

**GBS | CIDP FOUNDATION
INTERNATIONAL**

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

YEAR ENDED DECEMBER 31, 2020



Independent Auditor's Report

To the Board of Directors of
GBS | CIDP Foundation International
Conshohocken, Pennsylvania

We have audited the accompanying financial statements of GBS | CIDP Foundation International (a Pennsylvania nonprofit corporation), (the "Organization"), which comprise the statement of financial position as of December 31, 2020, 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 Organization'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 Organization'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, 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.

Report on Summarized Comparative Information

We have previously audited the GBS | CIDP Foundation International's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Isdaner + Company LLC

April 22, 2021

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

ASSETS	2020	2019
	<u> </u>	<u> </u>
Current assets:		
Cash	\$ 570,184	\$ 412,984
Operating investments, at fair value	6,074,718	4,708,144
Prepaid expenses	<u>110,017</u>	<u>124,347</u>
Total current assets	6,754,919	5,245,475
Cash, board designated	252	3,890
Investments, at fair value	4,429,210	3,959,007
Furniture and equipment, net of accumulated depreciation of \$37,349 and \$24,112 in 2020 and 2019, respectively	56,287	54,472
Deposits	<u>14,226</u>	<u>14,226</u>
	<u><u>\$ 11,254,894</u></u>	<u><u>\$ 9,277,070</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 90,984	\$ 131,435
Deferred revenue	199,075	-
Grants payable, current portion	<u>560,692</u>	<u>372,571</u>
Total current liabilities	850,751	504,006
Grants payable, net of current portion	<u>240,000</u>	<u>409,223</u>
Total liabilities	<u>1,090,751</u>	<u>913,229</u>
Net assets:		
Without donor restrictions:		
Undesignated	5,724,933	4,395,695
Board designated - research	2,448,310	2,193,536
Board designated - fellowship	<u>1,980,900</u>	<u>1,769,360</u>
	10,154,143	8,358,591
With donor restrictions:		
Purpose restrictions	<u>10,000</u>	<u>5,250</u>
Total net assets	<u>10,164,143</u>	<u>8,363,841</u>
	<u><u>\$ 11,254,894</u></u>	<u><u>\$ 9,277,070</u></u>

The accompanying notes are an integral part of these statements.

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
Support and revenue:				
Grants and contributions	\$ 1,837,590	\$ 575,337	\$ 2,412,927	\$ 1,697,739
Special events	480,127	-	480,127	480,070
Less direct costs of special events	(18,053)	-	(18,053)	(41,036)
Dividends and interest	140,919	-	140,919	183,783
	<u>2,440,583</u>	<u>575,337</u>	<u>3,015,920</u>	<u>2,320,556</u>
Net assets released from restrictions	<u>570,587</u>	<u>(570,587)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,011,170</u>	<u>4,750</u>	<u>3,015,920</u>	<u>2,320,556</u>
Expenses:				
Program	2,299,196	-	2,299,196	2,167,536
Management and general	185,187	-	185,187	177,450
Fundraising	126,142	-	126,142	104,713
	<u>2,610,525</u>	<u>-</u>	<u>2,610,525</u>	<u>2,449,699</u>
Net realized and unrealized gain on investments	<u>1,394,908</u>	<u>-</u>	<u>1,394,908</u>	<u>1,174,298</u>
Change in net assets	1,795,553	4,750	1,800,303	1,045,155
Net assets at beginning of year	<u>8,358,590</u>	<u>5,250</u>	<u>8,363,840</u>	<u>7,318,685</u>
Net assets at end of year	<u>\$ 10,154,143</u>	<u>\$ 10,000</u>	<u>\$ 10,164,143</u>	<u>\$ 8,363,840</u>

The accompanying notes are an integral part of these statements.

