



***HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)***

*Financial Statements
December 31, 2020 and 2019*

HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
HCU Network America
Batavia, Illinois

We have reviewed the accompanying financial statements of HCU Network America (a Pennsylvania nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

KRD, Ltd.

Schaumburg, Illinois
June 4, 2021

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STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

See independent accountants' review report and notes to financial statements.

	<u>2020</u>	<u>2019</u>
<i>ASSETS</i>		
ASSETS		
Cash	\$ 278,989	\$ 186,779
Deposits	5,000	-
Contributions receivable	<u>7,856</u>	<u>6,934</u>
	<u>\$ 291,845</u>	<u>\$ 193,713</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Payables	\$ 15	\$ -
Deferred revenue	<u>25,875</u>	<u>-</u>
	<u>25,890</u>	<u>-</u>
NET ASSETS		
With donor restrictions	5,450	-
Without donor restrictions	<u>260,505</u>	<u>193,713</u>
	<u>265,955</u>	<u>193,713</u>
	<u>\$ 291,845</u>	<u>\$ 193,713</u>

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2020 AND 2019

See independent accountants' review report and notes to financial statements.

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Contributions	\$ 102,153	\$ 5,450	\$ 107,603	\$ 135,835
Program income	79,156	-	79,156	88,961
In-kind contributions	-	-	-	18,488
	181,309	5,450	186,759	243,284
EXPENSES				
Program services	87,948	-	87,948	113,709
Fundraising	4,920	-	4,920	10,555
Management, administrative and general	21,649	-	21,649	34,166
Total expenses	114,517	-	114,517	158,430
CHANGE IN NET ASSETS	66,792	5,450	72,242	84,854
NET ASSETS AT BEGINNING OF YEAR	193,713	-	193,713	108,859
NET ASSETS AT END OF YEAR	\$ 260,505	\$ 5,450	\$ 265,955	\$ 193,713

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

See independent accountants' review report and notes to financial statements.

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management, Administrative and General</u>	<u>Total</u>
Computer expense	\$ -	\$ -	\$ 160	\$ 160
Office supplies	-	2,034	62	2,096
Books and publications	35	-	-	35
Bank fees	-	335	-	335
Printing and copying	-	98	-	98
Accounting and legal	-	-	11,450	11,450
Licenses and permits	-	-	70	70
Professional fees	690	-	-	690
Payroll and related	52,493	1,852	7,412	61,757
Postage and mailing	-	601	154	755
Other	-	-	2,341	2,341
Grant disbursement	32,100	-	-	32,100
Program expenses	1,739	-	-	1,739
Travel and entertainment	891	-	-	891
	<u>\$ 87,948</u>	<u>\$ 4,920</u>	<u>\$ 21,649</u>	<u>\$ 114,517</u>

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

See independent accountants' review report and notes to financial statements.

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management, Administrative and General</u>	<u>Total</u>
Office supplies	\$ -	\$ 668	\$ -	\$ 668
Bank fees	-	296	16	312
Printing and copying	-	276	-	276
Conferences and seminars	33,655	-	-	33,655
Accounting and legal	-	-	28,958	28,958
Licenses and permits	-	-	10	10
Professional fees	683	-	-	683
Payroll and related	48,437	9,082	3,027	60,546
Postage and mailing	-	233	48	281
Other	-	-	2,107	2,107
Program expenses	16,527	-	-	16,527
Travel and entertainment	14,407	-	-	14,407
	<u>\$ 113,709</u>	<u>\$ 10,555</u>	<u>\$ 34,166</u>	<u>\$ 158,430</u>

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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

See independent accountants' review report and notes to financial statements.

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 72,242	\$ 84,854
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in assets and liabilities		
Contributions receivable	(922)	(4,403)
Deposits	(5,000)	-
Payables	15	-
Deferred revenue	25,875	(30,600)
	<u>92,210</u>	<u>49,851</u>
Net cash from operating activities	<u>92,210</u>	<u>49,851</u>
NET CHANGE IN CASH	92,210	49,851
CASH AT BEGINNING OF YEAR	186,779	136,928
CASH AT END OF YEAR	<u>\$ 278,989</u>	<u>\$ 186,779</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

See independent accountants' review report.

