

GLOBAL GENES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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**GLOBAL GENES
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Genes
Aliso Viejo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of Global Genes (a nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flow for the year 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 Auditors' 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibility 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 the financial statements are available to be issued.

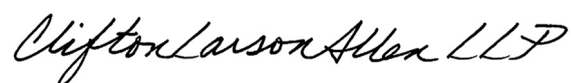
Auditors' Responsibilities for the Audit of the Financial Statements

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 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.



CliftonLarsonAllen LLP

Irvine, California
November 1, 2023

GLOBAL GENES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,371,786
Accounts Receivable	160,977
Pledges Receivable	372,750
Prepaid Expenses and Other Current Assets	332,882
Total Current Assets	<u>2,238,395</u>

PROPERTY AND EQUIPMENT, AT NET BOOK VALUE	2,525
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OPERATING RIGHT-OF-USE ASSET	49,767
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OTHER ASSETS

Deposits	<u>3,775</u>
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Total Assets	<u><u>\$ 2,294,462</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,027,382
Accrued Liabilities	201,412
Short-Term Operating Lease Liabilities	24,776
Deferred Revenue	473,927
Total Current Liabilities	<u>1,727,497</u>

LONG TERM LIABILITIES

Long-Term Operating Lease Liabilities	<u>25,707</u>
Total Liabilities	1,753,204

NET ASSETS

Without Donor Restrictions	<u>541,258</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,294,462</u></u>
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See accompanying Notes to Financial Statements.

**GLOBAL GENES
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Support, Revenue, and Gains:

Fundraising Support:

Contributions	\$ 3,865,176
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Program Revenue:

Membership Fees	1,245,120
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Conference Sponsorships	445,400
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Other Income and Expense:

Investment Income, Net	7,902
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Total Support, Revenue, and Gains	5,563,598
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Expenses:

Program Services	6,222,906
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Supporting Services:

General and Administrative	1,041,496
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Fundraising	435,787
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Total Supporting Services	1,477,283
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Total Functional Expenses	7,700,189
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DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

(2,136,591)

Net Assets - Beginning of Year

2,368,828

Merger - RARE - X Net Assets

309,021

NET ASSETS - END OF YEAR

\$ 541,258

See accompanying Notes to Financial Statements.

GLOBAL GENES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services			Total Functional Expenses
		General and Administrative	Fundraising	Total	
Bank Charges	\$ 530	\$ 13,594	\$ 2,179	\$ 15,773	\$ 16,303
Charitable Contributions	467,502	-	-	-	467,502
Computer and Software	491,150	120,469	-	120,469	611,619
Dues and Memberships	4,923	1,221	-	1,221	6,144
Fees and Taxes	679	55,593	-	55,593	56,272
Funded Travel for Patients	272,118	-	-	-	272,118
Insurance	10,531	6,509	1,685	8,194	18,725
Legal	-	12,155	-	12,155	12,155
Outside Services	845,551	257,871	126,000	383,871	1,229,422
Other	1,149	100	-	100	1,249
Payroll Taxes	151,713	26,297	24,274	50,571	202,284
Postage and Shipping	10,672	2,782	-	2,782	13,454
Printing and Production	11,367	291	-	291	11,658
Professional Fees	-	99,185	-	99,185	99,185
Program Awareness	487,625	-	-	-	487,625
Promotional Products	57,420	-	-	-	57,420
Rent	-	84,772	-	84,772	84,772
Salaries and Wages	1,783,840	305,324	280,745	586,069	2,369,909
Supplies	1,277,756	12,761	-	12,761	1,290,517
Travel	342,280	4,234	-	4,234	346,514
Utilities	450	26,442	-	26,442	26,892
Workers' Compensation	5,650	979	904	1,883	7,533
Total Expenses Before Depreciation	6,222,906	1,030,579	435,787	1,466,366	7,689,272
Depreciation of Property and Equipment	-	10,917	-	10,917	10,917
Total Functional Expenses	<u>\$ 6,222,906</u>	<u>\$ 1,041,496</u>	<u>\$ 435,787</u>	<u>\$ 1,477,283</u>	<u>\$ 7,700,189</u>

See accompanying Notes to Financial Statements.

