HEREDITARY NEUROPATHY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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To The Board Of Directors
Hereditary Neuropathy Foundation, Inc.
New York, New York

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Hereditary Neuropathy Foundation, Inc. (a Not-For-Profit Organization) (the Organization), which comprise the statement of financial position as of June 30, 2021, 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.

Auditors' 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 auditors' 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 auditors consider 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 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 Hereditary Neuropathy Foundation, Inc. as of June 30, 2021, and the changes in its net assets, functional expenses, 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 Hereditary Neuropathy Foundation, Inc.'s June 30, 2020 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Teal, Becker & Chiaramonte CPAs PC

Albany, New York
November 12, 2021

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Financial Position

June 30, 2021
(With Summarized Comparative Totals At June 30, 2020)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 839,047	$ 1,194,423
Investments (Note 3)	156,607	103,713
Prepaid expenses	-	434
Security deposit	-	3,000
Other current assets	-	50
Total current assets	995,654	1,301,620
Investment in affiliate	300,000	-
Total Assets	$ 1,295,654	$ 1,301,620
Liabilities And Net Assets		
Current liabilities:		
Credit card payable	$ 24,654	$ 27,504
Accounts payable and accrued expenses	3,200	9,500
Deferred revenue (Note 8)	-	7,410
Total current liabilities	27,854	44,414
Net assets:		
With donor restrictions	927,571	1,220,817
Without donor restrictions	340,229	36,389
Total net assets	1,267,800	1,257,206
Total Liabilities And Net Assets	$ 1,295,654	$ 1,301,620

See independent auditors' report
The accompanying notes are an integral part of these financial statements

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Activities

For The Year Ended June 30, 2021
(With Summarized Comparative Totals At June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenues:				
Contributions:				
Individuals	$ 397,721	$ 41,094	$ 438,815	$ 451,792
Foundation and corporations	164,629	11,683	176,312	444,901
In-kind	282,223	-	282,223	70,179
Legacies and bequests	5,300	-	5,300	4,193
Total contributions	849,873	52,777	902,650	971,065
PPP Grant	27,815	-	27,815	12,995
Interest and dividends	539	-	539	566
Special events	-	-	-	28,735
Miscellaneous	570	-	570	1,394
Unrealized gain on investments	52,894	-	52,894	33,154
Net assets released from restrictions	346,023	(346,023)	-	-
Total support and revenue	1,277,714	(293,246)	984,468	1,047,909
Expenses:				
Program services	844,187	-	844,187	544,529
Management and general	48,879	-	48,879	55,639
Special events and fundraising	80,808	-	80,808	125,898
Total expenses	973,874	-	973,874	726,066
Change in net assets	303,840	(293,246)	10,594	321,843
Net assets - beginning of year	36,389	1,220,817	1,257,206	935,363
Net Assets - End Of Year	$ 340,229	$ 927,571	$ 1,267,800	$ 1,257,206

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Functional Expenses

For the Year Ended June 30, 2021
(With Summarized Comparative Totals At June 30, 2020)

	Program Services	Management And General	Special Events And Fundraising	2021 Total	2020 Total
Functional expenses:					
Personnel costs:					
Salaries	$ 48,000	$ 6,000	$ 6,000	$ 60,000	$ 60,000
Payroll taxes and benefits	41,610	5,001	-	46,611	43,601
Total personnel costs	89,610	11,001	6,000	106,611	103,601
Professional fees	401,680	8,538	56,611	466,829	248,151
Grants and allocations	331,457	-	-	331,457	201,979
Accounting fees	3,100	12,667	-	15,767	15,178
Special events	-	-	12,263	12,263	65,638
Occupancy	104	9,649	-	9,753	15,820
Website and computer	5,009	431	548	5,988	5,852
Supplies	4,528	216	585	5,329	5,566
Advertising	5,049	-	-	5,049	5,548
Bank and service fees	-	4,530	-	4,530	3,408
Printing and reproduction	204	-	3,983	4,187	5,793
Other expenses	526	733	50	1,309	727
Postage	916	14	368	1,298	2,986
Travel	1,074	71	-	1,145	40,345
Telephone	180	897	-	1,077	1,292
Conferences and meetings	750	-	-	750	1,200
Membership and dues	-	-	400	400	1,730
Equipment and maintenance	-	132	-	132	960
Insurance	-	-	-	-	292
Total Functional Expenses	$ 844,187	$ 48,879	$ 80,808	$ 973,874	$ 726,066

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Cash Flows

For The Year Ended June 30, 2021
(With Summarized Comparative Totals At June 30, 2020)

	2021	2020
Operating activities:		
Change in net assets	$ 10,594	$ 321,843
Adjustments to reconcile change in net assets to net cash flows from (for) operating activities:		
Net unrealized gains on investments	(52,894)	(33,154)
Changes in operating assets and liabilities:		
Prepaid expense	434	-
Security deposit and other assets	3,050	-
Credit card payable	(2,850)	(5,296)
Accounts payable and accrued expenses	(6,300)	8,222
Deferred revenue	(7,410)	7,410
Net cash flows from (for) operating activities	(55,376)	299,025
Investing activities:		
Purchase of investment in affiliate	(300,000)	-
Net cash flows for investing activities	(300,000)	-
Net increase (decrease) in cash and cash equivalents	(355,376)	299,025
Cash and cash equivalents - beginning	1,194,423	895,398
Cash And Cash Equivalents - Ending	$ 839,047	$ 1,194,423

See independent auditors' report
The accompanying notes are an integral part of these financial statements

Note 1: Summary Of Significant Accounting Policies

Background information - Hereditary Neuropathy Foundation, Inc. (the Organization) was incorporated in New York State in 2001. The Organization is supported primarily through direct public support in the form of contributions, grants and special events.

