

Glut1 Deficiency Foundation, Inc.
Owingsville, Kentucky

Financial Statements and
Independent Auditor's report
December 31, 2021 and 2020

Glut1 Deficiency Foundation, Inc.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Glut1 Deficiency Foundation, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the Glut1 Deficiency Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Glut1 Deficiency Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

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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 Glut1 Deficiency Foundation Inc.'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, including omissions, 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 the Glut1 Deficiency Foundation Inc.'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.

To the Board of Directors
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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Glut1 Deficiency Foundation, Inc.'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.

Faulkner, King & Wenz, PSC

Mt. Sterling, Kentucky

January 24, 2022

GLUT1 DEFICIENCY FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

A S S E T S

	2021	2020
Current assets:		
Cash	\$ 379,805	\$ 478,103
Contributions receivable	2,702	5,536
Merchandise inventory	640	2,500
Prepaid expenses	18,594	3,675
Total current assets	\$ 401,741	\$ 489,814

L I A B I L I T I E S

Current liabilities:		
Deferred revenue	\$ 122,676	\$ 316,698
Accounts payable	696	2,061
Accrued payroll liabilities	3,130	2,087
Total current liabilities	126,502	320,846

N E T A S S E T S

Net assets without donor restrictions	275,239	168,968
Total liabilities and net assets	\$ 401,741	\$ 489,814

See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
OPERATING INCREASES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Public support and revenues:		
Private Grants	\$ 196,022	\$ 150,302
Contributions received	246,223	194,505
PPP Loan Proceeds	-	9,800
Miscellaneous income	750	2,264
Conference Income	7,642	-
Merchandise Sales	1,330	797
Total operating increases in net assets without donor restrictions	451,967	357,668
OPERATING DECREASES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Program services	308,195	257,131
Management and general	22,910	16,217
Fundraising	14,591	12,651
TOTAL OPERATING DECREASES IN NET ASSETS	345,696	285,999
WITHOUT DONOR RESTRICTIONS		
NET INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	106,271	71,669
NET ASSETS AT BEGINNING OF YEAR	168,968	97,299
NET ASSETS AT END OF YEAR	275,239	168,968

See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management & General	Fund Raising	Total
OPERATING DECREASES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Salaries	\$ 45,433	\$ 9,025	\$ 4,512	\$ 58,970
Payroll taxes	3,562	715	357	4,634
Payroll service fees	940	262	135	1,337
Accounting fees		8,250		8,250
Insurance		1,650		1,650
GLD conference expenses	20,288			20,288
Dues and subscriptions	566			566
Merchandise sales expense	1,887			1,887
Exhibit fees and expenses	4,066			4,066
Office supplies		937		937
Postage	1,747	316		2,063
Design fees	1,156			1,156
Web maintenance	1,548			1,548
Registration fees			3,776	3,776
Flipcause event expenses			5,738	5,738
Advertising				-
Print materials	60			60
Bank fees		738	73	811
Utilities		1,017		1,017
Advocacy & Outreach travel and expenses	26			26
Rare as One program expenses	74,784			74,784
Research support	5,382			5,382
Research grants awarded	146,750			146,750
TOTAL OPERATING DECREASES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 308,195	\$ 22,910	\$ 14,591	\$ 345,696

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
G1D conference expenses				-
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
Advertising	900			900
Print materials				-
Bank fees		151		151
Utilities				-
Advocacy 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
	<u>178,700</u>	<u>16,217</u>	<u>12,651</u>	<u>207,568</u>
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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 106,271	\$ 71,669
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities without donor restrictions:		
(Increase) decrease in operating assets:		
Inventory	1,860	887
Prepaid expenses	(14,919)	(3,675)
Receivables	2,834	9,379
Increase (decrease) in operating liabilities:		
Deferred revenue	(194,022)	316,698
Accounts payable	(1,365)	1,358
Accrued payroll liabilities	1,043	2,087
	(98,298)	398,403
Net cash (used) provided operating activities	(98,298)	398,403
Net (decrease) increase in cash	(98,298)	398,403
Cash, beginning of year	478,103	79,700
Cash, end of year	\$ 379,805	\$ 478,103

See accompanying notes to the financial statements.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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 are earned. 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, 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. 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, 2021 AND 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, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Grants from third parties 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. Unrestricted contributions are typically recorded when received. 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 standard outlines a 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.

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.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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 January 24, 2022. The Foundation has never been audited by the Internal Revenue Service (IRS). However, the tax years of 2018 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, 2021 and 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, 2021 and 2020, the financial assets available at year end were \$ 383,147 and \$486,139 respectively, of which \$260,471 and \$169,441 respectively, 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 \$122,676 and \$316,698 respectively, for 2021 and 2020 relates to program receipts from an outside foundation grant in advance of program performance. Such performance is anticipated to be completed in 2022.

GLUT1 DEFICIENCY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 - DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through January 24, 2022, which is the date the financial statements were available to be issued.

NOTE 6 - 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, 2021, cash balances of \$129,820 exceeded FDIC insurance coverage. No adverse results are anticipated.

Approximately 43% and 41% of the Foundation's revenue recognized in 2021 and 2020 respectively, was received from Chan Zuckerberg Initiative DAF, an advised fund of Silicon Valley Community Foundation in the form of a grant during the years ended December 31, 2021 and 2020.

NOTE 7 - 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, 2022.

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) provided 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, and was recognized as income in the accompanying 2020 Statement of Activity.