

FASI

FOOD ALLERGY SCIENCE INITIATIVE

FOOD ALLERGY SCIENCE INITIATIVE, INC.

Financial Statements

June 30, 2022 and 2021

With Independent Auditor's Report

Food Allergy Science Initiative, Inc.
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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Food Allergy Science Initiative, Inc.:

Opinion

We have audited the financial statements of Food Allergy Science Initiative, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 the Organization'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 whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Withum Smith & Brown, PC

October 13, 2022

Food Allergy Science Initiative, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 5,160,428	\$ 2,210,314
Prepaid expenses	22,641	15,663
Property and equipment, net	<u>9,081</u>	<u>6,984</u>
 Total assets	 <u>\$ 5,192,150</u>	 <u>\$ 2,232,961</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 94,233	\$ 52,681
Grants payable	<u>4,289,909</u>	<u>400,000</u>
Total liabilities	<u>4,384,142</u>	<u>452,681</u>
Net assets		
Without donor restrictions	<u>808,008</u>	<u>1,780,280</u>
 Total liabilities and net assets	 <u>\$ 5,192,150</u>	 <u>\$ 2,232,961</u>

The Notes to Financial Statements are an integral part of these statements.

Food Allergy Science Initiative, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2022 and 2021

	June 30, 2022			June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 1,238,942	\$ 5,218,703	\$ 6,457,645	\$ 2,882,050	\$ -	\$ 2,882,050
Donated services	-	-	-	4,920	-	4,920
Other income	11,798	-	11,798	806	-	806
	<u>1,250,740</u>	<u>5,218,703</u>	<u>6,469,443</u>	<u>2,887,776</u>	<u>-</u>	<u>2,887,776</u>
Net assets released from restrictions	5,218,703	(5,218,703)	-	-	-	-
	<u>6,469,443</u>	<u>-</u>	<u>6,469,443</u>	<u>2,887,776</u>	<u>-</u>	<u>2,887,776</u>
Expenses						
Program	6,842,723	-	6,842,723	645,752	-	645,752
Management and general	384,828	-	384,828	312,199	-	312,199
Fundraising	214,164	-	214,164	63,375	-	63,375
	<u>7,441,715</u>	<u>-</u>	<u>7,441,715</u>	<u>1,021,326</u>	<u>-</u>	<u>1,021,326</u>
Changes in net assets	(972,272)	-	(972,272)	1,866,450	-	1,866,450
Net assets						
Beginning of year	<u>1,780,280</u>	<u>-</u>	<u>1,780,280</u>	<u>(86,170)</u>	<u>-</u>	<u>(86,170)</u>
End of year	<u>\$ 808,008</u>	<u>\$ -</u>	<u>\$ 808,008</u>	<u>\$ 1,780,280</u>	<u>\$ -</u>	<u>\$ 1,780,280</u>

The Notes to Financial Statements are an integral part of these statements.

Food Allergy Science Initiative, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Changes in net assets	\$ (972,272)	\$ 1,866,450
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,561	1,744
Change in assets and liabilities		
Prepaid expenses	(6,978)	(15,663)
Accounts payable and accrued expenses	41,552	(33,489)
Grants payable	<u>3,889,909</u>	<u>400,000</u>
Net cash provided by operating activities	<u>2,955,772</u>	<u>2,219,042</u>
Investing activities		
Purchases of property and equipment	<u>(5,658)</u>	<u>(8,728)</u>
Net cash used in investing activities	<u>(5,658)</u>	<u>(8,728)</u>
Net change in cash and cash equivalents	2,950,114	2,210,314
Cash and cash equivalents		
Beginning of year	<u>2,210,314</u>	<u>-</u>
End of year	<u>\$ 5,160,428</u>	<u>\$ 2,210,314</u>
Supplemental disclosure of cash flow information		
Donated services	<u>\$ -</u>	<u>\$ 4,920</u>

The Notes to Financial Statements are an integral part of these statements.

**Food Allergy Science Initiative, Inc.
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021**

	June 30, 2022				June 30, 2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants made	\$ 6,303,703	\$ -	\$ -	\$ 6,303,703	\$ 400,000	\$ -	\$ -	\$ 400,000
Compensation costs	390,616	137,708	147,758	676,082	117,970	60,530	1,914	180,414
Legal and professional fees	43,460	190,230	61,265	294,955	64,788	192,732	50,350	307,870
Travel, conferences and meetings	46,057	16,339	-	62,396	-	-	-	-
IT and website	5,932	17,265	430	23,627	53,752	52,757	11,004	117,513
Office expense	-	12,516	-	12,516	3,045	3,358	13	6,416
Occupancy	216	-	-	216	176	-	-	176
Insurance	7,694	2,713	2,911	13,318	4,462	2,245	75	6,782
Depreciation	2,058	725	778	3,561	1,148	577	19	1,744
Marketing	42,987	7,332	1,022	51,341	411	-	-	411
	<u>\$ 6,842,723</u>	<u>\$ 384,828</u>	<u>\$ 214,164</u>	<u>\$ 7,441,715</u>	<u>\$ 645,752</u>	<u>\$ 312,199</u>	<u>\$ 63,375</u>	<u>\$ 1,021,326</u>

The Notes to Financial Statements are an integral part of these statements.

Food Allergy Science Initiative, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. NATURE OF ORGANIZATION

The Food Allergy Science Initiative (“FASI” or the “Organization”) is a not-for-profit corporation incorporated in the state of Massachusetts. FASI’s mission is to promote, foster, and support the conduct of scientific investigation and research with respect to food allergies and immunology, and promote public awareness and education regarding food allergies and immunology.

