HEREDITARY NEUROPATHY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

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, 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.

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, 2020, 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, 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standards Board's ASC 606, *Revenue from Contracts with Customers.* Our opinion is not modified with respect to this matter.

Teal, Becker & Chiaramonte, CPAs PC

Albany, New York
May 12, 2021

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Financial Position

June 30, 2020
(With summarized comparative totals at June 30, 2019)

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,194,423	$ 895,398
Investments (Note 3)	103,713	70,559
Prepaid expenses	434	434
Security deposit	3,000	3,000
Other current assets	50	50
Total current assets	1,301,620	969,441
Total Assets	$ 1,301,620	$ 969,441
Liabilities And Net Assets		
Current liabilities:		
Credit card payable	$ 27,504	$ 32,800
Accounts payable and accrued expenses	9,500	1,278
Deferred revenue (Note 8)	7,410	-
Total current liabilities	44,414	34,078
Net assets:		
With donor restrictions	1,218,766	896,295
Without donor restrictions	38,440	39,068
Total net assets	1,257,206	935,363
Total Liabilities And Net Assets	$ 1,301,620	$ 969,441

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Activities

For The Year Ended June 30, 2020
(With summarized comparative totals at June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and revenues:				
Contributions:				
Individuals	$ 182,399	$ 269,393	$ 451,792	$ 253,399
Foundation and corporations	362,423	82,478	444,901	394,325
In-kind	70,179	-	70,179	11,743
Legacies and bequests	4,193	-	4,193	28,820
Total contributions	619,194	351,871	971,065	688,287
PPP Grant	12,995	-	12,995	-
Interest and dividends	566	-	566	257
Special events	28,735	-	28,735	114,535
Miscellaneous	1,394	-	1,394	1,021
Unrealized gain on investments	33,154	-	33,154	10,286
Net assets released from restrictions	29,400	(29,400)	-	-
Total support and revenue	725,438	322,471	1,047,909	814,386
Expenses:				
Program services	544,529	-	544,529	605,359
Management and general	55,639	-	55,639	46,483
Special events and fundraising	125,898	-	125,898	64,416
Total expenses	726,066	-	726,066	716,258
Change in net assets	(628)	322,471	321,843	98,128
Net assets - beginning of year	39,068	896,295	935,363	837,235
Net Assets - End Of Year	$ 38,440	$ 1,218,766	$ 1,257,206	$ 935,363

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

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Functional Expenses

For the Year Ended June 30, 2020
(With summarized comparative totals at June 30, 2019)

	Program Services	Management And General	Special Events And Fundraising	2020 Total	2019 Total
Functional expenses:					
Personnel costs:					
Salaries	$ 48,000	$ 6,000	$ 6,000	$ 60,000	$ 60,000
Payroll taxes and benefits	38,608	4,993	-	43,601	41,289
Total personnel costs	86,608	10,993	6,000	103,601	101,289
Professional fees	220,624	8,331	19,196	248,151	285,115
Grants and allocations	176,147	156	25,676	201,979	130,916
Special events	-	-	65,638	65,638	39,038
Travel	35,567	2,349	2,429	40,345	79,534
Occupancy	521	15,275	24	15,820	20,692
Accounting fees	3,480	11,698	-	15,178	6,090
Website and computer	4,410	1,022	420	5,852	7,059
Printing and reproduction	2,962	-	2,831	5,793	15,384
Supplies	1,825	303	3,438	5,566	2,224
Advertising	5,548	-	-	5,548	1,167
Bank and service fees	-	3,408	-	3,408	3,658
Postage	2,687	188	111	2,986	3,386
Membership and dues	1,350	380	-	1,730	2,189
Telephone	169	988	135	1,292	649
Conferences and meetings	1,200	-	-	1,200	1,775
Equipment and maintenance	775	185	-	960	88
Other expenses	364	363	-	727	1,053
Insurance	292	-	-	292	366
Legal fees	-	-	-	-	14,335
Depreciation	-	-	-	-	251
Total Functional Expenses	$ 544,529	$ 55,639	$ 125,898	$ 726,066	$ 716,258

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

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Cash Flows

For The Year Ended June 30
(With summarized comparative totals at June 30, 2019)

	2020	2019
Operating activities:		
Change in net assets	$ 321,843	$ 98,128
Adjustments to reconcile change in net assets to net cash flows from (for) operating activities:		
Depreciation	-	251
Net unrealized gains on investments	(33,154)	(10,286)
Donated stock	-	(23,735)
Changes in operating assets and liabilities:		
Credit card payable	(5,296)	743
Accounts payable and accrued expense	8,222	(38,534)
Deferred revenue	7,410	-
Net cash flows from operating activities	299,025	26,567
Net increase in cash and cash equivalents	299,025	26,567
Cash and cash equivalents - beginning	895,398	868,831
Cash And Cash Equivalents - Ending	$ 1,194,423	$ 895,398

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. Results for reporting periods beginning July 1, 2019 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic policies under Topic 605, *Revenue Recognition*.