NATURE OF ACTIVITIES

HCU Network America (the "Organization") is a national nonprofit organization whose purpose is to help patients with Homocystinuria (HCU) and related disorders manage their disease and to find a cure. The Organization supports research to improve diagnosis and treatment, including a cure for the disease. The Organization creates connections across the community and facilitates sharing of information and best practices through in-person and virtual events and discussions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: Net assets without donor restrictions include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of net assets with donor restrictions (i.e. when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions. The Organization reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as without donor restrictions in the statements of activities.

Cash and Cash Equivalents: The Organization considers all checking and money market accounts as cash and highly liquid debt instruments purchased with a maturity of three months or less and used to support daily operations to be cash equivalents.

Liquidity and Availability of Resources: The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet between three and six months of operating expenses, which average approximately \$25,000 to \$50,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's financial assets are available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	278,989
Contributions receivable		7,856
Less: Donor restricted funds		<u>(5,450)</u>
Total	\$	<u>281,395</u>

Contributions Receivable: The balance represents contributions and pledges due from donors. Receivables are periodically reviewed for collectability by management and an estimated allowance for doubtful accounts is recorded, if necessary. Management believes all amounts to be collectable and, therefore, no allowance for doubtful accounts has been recorded at December 31, 2020 or 2019.

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See independent accountants' review report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Contributions received are recorded as net assets with or without donor restrictions, depending on the absence or existence and nature of any donor restrictions. In 2020, contributions of \$5,450 are restricted for research.

Revenue Recognition: The Organization recognizes revenue based on satisfaction of its performance obligations, with the exception of contributions. Contributions represent nonreciprocal transactions and are not subject to the provisions of Topic 606.

The amount of revenue recorded reflects the consideration to which the Organization expects to be entitled in exchange for goods or services. For program income, the specific charge is based on a set fee or actual cost to provide the member service. Revenue amounts are generally believed to be collectable, as the Organization has experienced negligible bad debts historically. Revenue recognition policies for the Organization's primary revenue sources are summarized as follows:

Program Income Program income is comprised of conference events and fundraising events throughout the year. Payment for program income is usually due with 30 days of performance or invoicing. The Organization recognizes revenue on the various programs at the point in time when the events take place.

The following is a breakdown of the Organization's program income:

	<u>2020</u>	<u>2019</u>
Conferences, courses and grants	\$ 62,500	\$ 62,500
Fundraising	<u>16,656</u>	<u>26,461</u>
Total	<u>\$ 79,156</u>	<u>\$ 88,961</u>

There was a deferred program income of \$25,875 at December 31, 2020 which relates to future conference sponsorships and grants.

The nature, amount, timing, and uncertainty of revenue and cash flows for the Organization's revenue sources can be impacted by economic factors, but the impact is typically limited, as there are no outside customers for the Organization, only donors and other partners, who pay fixed charges for attendance at various fundraising events.

Donated Services: A significant amount of donated services are contributed to the Organization by various members to support the Organization's programs and support services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

In-Kind Contributions: In-kind contributions are recognized upon completion of the requested services.

Deferred Revenue: Sponsorship and other fees received for events to be held in the subsequent year are recorded as deferred revenue and are recognized as income upon the occurrence of the event.

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See independent accountants' review report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax-Exempt Status: The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, any income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through June 4, 2021, the date the financial statements were available to be issued.

RELATED PARTY

The Organization received a total of \$116,900 and \$105,000 of contribution and program income revenue from organizations affiliated with a board member for the years ended December 31, 2020 and 2019, respectively.

CONCENTRATIONS

Three and five organizations, respectively, contribute approximately 51% and 61% of the Organization's funding in 2020 in 2019, respectively.

COVID-19

The Organization's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19). The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's fundraising events, conferences, ability to reach out to stakeholders and contributors.