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard requires an entity to recognize revenue to reflect the transfer of promised goods or services to customers in an amount equal to the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. ASC 606 also requires additional financial statement footnote disclosures. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Subsequent Events

Management has evaluated subsequent events through April 1, 2020, which is the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**(2) CONCENTRATION OF CREDIT RISK**

Two donors accounted for 55% and 57% of total support in 2019 and 2018, respectively.

**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(3) FAIR VALUE MEASUREMENTS**

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The Organization applies the provisions to all its assets and liabilities that are being measured and reported on a fair value basis. The standard requires that each asset and liability carried at fair value be classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table sets forth the Organization's financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ -	\$2,124,751	\$ -	\$2,124,751
Mutual funds				
Domestic large cap	3,602,246	-	-	3,602,246
Domestic mid cap	1,315,859	-	-	1,315,859
Domestic small cap	447,228	-	-	447,228
International developed countries	443,023	-	-	443,023
Total mutual funds	5,808,356	-	-	5,808,356
Money market funds	734,044	-	-	734,044
Total assets at fair value	<u>\$6,542,400</u>	<u>\$2,124,751</u>	<u>\$ -</u>	<u>\$8,667,151</u>

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ -	\$1,996,881	\$ -	\$1,996,881
Mutual funds				
Domestic large cap	2,354,060	-	-	2,354,060
Domestic mid cap	927,188	-	-	927,188
Domestic small cap	314,136	-	-	314,136
International developed countries	928,831	-	-	928,831
Total mutual funds	4,524,215	-	-	4,524,215
Money market funds	629,366	-	-	629,366
Total assets at fair value	<u>\$5,153,581</u>	<u>\$1,996,881</u>	<u>\$ -</u>	<u>\$7,150,462</u>

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(3) FAIR VALUE MEASUREMENTS – Continued**

*Domestic corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings. When quoted are prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

*Mutual funds:* Valued at the daily published closing price. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Money market funds:* Comprised of accounts which seek to maintain a stable price of \$1.00 per share. The money market funds held by the Organization are deemed to be actively traded.

The net realized and unrealized gain (loss) on investments for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Appreciation (depreciation) of investments in current year	\$1,121,029	(\$666,851)
Net realized gain on sale of securities	53,269	100,096
	\$1,174,298	(\$566,755)

Net investment income for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Interest and dividends	\$ 183,783	\$ 173,239
Net realized and unrealized gain (loss) on investments	1,174,298	(566,755)
	\$1,358,081	(\$393,516)

Investment management fees of \$46,395 and \$46,073 for the years ended December 31, 2019 and 2018, respectively, have been deducted from investment income in arriving at net investment income.

**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(4) GRANTS PAYABLE**

Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Grants are due as follows for the fiscal years ending December 31:

2020	\$372,571
2021	259,223
2022	<u>150,000</u>
	<u>\$781,794</u>

**(5) ENDOWMENT FUNDS**

The Organization's endowment includes funds without donor restriction that are designated by the board for future fellowships to fund professional training and for future research.

The Organization has adopted investment and spending policies for endowment assets that focus on total return to achieve growth through asset appreciation and income generation. The Organization targets a diversified asset allocation of equities, mutual funds, and fixed income securities and cash.

The Organization's spending policy provides for the disbursement of funds related to fellowships and research projects upon board authorization.

	<u>Board- Designated, Fellowship</u>	<u>Board- Designated, Research</u>	<u>Total Endowment Assets</u>
Endowment net assets, December 31, 2018	\$ 1,462,573	\$ 1,938,548	\$ 3,401,121
Investment fees	(9,640)	(12,483)	(22,123)
Net appreciation	315,177	352,669	667,845
Contributions and transfers	1,250	282,934	284,184
Expenditures	<u>-</u>	<u>(372,022)</u>	<u>(372,022)</u>
Endowment net assets, December 31, 2019	<u>\$ 1,769,360</u>	<u>\$ 2,189,646</u>	<u>\$ 3,959,006</u>

**(6) NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets are available for the following specific purposes:

	<u>2019</u>	<u>2018</u>
Research	\$ 5,250	\$ -
Program activities	<u>-</u>	<u>75,099</u>
	<u>\$ 5,250</u>	<u>\$ 75,099</u>

**GBS | CIDP FOUNDATION INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(7) LEASES**

The Organization leases its facility under an operating lease expiring October 25, 2024 with renewal options allowing the Organization to extend the term for two additional five year periods.

Rent expense (including utilities) for the years ended December 31, 2019 and 2018 was \$93,743 and \$77,086, respectively. The following is a schedule, by year, of future minimum rental payments required under the operating lease with a noncancelable lease term in excess of one year:

2020	\$121,746
2021	123,941
2022	125,660
2023	126,424
2024	96,236
	<u>\$594,007</u>

**(8) LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or board restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash	\$ 412,984
Operating investments	<u>4,708,144</u>
	<u>\$5,121,128</u>

As part of its liquidity management plan, the Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet normal operating expenses.

**(9) SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged in China and continues to spread globally, including in the United States. COVID-19 is currently impacting countries, communities, supply chains and markets around the world.

As of the date of this report, management cannot predict whether the COVID-19 outbreak will have a material impact on the Organization’s financial condition and results of operations in the foreseeable future.