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020			2019	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ 635,747	\$ 113,569	\$ 57,701	\$ 807,017	\$ 743,121
Payroll taxes and employee benefits	119,892	13,970	7,627	141,489	119,017
Total salaries and related expenses	755,639	127,539	65,328	948,506	862,138
Research grants	552,298	-	-	552,298	745,695
Board expenses	2,706	-	-	2,706	54,363
Chapter expenses	22,989	-	-	22,989	38,979
Contracted service	139,066	3,316	13,641	156,023	143,091
Depreciation	10,722	1,191	1,324	13,237	11,847
Dues and subscriptions	1,921	-	-	1,921	2,550
Equipment rental and supplies	7,684	854	949	9,487	10,977
Insurance	14,322	1,592	1,768	17,682	14,759
Postage and delivery	53,144	627	2,300	56,071	54,499
Printing	80,118	-	24,899	105,017	126,560
Professional expenses	21,633	22,270	300	44,203	35,059
On-demand education program	324,550	-	-	324,550	-
Public relations	36,440	250	750	37,440	27,805
Rent and utilities	98,970	10,997	12,218	122,185	93,743
Supplies and other	3,652	15,449	463	19,564	47,814
Telephone	6,077	675	750	7,502	6,882
Travel and meetings	167,265	427	1,452	169,144	172,938
Total functional expenses reported in statement of activities	<u>2,299,196</u>	<u>185,187</u>	<u>126,142</u>	<u>2,610,525</u>	<u>2,449,699</u>
Special event production, facility and other direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,053</u>	<u>41,036</u>
Total functional expenses and direct costs of special events	<u><u>\$ 2,299,196</u></u>	<u><u>\$ 185,187</u></u>	<u><u>\$ 126,142</u></u>	<u><u>\$ 2,628,578</u></u>	<u><u>\$ 2,490,735</u></u>

The accompanying notes are an integral part of these statements.

GBS I CIDP FOUNDATION INTERNATIONAL
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,800,303	\$ 1,045,155
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,237	11,847
Net realized and unrealized (gain) on investments	(1,394,908)	(1,174,298)
Changes in operating assets and liabilities:		
Prepaid expenses	14,330	(120,492)
Accounts payable and accrued expenses	(40,451)	65,931
Deferred revenue	199,075	-
Grants payable	18,898	381,573
	610,484	209,716
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of furniture and equipment	(15,052)	(27,019)
Purchase of investments	(2,009,346)	(2,379,666)
Proceeds from sale of investments	1,567,476	2,037,276
	(456,922)	(369,409)
Net cash used in investing activities		
Net increase (decrease) in cash	153,562	(159,693)
Cash and cash, board designated, beginning of year	416,874	576,567
Cash and cash, board designated, end of year	\$ 570,436	\$ 416,874

The accompanying notes are an integral part of these statements.

GBS I CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(1) NATURE OF ACTIVITIES AND 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 of the Organization are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as described in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2019, 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, 2020 or 2019.

Grants and Contributions

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.

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Grants and Contributions – continued

In connection with the COVID-19 outbreak described in Note 2, on April 28, 2020, the Organization received a forgivable loan in the amount of \$149,870 under the terms of the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was established as part of the Coronavirus Aid, Relief and Economic Security Act and is administered by the U.S. Small Business Administration (“SBA”) through an eligible lender. On November 10, 2020, \$141,017 of the PPP Loan was formally forgiven by the SBA and is included in grant and contribution revenue on the statement of activities. The remaining \$8,853 is included in accounts payable and accrued expenses on the statement of financial position as of December 31, 2020.

Special Events and Deferred Revenue

Revenue from special events is recognized in the period the event takes place.

As a result of the COVID-19 outbreak described in Note 2, certain events that were originally scheduled for fiscal year 2020, were postponed to fiscal year 2021. Sponsors of these events were provided the option of converting their sponsorships into contributions, receiving credit for a different event, or obtaining a refund. As a result, \$199,075 is included in deferred revenue on the statement of financial position.

Cash and Cash, Board Designated

Cash is primarily held in operating accounts at major financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At times, the balances of these accounts may be in excess of federally insured limits. No losses have been incurred to date.