GLOBAL GENES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (2,136,591)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Net Cash Used by Operating Activities:	
Net Assets from RARE-X Merger	309,021
Fixed assets from RARE-X Merger	(2,525)
Depreciation	10,917
Noncash lease expense	716
Loss on Disposal of Property and Equipment	477
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(101,412)
Pledges Receivable - RARE-X	(372,750)
Inventories	1,246
Prepaid Expenses and Other Current Assets	31,739
Prepaid Expenses and Other Current Assets - RARE-X	(54,000)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	392,620
Accounts Payable - RARE-X	412,792
Accrued Liabilities	(44,229)
Accrued Liabilities - RARE-X	28,102
Deferred Revenue	(133,577)
Deferred Revenue - RARE-X	100,000
Net Cash Used by Operating Activities	<u>(1,557,454)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (1,557,454)

Cash and Cash Equivalents - Beginning of Year 2,929,240

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 1,371,786

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid During the Year for:	
Interest	<u><u>\$ -</u></u>
Income Taxes	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Global Genes (the Organization) was incorporated as a nonprofit organization under the laws of the state of California. The Organization's mission is to unify a global rare and genetic disease community by providing connections and resources to ease the burdens of affected families. The Organization's emphasis is on increasing rare disease awareness, offering public and physician education, building community through social media, and funding research to find treatments and cures.

On December 30, 2022, Global Genes and RARE-X merged. The surviving Organization is Global Genes. RARE-X provided a collaborative platform for global data sharing and analysis to accelerate treatments for rare disease.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Leases

The Organization leases facilities under noncancelable lease arrangements. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. Finance leases, if any, are included in property and equipment and finance lease liabilities on the statement of financial position. There were no finance leases at December 31, 2022. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the “ASC” hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor imposed restrictions (donors include other types of contributors, including makers of certain grants) and interest on investments.

Net Assets with Donor Restrictions – Net assets that are subject to donor imposed restrictions (donors include other types of contributors, including makers of certain grants).

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include checking accounts used for operating purposes and investments with maturities of three months or less from the original purchase dates.

Investments

The Organization’s investment policy establishes guidelines for the regular investment of surplus funds with the goal of maximizing current income subject to appropriate management of risk. Surplus funds are defined as balances in the Organization’s accounts not immediately required for working capital, capital investment, debt repayment, or other near-term financial obligations. The policy allows the Organization to manage liquidity needs for general expenses by investing excess cash in direct obligations of the U.S. Treasury, including Treasury bills, notes, bonds, and securities issued by Government National Mortgage Association.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

At December 31, 2022, investments consist of Treasury bills and notes that are included in cash and cash equivalents on the statement of financial position and are measured at fair value with changes in fair value recognized in earnings. Investment income, net, on the statement of activities totaling \$7,902 consists of interest and dividend income of \$1,597 and net unrealized gain of \$6,305.

Accounts Receivable

Accounts receivable are recorded primarily for contributions received after year-end and are stated at estimated net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. At December 31, 2022, no allowance for doubtful accounts was deemed necessary.

Property and Equipment

Property and equipment are stated at cost if purchased or estimated fair value if donated. Maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line basis over estimated useful lives ranging from three to seven years. Leasehold improvements are capitalized at cost and amortized over the shorter of the lease term or the estimated useful life of the related asset.

Long-Lived Assets and Asset Impairment

The Organization recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. There was no impairment of the value of such assets for the year ended December 31, 2022.

Revenue Recognition

Contributions

Pledges and unconditional promises to give are recorded as pledges receivable in the year made. Contributions for support of current operations are recorded as revenues in the year made. In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues in the period received and as pledges receivable. Unconditional promises to give due in the next year are reflected as the current portion of pledges receivable and are recorded at their net realizable value.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

Although donor-restricted contributions typically are reported as support that increases net assets with donor restrictions, per FASB ASC 958-605-45-4A, they may be reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period. This policy has been consistently applied by the Organization.

Exchange Transactions

The Organization recognizes revenue from contracts with customers in accordance with FASB ASC 606, which applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its statement of activities for the year ended December 31, 2022, as stated below.

Membership – The Organization forms a coalition of rare disease industry stakeholders to collaborate between industry and patient communities. Members will contribute to growing and producing the Organization's programs in addition to receiving a variety of benefits. The Organization's performance obligation for memberships is satisfied over time and consists of providing networking opportunities and brand awareness through promotion on the Organization's materials, social media mentions, newsletter member spotlight, participation in the Organization's speaker bureau and annual strategic meeting, preferred access to sponsorships, network sharing of patient-related corporate news and announcements, participation in community education development, and using the Organization's portal to connect with other members, patients, advocates and caregivers in disease specific areas. The transaction price (membership fee) is established by the Organization based on the type and size of the member and includes all the mentioned benefits. As is customary, these items are not separately priced and are therefore considered to be one performance obligation, therefore no allocation of the transaction price is necessary. Membership is on a calendar year basis regardless of when a member joins during the calendar year.

Exhibit Booth – The Organization holds events and conferences where exhibitors can pay a fee for a booth in the exhibit hall to showcase their rare disease goods and services. The performance obligation is providing the booth space along with booth accessories, Organization description and listing in conference materials, and a complimentary conference pass. The transaction price is established by the Organization based on the type of the exhibitor. No allocation of the transaction price is necessary as revenue for all the listed items are recognized at a point in time, which is when the conference occurs.

**GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Exchange Transactions (Continued)

Conference Sponsorship – The Organization holds conferences where a portion of the gross sponsorship paid by the sponsor represents payment for the direct cost of the benefits received by the sponsor at the conference (the exchange component), and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the full conference passes, premium exhibit booth, and ad in the printed conference guide provided at the conferences are measured at the actual cost to the Organization. The contribution component is the excess of the gross sponsorship over the fair value of the direct donor benefit. The direct costs of the conference, which ultimately benefit the donor rather than the Organization, are recorded as program revenue in the statement of activities. The performance obligation is holding the conference. The sponsorship levels are set by the Organization. FASB ASC 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Organization separately presents in its notes to financial statements the exchange and contribution components of the sponsorships from conferences. Sponsorships collected by the Organization in advance of the conference are initially recognized as liabilities (deferred revenue) and are recognized as program and contribution revenue when the conference occurs. For sponsorships received before year-end, for an event to occur after year-end, the Organization follows American Institute of Public Accounting guidance (if this is the case) where the inherent contribution is conditioned on the event taking place and is therefore treated as a deferred revenue along with the exchange component.

Deferred Revenue

The Organization recognizes revenue for conditional contributions when the condition or conditions are met. A condition is present when there is a barrier that must be overcome and a right of return or right of release exists with the contributions received. In addition, the Organization recognizes revenue for membership fees as the benefits are provided. Contributions received before the condition or conditions are met and membership fees received before the benefits are provided are recorded as deferred revenue in the statement of financial position. For the year ended December 31, 2022, the beginning and ending balance of deferred revenue was \$507,504 and \$473,927, respectively.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Contributions of donated noncash assets are measured on a nonrecurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Organization are recorded at fair value in the period received. For the year ended December 31, 2022, the Organization did not receive donated goods and services.

Many volunteers provide services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria under FASB ASC 958-605 were not met, and therefore, are not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, insurance, depreciation, utilities, and rent, which are allocated on the basis of time and effort incurred for the programs and supporting functions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the Code, is subject to income tax. The Organization had no unrelated business income during the year ended December 31, 2022. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization adheres to the provisions of FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. In accordance with FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The Organization does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties. Years prior to 2019 are no longer subject to U.S. federal income tax examination, and the Organization is no longer subject to state income tax examinations for years before 2018.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The process of preparing financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Recent Accounting Pronouncements – Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, with subsequent improvements issued in ASU 2018-19. ASU 2016-13 requires that credit losses on most financial assets measured at amortized cost and certain other instruments, including trade receivables, be measured using an expected credit loss model. ASU 2016-13 also replaces the current accounting model for purchased credit-impaired loans and debt securities. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, including nonprofit entities, the amendments are effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the provisions of ASU 2016-13 on the presentation of its financial statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2022:

Performance Obligations Satisfied Over Time:	
Membership Fees	\$ 1,245,120
Performance Obligations Satisfied at a Point in Time:	
Conference Sponsorships	<u>445,400</u>
Total Revenue from Contracts with Customers	<u><u>\$ 1,690,520</u></u>

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, as of December 31, 2022, are as follows:

Cash and Cash Equivalents	\$ 1,371,786
Accounts Receivable	160,977
Pledges Receivable	<u>372,750</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 1,905,513</u></u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in accordance with its investment policy. Occasionally, the board of directors designates a portion of any operating surplus to its operating reserve, which was \$250,000 as of December 31, 2022. The operating reserve can be drawn upon in the event of an unanticipated liquidity need.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of December 31, 2022:

Cash	\$ 945,899
U.S. Treasury Bills	<u>425,887</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,371,786</u></u>

NOTE 5 CONCENTRATIONS, RISKS, AND UNCERTAINTIES

The Organization maintains cash and cash equivalents at multiple financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At times, the Organization maintains cash balances at certain financial institutions in excess of federally insured amounts. This risk is managed by maintaining deposits in high-quality financial institutions.

NOTE 6 PREPAID EXPENSES

Prepaid expenses consist primarily of expenses paid in advance for a program that takes place in the following year.

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Furniture and Fixtures	\$ 3,196
Computer Software	<u>204,337</u>
Total Property and Equipment at Cost	207,533
Less: Accumulated Depreciation	<u>(205,008)</u>
Property and Equipment, at Net Book Value	<u><u>\$ 2,525</u></u>

Depreciation expense for the year ended December 31, 2022, totaled \$10,917.