The Organization's revolutionary research program is designed to encourage innovative research at a progressive pace. The Therapeutic Research In Accelerated Discovery (TRIAD) program identifies its three goals as the following - research that will lead to improved therapies for people living with Charcot-Marie-Tooth ("CMT") disease, research that will lead to a greater understanding of CMT, and research that has considerable potential for a cure. The Organization has developed a targeted and comprehensive research plan to now include gene therapy development and designed to identify new areas of potential research as well as areas of translational research not yet applied to CMT. Additionally, the Organization will continuously scan the domestic and international horizon for important research that otherwise might not be sustained, as well as thematically relevant proposals that are currently unfunded. By providing a goal-oriented focus to the research process, the Organization will be able to constantly refine and rearticulate its research strategy. The Organization will also reduce the research timetable by funding a collaborative research effort that establishes defined deliverables at its inception and calls for the sharing of discovery at each stage which promotes a truly synergistic and dynamic process.

Method of accounting - Financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Note 1: Summary Of Significant Accounting Policies (Continued)

Recently adopted accounting principle - Effective July 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments issued thereafter, that amend the accounting guidance on revenue recognition. The Organization adopted Topic 606 using a modified retrospective method with a cumulative-effect adjustment to net assets as of the date of adoption.

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of this accounting guidance as of July 1, 2019 did not have a material effect on the Organization's statement of financial position and results of operations, and the Organization did not record a cumulative catch-up adjustment to the opening balance of net assets.

Revenue recognition - Revenue from contracts with customers is recognized using the five-step model: (1) identify the contract, (2) identify performance obligations, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue. Contracts with customers are typically defined by the Organization's customary business practices and are valued at the contract selling price per unit. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

The Organization has identified its material revenue streams as follows:

Contributions - Revenue from contributions are outside the scope of ASC Topic 606 and are within the scope of ASC 985-605, *Not-For-Profit Entities - Revenue Recognition.* Contributions are recognized when cash, securities or other assets are received.

PPP Grant - The Organization qualified for and received loans pursuant to the Paycheck Protection Program (the PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender. The Organization is accounting for the PPP under ASC 958-605, *Not-for-Profit Entities - Revenue Recognition* and amounts received are recognized as grant revenue when the Organization has incurred expenditures in compliance with the PPP loan provisions. See Note 8 for the PPP Loan information.

Note 1: Summary Of Significant Accounting Policies (Continued)

Cash equivalents - Cash equivalents consist of money market accounts.

Investments - The Organization carries investments in marketable equitable securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Interest and dividend income is recorded when earned on the accrual basis. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on the actual cost of the specific security.

Equity method - Investments in other entities are accounted for using the equity method or cost basis depending upon the level of ownership and the Organization's ability to exercise significant influence over the operating and financial policies of the investee. Investments of this nature are recorded at original cost and adjusted annually to recognize the Organization's proportionate share of the investee's net income or losses and distributions after the date of the investment. The Organization's investment in Miralinc, Inc. is accounted for using the equity method.

Fair value measurements - Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. The three levels of the fair value hierarchy in accordance with accounting principles generally accepted in the United States of America are described below:

Level 1: Unadjusted quoted prices in active markets for identical, unrestricted assets, or liabilities that the Organization has the ability to access at the measurement date;

Level 2: Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets, or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3: Significant unobservable prices or inputs (including the Organization's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 1: Summary Of Significant Accounting Policies (Continued)

Depreciation - The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The Organization capitalizes expenditures for property and equipment greater than $1,000.

Contributions - 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.

The Organization reports gifts of goods and equipment at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed services - The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, and various other assignments. The financial statements do not reflect the value of those services because (although clearly substantial) no reliable basis exists for determining an appropriate amount.

Functional allocation of expenses - The costs of program, management and general, and special events and fundraising activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates payroll, taxes and employee health insurance based on time estimates. All other expenses incurred have been allocated to program, management and general, or special events and fundraising using judgement and specific identification.

Income taxes - Hereditary Neuropathy Foundation, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Tax positions are evaluated and recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

Note 1: Summary Of Significant Accounting Policies (Continued)

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Organization periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Significant estimates used in preparing these statements include those assumed in allocating expenses between program services and management and general categories.

Presentation - Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on total net assets without donor restrictions or increase in net assets without donor restrictions.

