

HEREDITARY NEUROPATHY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



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

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Hereditary Neuropathy Foundation, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Hereditary Neuropathy Foundation, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

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 Hereditary Neuropathy Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS 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 are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 Hereditary Neuropathy 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.
- Conclude where, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hereditary Neuropathy 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.

Report on Summarized Comparative Information

We have previously audited the Hereditary Neuropathy Foundation, Inc.'s June 30, 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated November 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.

Paul Becker & Charamonte CPAs PC

Albany, New York
March 24, 2023

HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Financial Position

June 30, 2022

(With Summarized Comparative Totals At June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,143,213	\$ 839,047
Investments (Note 3)	108,840	156,607
Accounts receivable	<u>75,000</u>	<u>-</u>
Total current assets	1,327,053	995,654
Investment in affiliate	<u>300,000</u>	<u>300,000</u>
Total Assets	<u>\$ 1,627,053</u>	<u>\$ 1,295,654</u>
<u>Liabilities And Net Assets</u>		
Current liabilities:		
Credit card payable	\$ 5,318	\$ 24,654
Accounts payable and accrued expenses	<u>271</u>	<u>3,200</u>
Total current liabilities	<u>5,589</u>	<u>27,854</u>
Net assets:		
With donor restrictions	1,059,629	927,571
Without donor restrictions	<u>561,835</u>	<u>340,229</u>
Total net assets	<u>1,621,464</u>	<u>1,267,800</u>
Total Liabilities And Net Assets	<u>\$ 1,627,053</u>	<u>\$ 1,295,654</u>

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, 2022

(With Summarized Comparative Totals At June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support and revenues:				
Contributions:				
Individuals	\$ 553,695	\$ 234,813	\$ 788,508	\$ 438,815
Foundation and corporations	253,974	11,932	265,906	176,312
In-kind	170,777	-	170,777	282,223
Legacies and bequests	104,672	-	104,672	5,300
Total contributions	1,083,118	246,745	1,329,863	902,650
Realized gain on investments	142,799	-	142,799	-
Interest and dividends	1,424	-	1,424	539
Book sales	1,418	-	1,418	570
PPP Grant	-	-	-	27,815
Net assets released from restrictions	114,687	(114,687)	-	-
Unrealized gain (loss) on investments	(146,841)	-	(146,841)	52,894
 Total support and revenue	 1,196,605	 132,058	 1,328,663	 984,468
 Expenses:				
Program services	858,726	-	858,726	844,187
Management and general	44,932	-	44,932	48,879
Special events and fundraising	71,341	-	71,341	80,808
 Total expenses	 974,999	 -	 974,999	 973,874
 Change in net assets	 221,606	 132,058	 353,664	 10,594
 Net assets - beginning of year	 340,229	 927,571	 1,267,800	 1,257,206
 Net Assets - End Of Year	 <u>\$ 561,835</u>	 <u>\$ 1,059,629</u>	 <u>\$ 1,621,464</u>	 <u>\$ 1,267,800</u>

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, 2022
(With Summarized Comparative Totals At June 30, 2021)

	<u>Program Services</u>	<u>Management And General</u>	<u>Special Events And Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
Functional expenses:					
Personnel costs:					
Salaries	\$ 101,077	\$ 6,000	\$ 6,000	\$ 113,077	\$ 60,000
Payroll taxes and benefits	<u>44,395</u>	<u>10,043</u>	<u>-</u>	<u>54,438</u>	<u>46,611</u>
Total personnel costs	145,472	16,043	6,000	167,515	106,611
Grants and allocations	374,103	-	-	374,103	331,457
Professional fees	314,955	6,455	14,450	335,860	466,829
Special events	-	-	44,848	44,848	12,263
Accounting fees	3,553	15,584	-	19,137	15,767
Travel	9,520	100	-	9,620	1,145
Website and computer	3,983	425	484	4,892	5,988
Bank and service fees	-	4,512	-	4,512	4,530
Printing and reproduction	371	172	3,472	4,015	4,187
Supplies	977	50	1,980	3,007	5,329
Other expenses	2,577	289	-	2,866	1,309
Postage	1,755	129	107	1,991	1,298
Conferences and meetings	1,125	-	-	1,125	750
Membership and dues	-	770	-	770	400
Telephone	169	403	-	572	1,077
Equipment and maintenance	166	-	-	166	132
Occupancy	-	-	-	-	9,753
Advertising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,049</u>
Total Functional Expenses	<u>\$ 858,726</u>	<u>\$ 44,932</u>	<u>\$ 71,341</u>	<u>\$ 974,999</u>	<u>\$ 973,874</u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements
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HEREDITARY NEUROPATHY FOUNDATION, INC.

