

# FASI

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## FOOD ALLERGY SCIENCE INITIATIVE

**FOOD ALLERGY SCIENCE INITIATIVE, INC.**

**Financial Statements**

**June 30, 2023 and 2022**

**With Independent Auditor's Report**

**Food Allergy Science Initiative, Inc.**  
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**June 30, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
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, 2023 and 2022, 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, 2023 and 2022, 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 10, 2023

**Food Allergy Science Initiative, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,837,918	\$ 5,160,428
Prepaid expenses	21,498	22,641
Property and equipment, net	<u>6,873</u>	<u>9,081</u>
 Total assets	 <u>\$ 5,866,289</u>	 <u>\$ 5,192,150</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 40,180	\$ 94,233
Grants payable	<u>5,251,356</u>	<u>4,289,909</u>
Total liabilities	<u>5,291,536</u>	<u>4,384,142</u>
Net assets		
Without donor restrictions	449,753	808,008
With donor restrictions	<u>125,000</u>	<u>-</u>
Total net assets	<u>574,753</u>	<u>808,008</u>
 Total liabilities and net assets	 <u>\$ 5,866,289</u>	 <u>\$ 5,192,150</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, 2023 and 2022**

	June 30, 2023			June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 3,210,008	\$ 5,005,085	\$ 8,215,093	\$ 1,238,942	\$ 5,218,703	\$ 6,457,645
Investment income	204,061	-	204,061	11,021	-	11,021
Other income	2,749	-	2,749	777	-	777
	<u>3,416,818</u>	<u>5,005,085</u>	<u>8,421,903</u>	<u>1,250,740</u>	<u>5,218,703</u>	<u>6,469,443</u>
Net assets released from restrictions	<u>4,880,085</u>	<u>(4,880,085)</u>	<u>-</u>	<u>5,218,703</u>	<u>(5,218,703)</u>	<u>-</u>
	<u>8,296,903</u>	<u>125,000</u>	<u>8,421,903</u>	<u>6,469,443</u>	<u>-</u>	<u>6,469,443</u>
<b>Expenses</b>						
Program	7,832,056	-	7,832,056	6,842,723	-	6,842,723
Management and general	515,250	-	515,250	384,828	-	384,828
Fundraising	307,852	-	307,852	214,164	-	214,164
	<u>8,655,158</u>	<u>-</u>	<u>8,655,158</u>	<u>7,441,715</u>	<u>-</u>	<u>7,441,715</u>
<b>Changes in net assets</b>	(358,255)	125,000	(233,255)	(972,272)	-	(972,272)
<b>Net assets</b>						
Beginning of year	<u>808,008</u>	<u>-</u>	<u>808,008</u>	<u>1,780,280</u>	<u>-</u>	<u>1,780,280</u>
End of year	<u>\$ 449,753</u>	<u>\$ 125,000</u>	<u>\$ 574,753</u>	<u>\$ 808,008</u>	<u>\$ -</u>	<u>\$ 808,008</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, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets	\$ (233,255)	\$ (972,272)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	6,089	3,561
Change in assets and liabilities		
Prepaid expenses	1,143	(6,978)
Accounts payable and accrued expenses	(54,053)	41,552
Grants payable	<u>961,447</u>	<u>3,889,909</u>
Net cash provided by operating activities	<u>681,371</u>	<u>2,955,772</u>
<b>Investing activities</b>		
Purchases of property and equipment	<u>(3,881)</u>	<u>(5,658)</u>
Net cash used in investing activities	<u>(3,881)</u>	<u>(5,658)</u>
Net change in cash and cash equivalents	677,490	2,950,114
<b>Cash and cash equivalents</b>		
Beginning of year	<u>5,160,428</u>	<u>2,210,314</u>
End of year	<u>\$ 5,837,918</u>	<u>\$ 5,160,428</u>
<b>Supplemental disclosure of cash flow information</b>		
Donated services	<u>\$ -</u>	<u>\$ -</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, 2023 and 2022**

	June 30, 2023				June 30, 2022			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants made	\$ 6,675,023	\$ -	\$ -	\$ 6,675,023	\$ 6,303,703	\$ -	\$ -	\$ 6,303,703
Compensation costs	763,873	317,827	188,309	1,270,009	390,616	137,708	147,758	676,082
Legal and professional fees	159,517	106,363	43,278	309,158	43,460	190,230	61,265	294,955
Travel, conferences and meetings	24,514	15,159	350	40,023	46,057	16,339	-	62,396
IT and website	2,419	17,265	430	20,114	5,932	17,265	430	23,627
Office expense	96,284	12,516	-	108,800	-	12,516	-	12,516
Occupancy	-	-	-	-	216	-	-	216
Insurance	9,009	3,749	2,221	14,979	7,694	2,713	2,911	13,318
Depreciation	3,662	1,524	903	6,089	2,058	725	778	3,561
Marketing	97,755	40,847	72,361	210,963	42,987	7,332	1,022	51,341
	<u>\$ 7,832,056</u>	<u>\$ 515,250</u>	<u>\$ 307,852</u>	<u>\$ 8,655,158</u>	<u>\$ 6,842,723</u>	<u>\$ 384,828</u>	<u>\$ 214,164</u>	<u>\$ 7,441,715</u>

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



**Food Allergy Science Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**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.

**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.

**Food Allergy Science Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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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, 2023 and 2022, 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.

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.

**Contributions of Nonfinancial Assets**

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 did not receive any contributions of nonfinancial assets during the years ending June 30, 2023 and 2022.

**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.

**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.

**Food Allergy Science Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**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 years presented in these financial statements.

**Accounting Pronouncements Adopted in the Current Year**

*Leases*

On July 1, 2022, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact on the statements of activities and changes in net assets or cash flows.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2023 and 2022, the Organization’s liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, fulfillment of payables and other activities, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 5,837,918	\$ 5,160,428
Less: Donor restricted net assets	(125,000)	-
Less: Financial assets earmarked to fund grants payable	<u>(5,251,356)</u>	<u>(4,289,909)</u>
Total financial assets and liquidity resources	<u>\$ 461,562</u>	<u>\$ 870,519</u>

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

**Food Allergy Science Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 18,267	\$ 14,386
Less: Accumulated depreciation	<u>(11,394)</u>	<u>(5,305)</u>
Property and equipment, net	<u>\$ 6,873</u>	<u>\$ 9,081</u>

Depreciation expense was \$6,089 and \$3,561 for the years ended June 30, 2023 and 2022, respectively.

**5. NET ASSETS**

Donor restricted net assets were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Time restricted	<u>\$ 125,000</u>	<u>\$ -</u>

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

	<u>2023</u>	<u>2022</u>
Purpose restricted	<u>\$ 4,880,085</u>	<u>\$ 5,218,703</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 \$33,910 and \$12,560 for the years ended June 30, 2023 and 2022, respectively.

**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 has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

*Revenue*

For the year ended June 30, 2023 94% of contributions was received from 4 donors. For the year ended June 30, 2022, 77% of contributions was received from one donor.

**Food Allergy Science Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**8. SUBSEQUENT EVENTS**

The Organization has evaluated events occurring through October 10, 2023, 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.