Note 2: Availability And Liquidity

The following represents the Organization's financial assets at June 30 that are available to meet the general expenditures over the next twelve months:

	2021	**2020**
Cash and cash equivalents	$ 839,047	$ 1,194,423
Investments	156,607	103,713
Total Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	$ 995,654	$ 1,298,136

The Organization expects that the available cash and cash equivalents and future receipts will cover future expenditures for the period of one year from the statement of financial position date.

Note 3: Fair Value Measurements

The following is a description of the valuation methodology used for assets at fair value at June 30, 2021 and 2020:

Common stocks: Valued at quoted prices in active markets.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Fair Value Measurements At Reporting Date Using:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
June 30, 2021				
Common stocks:				
Technology	$ 87,065	$ -	$ -	$ 87,065
Communication services	69,542	-	-	69,542
Total Investments	$ 156,607	$ -	$ -	$ 156,607
June 30, 2020				
Common stocks:				
Communication services	$ 58,299	$ -	$ -	$ 58,299
Technology	45,414	-	-	45,414
Total Investments	$ 103,713	$ -	$ -	$ 103,713

Note 4: Property And Equipment

Property and equipment, stated on the statement of financial position at cost less accumulated depreciation, at June 30 consist of:

	2021		2020	
Item	**Cost**	**Accumulated Depreciation**	**Cost**	**Accumulated Depreciation**
Computers and equipment	$ 23,990	$ 23,990	$ 23,990	$ 23,990
Furniture and fixtures	1,696	1,696	1,696	1,696
	25,686	$ 25,686	25,686	$ 25,686
Less: accumulated depreciation	25,686		25,686	
Total	$ -		$ -	

Depreciation expense charged to operations for the years ended June 30, 2021 and 2020 was $-0- for both years.

Note 5: Net Assets

Net assets with donor restrictions include contributions from individuals, corporations and foundations related to program restrictions that amounted to $927,571 for the year ended June 30, 2021 and $1,220,817 for the year ended June 30, 2020. Total assets released from restrictions amounted to $346,023 for the year ended June 30, 2021 and $29,400 for the year ended June 30, 2020. The net assets with donor restrictions and without donor restrictions include reclassification adjustments to properly classify several contributions that are subject to donor restrictions that were previously reported as contributions without donor restrictions.

Note 6: Leases

The Organization leased administrative office space on a month to month basis through March 2021. Rent expense was $9,753 and $15,018 for the years ended June 30, 2021 and 2020, respectively.

Note 7: Concentrations Of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions. Accounts at each institution are insured up to the Federal Deposit Insurance Corporation (FDIC) limits.

The Organization maintains accounts with stock brokerage firms. The accounts contain cash and securities. Balances are insured up to the Securities Investor Protection Corporation limits for securities and FDIC limits for cash.

For the year ended June 30, 2021 one contributor accounted for approximately 16% of total support and approximately 17% of contributed support. For the year ended June 30, 2020 one contributor accounted for approximately 20% of total support and approximately 21% of contributed support.

Note 8: Paycheck Protection Program Loan

The Organization qualified for and received two loans pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for aggregate principal amount of $20,405 for each loan for a total of $40,810. The first loan was received in May 2020 and the second loan was received in February 2021.

In January 2021 the Organization received notification of full forgiveness for their first PPP loan. The second PPP Loan is subject to forgiveness under the Paycheck Protection Program to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. Subsequent to year end the Organization applied for forgiveness of the second PPP Loan with respect to these covered expenses.

The Organization has applied ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* model to account for the PPP Loans. As a result, amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provisions.

Note 9: Risks And Uncertainties

The Organization invests in various investment securities, which 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 Organization's account balances and the amounts reported in the statement of financial position.

Note 9: Risks And Uncertainties (Continued)

As a result of the spread of the COVID-19 coronavirus that began in March 2020, economic uncertainties have arisen which could negatively impact future operating results and cause volatility in financial markets. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which are uncertain and cannot be predicted at this time.

Note 10: Commitments And Contingencies

The Organization has entered into agreements under written contracts to fund various research organizations upon completion of certain tasks according to each agreement. The amounts committed to be paid was $174,000 and $87,453 at June 30, 2021 and 2020, respectively.

The Organization believes it has met all the criteria for loan forgiveness under the Paycheck Protection Program. The loan forgiveness may be subject to audit which may result in disallowances and a request for the payback of funds as a loan repayment may be determined at time of audit. No provision has been made for any liabilities in these financial statements that may arise from such audits since the amounts, if any, cannot be determined at this time.

All expenses and revenue claimed as allowable under grants and contracts may be subject to audit and only upon conclusion of such audit can the final amount of revenue and expenses be determined. In the event a subsequent audit or review determines that an adjustment is required, the amount will be recognized in the year it becomes known.

The Organization follows the guidance for uncertainty in income taxes. As of June 30, 2021, the Organization believes that it has appropriate support for the income tax positions taken and to be taken on its returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Note 11: Subsequent Events

Subsequent events have been evaluated through November 12, 2021, which is the date the financial statements were available to be issued.