

Glut1 Deficiency Foundation, Inc.
Owingsville, Kentucky

Financial Statements and
Independent Auditor's report
December 31, 2020

Glut1 Deficiency Foundation, Inc.
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Glut1 Deficiency Foundation, Inc.
Owingsville, Kentucky

We have audited the accompanying financial statements of the Glut1 Deficiency Foundation, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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

To the Board of Directors
Glut1 Deficiency Foundation, Inc.
Owingsville, Kentucky
Page 2

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 the Glut1 Deficiency Foundation, Inc. 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.

Faulkner, King & Wenz, PSC

Mt. Sterling, Kentucky
February 4, 2021

GLUT1 DEFICIENCY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

A S S E T S

Current assets:

Cash	\$ 478,103
Contributions receivable	5,536
Merchandise inventory	2,500
Prepaid expenses	3,675

Total current assets \$ 489,814

L I A B I L I T I E S

Current liabilities:

Deferred revenue	\$ 316,698
Accounts payable	2,061
Accrued payroll liabilities	2,087

Total current liabilities 320,846

N E T A S S E T S

Net assets without donor restrictions 168,968

Total liabilities and net assets \$ 489,814

See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING INCREASES IN NET ASSETS	
WITHOUT DONOR RESTRICTIONS	
Public support and revenues:	
Private Grants	\$ 150,302
Contributions received	194,505
PPP Loan Proceeds	9,800
Miscellaneous income	2,264
Merchandise Sales	797
	357,668
Total operating increases in net assets without donor restrictions	357,668
 OPERATING DECREASES IN NET ASSETS	
WITHOUT DONOR RESTRICTIONS	
Program services	257,131
Management and general	16,217
Fundraising	12,651
TOTAL OPERATING DECREASES IN NET ASSETS	285,999
WITHOUT DONOR RESTRICTIONS	285,999
 NET INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 71,669
 NET ASSETS AT BEGINNING OF YEAR	 97,299
 NET ASSETS AT END OF YEAR	 \$ 168,968

See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
OPERATING DECREASES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Salaries	\$ 30,374	\$ 8,678	\$ 4,340	\$ 43,392
Payroll taxes	2,323	664	332	3,319
Payroll service fees	840	240	120	1,200
Accounting fees		4,503		4,503
Insurance		1,567		1,567
Dues and subscriptions	777			777
Merchandise sales expense	1,580			1,580
Exhibit fees and expenses	3,161			3,161
Office supplies		414		414
Postage	1,832			1,832
Design fees	8,556			8,556
Web maintenance	1,005			1,005
Registration fees			3,872	3,872
Flipcause event expenses			3,987	3,987
Print materials	900			900
Bank fees		151		151
Advocacy & Outreach travel and expenses	2,380			2,380
Rare as One program expenses	24,203			24,203
Research support	500			500
Research grants awarded	178,700			178,700
TOTAL OPERATING DECREASES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 257,131</u>	<u>\$ 16,217</u>	<u>\$ 12,651</u>	<u>\$ 285,999</u>

GLUT1 DEFICIENCY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Change in net assets without donor restrictions	\$ 71,669
Adjustments to reconcile change in net assets to net cash provided by operating activities without donor restrictions:	
(Increase) decrease in operating assets:	
Inventory	887
Prepaid expenses	(3,675)
Receivables	9,379
Increase (decrease) in operating liabilities:	
Deferred revenue	316,698
Accounts payable	1,358
Accrued payroll liabilities	2,087
	<hr/>
Net cash provided operating activities	398,403
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Net increase in cash	398,403
Cash, beginning of year	79,700
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Cash, end of year	\$ 478,103
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See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF OPERATIONS

Glut1 Deficiency Foundation, Inc. (the Foundation) is a non-profit public charity that was founded in 2011. The foundation is a non-profit family organization dedicated to improving the lives of those in the Glut1 Deficiency community through its mission of increased awareness, improved education, advocacy for patients and families, and support and funding for research.

The Foundation has been determined by the Internal Revenue Service to be a non-profit public charity organization and is tax-exempt under IRC 501(c)(3) of the Internal Revenue Code of 1986. Therefore, no provision for federal income tax has been made in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Glut1 Deficiency Foundation Inc's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they become due. Expenses are recognized in the period in which the related liability occurs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of presentation

Financial statement presentation follows the requirements of the ASU 2016-14, adopted during 2019, which is included in ASC 958 of the Financial Accounting Standards Board (FASB) Codification. Under ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets were previously reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, all net assets of the Foundation have been recorded as net assets without donor restrictions.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consist of merchandise inventory available for sale. Inventories are stated at the lower of cost or market.

Property and Equipment

The Foundation capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with no restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment would be depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty-nine years for buildings. The Foundation currently has no amounts recorded for property and equipment.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its mission, but these services do not meet the criteria for recognition as contributed services.

Revenue Recognition

The Foundation recognizes revenues from exchange transactions, primarily event sponsorships, event registrations, and advertising, as the services are provided to the customer.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Foundation and other grants are recorded as revenues in the period the Foundation meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the contracts. To the extent amounts received exceed amounts spent, the Foundation records the excess as deferred revenue.

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Adoption of New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue Recognition (Topic 606): Revenue from Contracts with Customers*. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foundation implemented ASU 2014-09 effective January 1, 2019. The adoption of this accounting standard did not have an impact on the Foundation's net assets or changes in its net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation adopted ASU 2018-08 effective January 1, 2019. There was no impact to net assets or changes in net assets.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

NOTE 3 - TAX POLICIES

The Accounting Standards Codification (ASC) 740-10-50, *Accounting for Uncertainty in Income Taxes*, requires entities to disclose known or anticipated positions of income tax uncertainty. The Foundation is not aware of any uncertain income tax positions as of February 4, 2021. The Foundation has never been audited by the Internal Revenue Service (IRS). However, the tax years of 2017 forward could be subject to examination by the IRS or other applicable tax jurisdictions.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date. As of December 31, 2020, the financial assets available at year end were \$486,139, of which \$169,441 are available to meet cash needs for general expenditures within one year. Amounts unavailable due to contractual restrictions or donor imposed restrictions are outlined below.

Deferred Revenue

The Foundation recognizes contract revenue in the period the Foundation meets the conditions for revenue recognition, namely as stipulated program expenses are incurred. Deferred revenue of \$316,698 relates to program receipts from an outside foundation grant in advance of program performance. Such performance is anticipated to be completed in 2021.

NOTE 5 - BOARD-DESIGNATED FUNDS

As of December 31, 2019, the Foundation committed \$25,000 to fund the remainder of a research grant awarded in 2020. This expenditure did occur in 2020.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through February 4, 2021, which is the date the financial statements were available to be issued.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in financial institutions. The Federal Deposit Insurance Corporation insures the balances at financial institutions up to \$250,000. At December 31, 2020, cash balances of \$228,248 exceeded FDIC insurance coverage. No adverse results are anticipated.

Approximately 41% of the Foundation's revenue recognized in 2020 was received from Chan Zuckerberg Initiative DAF, an advised fund of Silicon Valley Community Foundation in the form of a grant during the year ended December 31, 2020.

NOTE 8 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and the financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the Foundation will depend upon future developments, which are highly uncertain and cannot be predicted. As a result, the Foundation has not yet determined the impact this disruption may have on its financial statements for the year ending December 31, 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT) was signed into law. Included in the CARES Act, the Paycheck Protection Program (PPP) provides loans for eligible nonprofits and small businesses to cover cost of payroll, operations, and debt service. The Foundation secured a PPP loan for \$9,800 which was fully forgiven in January 2021.