FASI aims to elucidate the underlying biological basis of food allergy and to leverage these insights to drive advances in diagnosis, prevention, and treatment. FASI supports scientists with the expertise and technology needed to work together with us to advance and grow the field. We are bringing computational biologists, infectious disease experts, and engineers together with experts who study the immune system, the digestive system, and the nervous system, all of which are now believed to conspire to cause food allergies. Coordinating these specialists under one common goal is what makes FASI unique. Our cross-disciplinary approach has enabled us to make seminal advances in these areas as well as be nimble and identify new research directions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

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 FASI. These net assets may be used at the discretion of FASI’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 FASI or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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 and changes in net assets.

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Food Allergy Science Initiative, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and detailed within the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited or directly charged to the appropriate functional area. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Methodology</u>
Compensation costs	Time and effort
IT and website	Time and effort, Compensation costs
Insurance	Compensation costs
Depreciation	Compensation costs

Tax-Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state taxes under state charities registration laws. US GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. There has been no tax related interest or penalties for the periods presented in these financial statements.

Revenue Recognition - Contributions Received and Receivable

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return of release, are not recognized in revenue until the conditions on which they depend have been substantially met. The Organization had conditional contributions of \$5,000,000 as of June 30, 2022 which will be recognized upon satisfaction of a matching requirement barrier being met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions.

Contributions receivables are stated at the amounts earned under the contract or pledge agreement. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

In-Kind Donations

The Organization records the value of donated services at the fair market value on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. The Organization received donated legal services amounting to \$-0- and \$4,920 for the years ending June 30, 2022 and 2021, respectively, which is included in legal and professional fees on the statements of functional expenses. The services were for general and administrative legal help and were valued using the professionals market rate for similar services and effort.

Food Allergy Science Initiative, Inc.
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Grants Made

The Organization recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met. Grants payable are expected to be paid within one year. The Organization had conditional grants made of \$5,000,000 as of June 30, 2022 which will be recognized upon satisfaction of a matching requirement barrier being met.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

Property and Equipment

Property and equipment are recorded at cost, except for donated items, which are recorded at fair value on the date of donation. Repairs and maintenance expenditures are expensed in the statements of activities and changes in net assets. Donated property and equipment are recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as revenue without donor restrictions.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Computers and equipment are depreciated over 5 years.

Valuation of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment charge was required for the year presented in these financial statements.

New Accounting Pronouncements Not Yet Effective

Leases

On February 25, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases", which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on the financial statements.

Accounting Pronouncements Adopted in the Current Year

Gifts In-Kind

During 2022, the Organization adopted the presentation and disclosure requirements of FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU requires presentation of contributed nonfinancial assets apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this ASU had no material impact on the Organization's financial statements.

Food Allergy Science Initiative, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022 and 2021, the Organization's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, fulfillment of payables and other activities, were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 5,160,428	\$ 2,210,314
Less: financial assets earmarked to fund grants payable	<u>(4,289,909)</u>	<u>(400,000)</u>
Total financial assets and liquidity resources	<u>\$ 870,519</u>	<u>\$ 1,810,314</u>

The Organization maintains sufficient cash to support operating expenditures. Cash is maintained in an interest-bearing account.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computers and equipment	\$ 14,386	\$ 8,728
Less: Accumulated Depreciation	<u>(5,305)</u>	<u>(1,744)</u>
Property and equipment, net	<u>\$ 9,081</u>	<u>\$ 6,984</u>

Depreciation expense was \$3,561 and \$1,744 for the years ending June 30, 2022 and 2021, respectively.

5. NET ASSETS

Donor restricted net assets released from restrictions were as follows for the years ending June 30:

	<u>2022</u>	<u>2021</u>
Purpose restricted	\$ 5,218,703	\$ -
Time restricted	<u>-</u>	<u>-</u>
Total	<u>\$ 5,218,703</u>	<u>\$ -</u>

6. RETIREMENT PLAN

The Organization has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code for eligible employees (the "Plan"). The Plan also has a mandatory harbor employer matching contribution of 100% of employee contributions up to 4% of compensation. The Organization made matching contributions totaling approximately \$12,560 and \$-0- for the years ended June 30, 2022 and 2021, respectively.

Food Allergy Science Initiative, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

7. RISKS AND UNCERTAINTIES

Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and cash equivalents.

Cash and Cash Equivalents

The Organization maintains cash balances at a U.S. bank and accounts are currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash balances in the Organization's accounts may exceed federally insured limits. All bank accounts exceeding FDIC insurable limits are with major financial institutions. The Organization has not experienced, and does not expect to experience, any losses in such accounts.

Revenue

For the years ended June 30, 2022 and 2021, 77% of contributions were received from one and two donors, respectively.

COVID-19 Pandemic

The Organization continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and changes in net assets, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

8. RELATED PARTY TRANSACTIONS

Board members made contributions to the Organization in the amount \$-0- and \$250,000 for the years ended June 30, 2022 and 2021, respectively.

9. SUBSEQUENT EVENTS

The Organization has evaluated events occurring through October 13, 2022, the date which the financial statements were available to be issued, for possible adjustment to or disclosure in the financial statements. Based on this evaluation, the Organization has determined that no subsequent events have occurred that would require recognition or disclosure in the financial statements.