NOTE 8 LEASES – ASC 842

The Organization elected to apply the provision of FASB ASC 842 to the beginning of the period of adoption of January 1, 2022, through a cumulative effect adjustment, with certain practical expedients available.

The Organization leases equipment and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2024. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Organization's leases:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	\$ 25,136
2024	<u>25,821</u>
Total	50,957
Less: Interest	<u>(474)</u>
Present Value of Lease Liabilities	<u><u>\$ 50,483</u></u>
Short-Term Operating Lease Liabilities	\$ 24,776
Long-Term Operating Lease Liabilities	<u>25,707</u>
Present Value of Operating Lease Liabilities	<u><u>\$ 50,483</u></u>

GLOBAL GENES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 LEASES – ASC 842 (CONTINUED)

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022 is as follows:

Lease Cost:	
Operating Lease Cost	\$ 25,120
Short-Term Lease Cost	59,763
Total Lease Cost	<u>\$ 84,883</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 24,404
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 74,292
Weighted-Average Remaining Lease Term - Operating Leases	1.7 years
Weighted-Average Discount Rate - Operating Leases	0.97%

NOTE 9 NET ASSETS

Net assets consist of the following at December 31, 2022:

Net Assets Without Donor Restrictions:	
Board Designation	\$ 250,000
Undesignated - Available for Programs	291,258
Total Net Assets	<u>\$ 541,258</u>

NOTE 10 RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2022, the Organization paid approximately \$460,000 in consulting fees to Rithm Health for interim CEO compensation. Rithm Health is owned by the non-voting board member acting as interim CEO.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation

The Organization is subject to certain legal actions and claims arising in the ordinary course of operations. Based upon the nature, and management's understanding, of the facts and circumstances that give rise to such actions and claims, management believes that such litigation and claims will be resolved without material effect on the Organization's financial position or results of operations.

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NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified 401(k) plan (the Plan). Employees of the Organization are eligible upon meeting the age requirement of 21 years and completing three consecutive months of employment. In accordance with the terms of the Plan, employees may contribute earnings pretax to the Plan for up to the annual maximum as prescribed by law. The Organization has elected not to make an employer contribution to the Plan for the year ended December 31, 2022.

NOTE 13 MERGER

On December 30, 2022, Global Genes and RARE-X merged. The surviving Organization is Global Genes. RARE-X provided a collaborative platform for global data sharing and analysis to accelerate treatments for rare disease. With the merger, Global Genes seeks to further its charitable mission of empowering next-generation advocates to drive progress within and across rare diseases, providing rare disease advocates with a continuum of services, resources and connections to accelerate the path from initial support and awareness through diagnosis, drug development and access to treatments, using a collaborative approach that involves biopharma, clinicians, researchers and funders, and facilitating access to information and resources to those affected by rare diseases around the globe. The combined Organization will also benefit from complementary programming, talent, global brand recognition, and reach of each party. The parties believe that their respective missions will be achieved best by creating a single, integrated Organization to provide for the community as outlined above.

There were no material adjustments to conform the accounting policies of the combining Organizations.

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NOTE 13 MERGER (CONTINUED)

At December 30, 2022, the major classes of assets, liabilities, and net assets of Global Genes and RARE-X are shown below:

	<u>Global Genes</u>	<u>RARE-X</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 952,146	\$ 419,640	\$ 1,371,786
Accounts Receivable	160,977	-	160,977
Pledges Receivable	-	372,750	372,750
Prepaid Expenses and Other Current Assets	278,882	54,000	332,882
Property and Equipment, at Net Book Value	-	2,525	2,525
Operating Right-of-Use Asset	49,767	-	49,767
Deposits	<u>2,775</u>	<u>1,000</u>	<u>3,775</u>
Total Assets	<u><u>\$ 1,444,547</u></u>	<u><u>\$ 849,915</u></u>	<u><u>\$ 2,294,462</u></u>
Liabilities:			
Accounts Payable	\$ 614,590	\$ 412,792	\$ 1,027,382
Accrued Liabilities	173,310	28,102	201,412
Short-Term Operating Lease Liabilities	24,776	-	24,776
Deferred Revenue	373,927	100,000	473,927
Long-Term Operating Lease Liabilities	25,707	-	25,707
Net Assets:			
Without Donor Restrictions	<u>232,237</u>	<u>309,021</u>	<u>541,258</u>
Total Liabilities and Net Assets	<u><u>\$ 1,444,547</u></u>	<u><u>\$ 849,915</u></u>	<u><u>\$ 2,294,462</u></u>

There were no revenues and expenses for RARE-X subsequent to the merger date as of December 31, 2022.

NOTE 14 SUBSEQUENT EVENTS

Other events occurring after December 31, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of November 1, 2023, which is the date the financial statements were available to be issued.