Statement Of Cash Flows

For The Year Ended June 30, 2022

(With Summarized Comparative Totals At June 30, 2021)

	<u>2022</u>	<u>2021</u>
Operating activities:		
Change in net assets	\$ 353,669	\$ 10,594
Adjustments to reconcile change in net assets to net cash flows from (for) operating activities:		
Net unrealized (gains) losses on investments	146,841	(52,894)
Net realized gains on investments	(142,799)	-
Donated stock	(122,632)	-
Changes in operating assets and liabilities:		
Accounts receivable	(75,000)	-
Prepaid expense	-	434
Security deposit and other assets	-	3,050
Credit card payable	(19,336)	(2,850)
Accounts payable and accrued expenses	(2,929)	(6,300)
Deferred revenue	<u>-</u>	<u>(7,410)</u>
Net cash flows from (for) operating activities	<u>137,814</u>	<u>(55,376)</u>
Investing activities:		
Proceeds from sales of investments	166,357	-
Purchase of investment in affiliate	<u>-</u>	<u>(300,000)</u>
Net cash flows from (for) investing activities	<u>166,357</u>	<u>(300,000)</u>
Net increase (decrease) in cash and cash equivalents	304,171	(355,376)
Cash and cash equivalents - beginning	<u>839,047</u>	<u>1,194,423</u>
Cash And Cash Equivalents - Ending	<u>\$ 1,143,218</u>	<u>\$ 839,047</u>

See independent auditors' report

The accompanying notes are an integral part of these financial statements

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To 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 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, 1) academic research that will lead to a better understanding of Charcot-Marie-Tooth (CMT) disease, 2) an IRB-approved patient registry conducting patient-focused research, including the collection of genomics and clinical data, to gain a greater understanding of how CMT affects the patients' Activities of Daily Living (ADLs) via validated, functional CMT instruments to enhance clinical trial readiness and accelerate patient recruitment, and 3) partnerships with biotech/pharma that offer creditable potential for a cure. The Organization also targets collaborative research projects that include various stakeholders to develop in vitro (cell) and in vivo (rat) models to test gene therapies, as well as FDA - approved drugs.

Additionally, the Organization continuously scans the domestic and international horizon for important research that enhances the TRIAD collaborations, such as translating the patient registry, GRIN to three languages (Spanish, French, and Italian), and funding pre-clinical research and clinical natural history studies. By providing collaborative and goal-oriented focus to the research process, the Organization will be able to constantly refine and rearticulate its research strategy. The Organization shortens the research timetable by funding projects with defined deliverables at its inception and calls for the sharing of discovery at each stage, including the publishing of results, 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.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies (Continued)

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.

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.

Accounts receivable - Receivables are considered past due when payment is not received within the period allowed under terms of the sale or contract. The Organization generally grants payment terms of thirty days from the date of the invoice. Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required. If it is probable accounts are uncollectible, they are charged to operations and an allowance is established when that determination is made.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies (Continued)

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.

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.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

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.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

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, 2022 that are available to meet the general expenditures over the next twelve months:

Cash and cash equivalents	\$ 1,143,213
Investments	108,840
Accounts receivable	<u>75,000</u>
Total Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	<u>\$ 1,327,053</u>

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 methodologies used for assets at fair value at June 30, 2022 and 2021:

Common stocks: Valued at quoted prices in active markets.

Mutual and exchange traded funds: Values are determined using quoted market prices listed on a national exchange.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

Note 3: Fair Value Measurements (Continued)

The preceding methods may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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
<u>June 30, 2022</u>				
Mutual funds and exchange traded funds:				
Blend funds	\$ 44,770	\$ -	\$ -	\$ 44,770
Value funds	33,116	-	-	33,116
Other funds	23,203	-	-	23,203
Growth funds	2,852	-	-	2,852
Fixed income funds	2,129	-	-	2,129
Equity funds	1,676	-	-	1,676
Common stocks:				
Technology	1,094	-	-	1,094
Total Investments	\$ 108,840	\$ -	\$ -	\$ 108,840
<u>June 30, 2021</u>				
Common stocks:				
Technology	\$ 87,065	\$ -	\$ -	\$ 87,065
Communication services	69,542	-	-	69,542
Total Investments	\$ 156,607	\$ -	\$ -	\$ 156,607

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

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:

<u>Item</u>	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Computers and equipment	\$ 23,990	\$ 23,990	\$ 23,990	\$ 23,990
Furniture and fixtures	1,696	1,696	1,696	1,696
	25,686	<u>\$ 25,686</u>	25,686	<u>\$ 25,686</u>
Less: accumulated depreciation	<u>25,686</u>		<u>25,686</u>	
Total	<u>\$ -</u>		<u>\$ -</u>	

Depreciation expense charged to operations for the years ended June 30, 2022 and 2021 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 \$1,059,629 for the year ended June 30, 2022 and \$927,571 for the year ended June 30, 2021. Total assets released from restrictions amounted to \$114,687 for the year ended June 30, 2022 and \$346,023 for the year ended June 30, 2021. 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 \$-0- and \$9,753 for the years ended June 30, 2022 and 2021, respectively.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To 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, 2022 one contributor accounted for approximately 11% of total and contributed support. For the year ended June 30, 2021 one contributor accounted for approximately 16% of total support and approximately 17% 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 and November 2021, the Organization received notification of full forgiveness for their first and second PPP Loans, respectively.

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.

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.

HEREDITARY NEUROPATHY FOUNDATION, INC.

Notes To Financial Statements

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 \$100,000 and \$174,000 at June 30, 2022 and 2021, 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, 2022, 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 March 24, 2023, which is the date the financial statements were available to be issued.