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:

	2020	2019
Cash	\$570,184	\$412,984
Cash, board designated	252	3,890
Total cash and cash, board designated shown in the statements of cash flows	\$570,436	\$416,874

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 4). 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.

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Investments - continued

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.

Furniture and Equipment

Furniture and equipment is recorded at cost. Expenditures with a cost in excess of \$1,000 and 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 ranging from five to fifteen years.

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.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Pursuant to FASB ASC 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, 2020 or 2019.

Use of Estimates

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

New Accounting Pronouncements

Effective in 2020, the Organization adopted FASB Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The implementation of ASU 2018-08 did not have a material effect on the Organization's financial position, results of operations or cash flows. There was no cumulative-effect adjustment required to be recognized at the date of adoption.

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

New Accounting Pronouncements - continued

In February 2016, the FASB issued ASU 2016-02, *Leases*, which once implemented will result in the recognition of most leased assets and corresponding lease liabilities on the balance sheets. The standard is effective for years beginning after December 15, 2021 and early adoption is permitted. The Organization is currently evaluating the impact of this standard on the financial statements.

Subsequent Events

Management has evaluated subsequent events through April 22, 2021, 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) CORONAVIRUS

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. The Organization is following the protocols and guidelines prescribed by the applicable laws and regulations. As further described in Note 1, the Organization postponed in-person events and obtained a forgivable loan during the year, in response to the COVID-19 outbreak. 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. See Note 9 for the Organization's financial assets and liquid resources available for general expenditure over the next 12 months.

(3) MAJOR DONORS

Three donors accounted for 52% of total support in 2020 while two donors accounted for 55% of total support in 2019.

(4) 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.

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(4) FAIR VALUE MEASUREMENTS – Continued

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, 2020.

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 following table sets forth the Organization’s financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2020 and 2019:

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Domestic corporate bonds	\$ -	\$1,209,227	\$ -	\$ 1,209,227
Mutual funds				
Domestic large cap	4,743,918	-	-	4,743,918
Domestic mid cap	1,166,183	-	-	1,166,183
Domestic small cap	1,346,212	-	-	1,346,212
Domestic fixed income	841,952	-	-	841,952
International developed countries	474,697	-	-	474,697
Total mutual funds	8,572,962	-	-	8,572,962
Money market funds	721,739	-	-	721,739
Total assets at fair value	<u>\$9,294,701</u>	<u>\$1,209,227</u>	<u>\$ -</u>	<u>\$10,503,928</u>

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(4) FAIR VALUE MEASUREMENTS – Continued

	December 31, 2019			Total
	Level 1	Level 2	Level 3	
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>

Investment management fees of \$50,346 and \$46,395 for the years ended December 31, 2020 and 2019, respectively, have been deducted from investment income.

(5) 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. Grants are due as follows for the fiscal years ending December 31:

2021	\$560,692
2022	<u>240,000</u>
	<u>\$800,692</u>

(6) 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.

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(6) ENDOWMENT FUNDS – Continued

	<u>Board- Designated, Fellowship</u>	<u>Board- Designated, Research</u>	<u>Total Endowment Assets</u>
Endowment net assets, December 31, 2019	\$ 1,769,360	\$ 2,189,647	\$ 3,959,007
Investment fees	(10,374)	(12,109)	(22,483)
Net appreciation	317,912	363,276	681,188
Contributions and transfers	8,500	325,000	333,500
Expenditures	<u>(104,498)</u>	<u>(417,504)</u>	<u>(522,002)</u>
Endowment net assets, December 31, 2020	<u>\$ 1,980,900</u>	<u>\$ 2,448,310</u>	<u>\$ 4,429,210</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets totaling \$10,000 and \$5,250 for the years ended December 31, 2020 and 2019, respectively, are available for specific research purposes.

(8) 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, 2020 and 2019 was \$122,185 and \$93,743, 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:

2021	\$123,941
2022	125,660
2023	126,424
2024	96,236
	<u>\$472,261</u>

(9) 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	\$ 570,184
Operating investments	6,074,718
	<u>\$6,644,902</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.