



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

*Financial Statements
December 31, 2022 and 2021*

HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. 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.

We are required to be independent of HCU Network America and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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 1, 2023

HCU NETWORK AMERICA
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STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

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

	<u>2022</u>	<u>2021</u>
<i>ASSETS</i>		
ASSETS		
Cash	\$ 689,028	\$ 511,932
Deposits	1,800	7,000
Contributions receivable	<u>122,240</u>	<u>17,183</u>
	<u>\$ 813,068</u>	<u>\$ 536,115</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Payables	\$ 665	\$ 260
Deferred revenue	<u>166,000</u>	<u>146,200</u>
	<u>166,665</u>	<u>146,460</u>
NET ASSETS		
Without donor restrictions	506,026	356,947
With donor restrictions	<u>140,377</u>	<u>32,708</u>
	<u>646,403</u>	<u>389,655</u>
	<u>\$ 813,068</u>	<u>\$ 536,115</u>

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions	\$ 143,006	\$ 151,669	\$ 294,675	\$ 107,700	\$ 27,258	\$ 134,958
Program income	258,024	-	258,024	92,293	-	92,293
Net assets released from restrictions	44,000	(44,000)	-	-	-	-
	<u>445,030</u>	<u>107,669</u>	<u>552,699</u>	<u>199,993</u>	<u>27,258</u>	<u>227,251</u>
EXPENSES						
Program services	255,111	-	255,111	68,711	-	68,711
Fundraising	9,392	-	9,392	6,695	-	6,695
Management, administrative and general	31,448	-	31,448	28,145	-	28,145
Total expenses	<u>295,951</u>	<u>-</u>	<u>295,951</u>	<u>103,551</u>	<u>-</u>	<u>103,551</u>
CHANGE IN NET ASSETS	<u>149,079</u>	<u>107,669</u>	<u>256,748</u>	<u>96,442</u>	<u>27,258</u>	<u>123,700</u>
NET ASSETS AT BEGINNING OF YEAR	<u>356,947</u>	<u>32,708</u>	<u>389,655</u>	<u>260,505</u>	<u>5,450</u>	<u>265,955</u>
NET ASSETS AT END OF YEAR	<u>\$ 506,026</u>	<u>\$ 140,377</u>	<u>\$ 646,403</u>	<u>\$ 356,947</u>	<u>\$ 32,708</u>	<u>\$ 389,655</u>

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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

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

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management, Administrative and General</u>	<u>Total</u>
Office supplies	\$ -	\$ 3,477	\$ -	\$ 3,477
Bank fees	-	358	48	406
Printing and copying	-	409	-	409
Accounting and legal	-	-	12,787	12,787
Licenses and permits	-	-	7,100	7,100
Professional fees	763	-	-	763
Payroll and related	53,669	3,354	10,063	67,086
Postage and mailing	-	1,194	167	1,361
Contract services	3,419	-	-	3,419
Other	-	600	1,283	1,883
Grant disbursement	64,001	-	-	64,001
Program expenses	133,233	-	-	133,233
Travel and entertainment	26	-	-	26
	<u>\$ 255,111</u>	<u>\$ 9,392</u>	<u>\$ 31,448</u>	<u>\$ 295,951</u>

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

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

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management, Administrative and General</u>	<u>Total</u>
Computer expense	\$ -	\$ -	\$ 138	\$ 138
Office supplies	-	3,078	-	3,078
Bank fees	-	446	55	501
Printing and copying	-	480	-	480
Accounting and legal	-	-	15,190	15,190
Professional fees	698	-	-	698
Payroll and related	53,543	1,890	7,559	62,992
Postage and mailing	-	801	130	931
Other	-	-	5,073	5,073
Program expenses	14,470	-	-	14,470
	<u>\$ 68,711</u>	<u>\$ 6,695</u>	<u>\$ 28,145</u>	<u>\$ 103,551</u>

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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 256,748	\$ 123,700
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in assets and liabilities		
Deposits	5,200	(2,000)
Contributions receivable	(105,057)	(9,327)
Payables	405	245
Deferred revenue	19,800	120,325
	<u>177,096</u>	<u>232,943</u>
Net cash from operating activities	<u>177,096</u>	<u>232,943</u>
NET CHANGE IN CASH	177,096	232,943
CASH AT BEGINNING OF YEAR	<u>511,932</u>	<u>278,989</u>
CASH AT END OF YEAR	<u><u>\$ 689,028</u></u>	<u><u>\$ 511,932</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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.

Concentration of Credit Risk: The Organization's cash balances at financial institutions exceed Federal Deposit Insurance Corporation ("FDIC") limits. Management does not believe this presents a significant risk to the Organization.

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	\$	689,028
Contributions receivable		122,240
Less: Donor restricted funds		<u>(140,377)</u>
Total	\$	<u>670,891</u>

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021

Contribution receivables as of December 31, 2020 was \$7,856.

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. Contributions of \$140,377 and \$32,708 are restricted for research at December 31, 2022 and 2021, respectively.

Revenue Recognition: The Organization recognizes revenue based on satisfaction of its performance obligations, with the exception of contributions. Contributions represent nonreciprocal transactions and are recognized as income when received or when an unconditional promise is made.

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>2022</u>	<u>2021</u>
Conferences, courses and grants	\$ 248,800	\$ 87,300
Fundraising events	<u>9,224</u>	<u>4,993</u>
Total	<u>\$ 258,024</u>	<u>\$ 92,293</u>

In 2022, the Organization recognized revenue of \$146,200 from amounts that were included in deferred revenue at December 31, 2021. Deferred program income totaled \$166,000 at December 31, 2022. The performance obligation surrounding this liability will be satisfied in 2023.

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.

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See independent accountants' review report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 1, 2023, the date the financial statements were available to be issued.

RELATED PARTY

The Organization received a total of \$25,000 and \$30,200 of contribution and program income revenue from organizations affiliated with a board member for the years ended December 31, 2022 and 2021, respectively.

CONCENTRATIONS

Two organizations, respectively, contributed approximately 48% and 47% of the Organization's funding in 2022 and 2021, respectively.