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 a loan 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.

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.

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.

Note 1: Summary Of Significant Accounting Policies (Continued)

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.

Recently adopted accounting principles - On June 21, 2018, the FASB issued ASU 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition and help distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for financial statements issued for annual periods beginning after December 15, 2018, and interim periods with annual periods beginning after December 15, 2019. The Organization has applied this standard retrospectively, and there has been no effect on net assets.

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which is intended to reduce diversity in practice in how certain transactions are classified and makes eight targeted changes to how cash receipts and cash payments are presented in the statement of cash flows. This ASU is effective for financial statements issued for annual periods beginning after December 15, 2018. The Organization has applied this standard retrospectively, however, it did not have a material effect on the financial statements and disclosures.

Note 1: Summary Of Significant Accounting Policies (Continued)

In January of 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in ASU 2016-01 require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value. In addition, the amendment allows equity investments that do not have readily determinable fair values to be measured at cost minus impairment plus or minus observable price changes in orderly transactions for the identical or similar investment of the same issuer. The amendment also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. Finally, the amendment eliminates the requirement for entities that are not public entities to disclose fair value of financial instruments measured at amortized cost. The amendments are required to be applied by means of a cumulative effect adjustment to the statements of financial position as of the beginning of the fiscal year of adoption except equity investments without readily determinable fair value for which the measurement alternative was elected are accounted for prospectively. ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for non-public companies for fiscal years beginning after December 15, 2017. The Organization has applied this standard in the fiscal year ended June 30, 2020, and there has been no effect on net assets.

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:

	2020	2019
Cash and cash equivalents	$ 1,194,423	$ 895,398
Investments	103,713	70,559
Total Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	$ 1,298,136	$ 965,957

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, 2020 and 2019:

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, 2020				
Common stocks:				
Technology	$ 58,299	$ -	$ -	$ 58,299
Communication services	45,414	-	-	45,414
Total Investments	$ 103,713	$ -	$ -	$ 103,713
June 30, 2019				
Common stocks:				
Communication services	$ 38,600	$ -	$ -	$ 38,600
Technology	31,959	-	-	31,959
Total Investments	$ 70,559	$ -	$ -	$ 70,559

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:

	2020		2019	
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, 2020 and 2019 was $-0- and $251, respectively.

Note 5: Net Assets

Net assets with donor restrictions include contributions from individuals, corporations and foundations related to program restrictions that amounted to $1,218,766 for the year ended June 30, 2020 and $869,295 for the year ended June 30, 2019. Total assets released from restrictions amounted to $29,400 for the year ended June 30, 2020 and $296,133 for the year ended June 30, 2019. 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 leases its administrative office space on a month to month basis. Rent expense was $15,018 and $14,058 for years ended June 30, 2020 and 2019, respectively.

Note 6: Leases (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes leasing guidance in Topic 840, *Leases*. Under the new guidance, all leasing arrangements with terms greater than twelve months are required to recognize lease assets and lease liabilities on the statement of financial position. Leases will be classified as either finance or operating, with classification affecting the expense recognition in the statement of activities. In October 2019 and again in June 2020, FASB issued deferrals of the effective date. The new standard is now effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the effects that this standard will have on the financial statements.

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, 2020 one contributor accounted for approximately 20% of total support and approximately 21% of contributed support. For the year ended June 30, 2019 one contributor accounted for approximately 34% of total support and approximately 40% of contributed support.

Note 8: Paycheck Protection Program Loan

On May 13, 2020, the Organization qualified for and received a loan 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 an aggregate principal amount of $20,405 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs incurred by the Organization. Subsequent to year end the Organization applied for forgiveness of the PPP Loan with respect to these covered expenses. On January 25, 2021 the Organization was notified by the Small Business Administration that their PPP Loan was forgiven in full.

Note 8: Paycheck Protection Program Loan (Continued)

The Organization's loan was forgiven in full subsequent to year end, and as such has applied ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* model to account for the loan. As a result, amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provisions. In addition, the Organization has recorded $7,410 of the loan as an advanced deposit liability which will be recognized in a future period when the conditions are met.

Note 9: Risks And Uncertainties

The Organization invests in various investment securities, which are exposed to various risks such as interest rates, 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.

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 $87,453 and $-0- at June 30, 2020 and 2019, respectively.

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, 2020, 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 May 12, 2021, which is the date the financial statements were available to be issued.