

**CHARGE SYNDROME FOUNDATION, INC.**

**BUFFALO GROVE, ILLINOIS**

**FINANCIAL STATEMENTS**  
**(Audit)**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**

**CHARGE Syndrome Foundation, Inc.**  
**FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
CHARGE Syndrome Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of CHARGE Syndrome Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 CHARGE Syndrome Foundation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 CHARGE Syndrome Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 CHARGE Syndrome Foundation, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 CHARGE Syndrome Foundation, Inc.'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 CHARGE Syndrome Foundation, Inc.'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.

*Snodgrass of N.E. Ohio, Inc.*

Ashtabula, Ohio

June 7, 2022

CHARGE Syndrome Foundation, Inc.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	\$	729,498
Prepaid expense		104,831
Total current assets		834,329
NONCURRENT ASSETS		
Investments		405,945
Total noncurrent assets		405,945
Total assets	\$	1,240,274
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$	1,635
Accrued withholdings		216
Deferred memberships		2,543
		4,394
NET ASSETS		
Without donor restrictions		999,738
With donor restrictions		236,142
Total net assets		1,235,880
Total liabilities and net assets	\$	1,240,274

The accompanying notes are an integral part of the financial statements.

CHARGE Syndrome Foundation, Inc.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUES:</b>			
Contributions	\$ 210,492	\$ 123,592	\$ 334,084
Fundraising	189,663	-	189,663
Symposium	19,209	-	19,209
Investment income	29,213	-	29,213
Membership	11,925	-	11,925
PPP loan forgiveness	12,940	-	12,940
Net assets released from restriction - satisfaction of program restrictions	26,518	(26,518)	-
Total revenues	<u>499,960</u>	<u>97,074</u>	<u>597,034</u>
<b>EXPENSES:</b>			
Program expenses	347,314	-	347,314
Management expenses	27,097	-	27,097
Total expenses	<u>374,411</u>	<u>-</u>	<u>374,411</u>
NET INCREASE IN NET ASSETS	125,549	97,074	222,623
NET ASSETS AT BEGINNING OF YEAR	874,189	139,068	1,013,257
NET ASSETS AT END OF YEAR	<u>\$ 999,738</u>	<u>\$ 236,142</u>	<u>\$ 1,235,880</u>

The accompanying notes are an integral part of the financial statements.

CHARGE Syndrome Foundation, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2021

	Program						
	Conference	Information and Education	2	2	Total Program	Management and General	Total
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board meetings	4,608	5,760	-	10,368	1,152	11,520	11,520
EW RAP	-	6,118	-	6,118	-	6,118	6,118
Family Assistance	-	7,357	-	7,357	-	7,357	7,357
Fundraising	-	-	-	-	14,178	14,178	14,178
Insurance	-	3,215	-	3,215	170	3,385	3,385
Membership	-	1,851	-	1,851	-	1,851	1,851
Miscellaneous	-	-	-	-	613	613	613
Office expense	942	4,947	-	5,889	1,964	7,853	7,853
Outreach	-	3,626	-	3,626	-	3,626	3,626
Payroll taxes	-	4,017	-	4,017	-	4,017	4,017
Postage	-	284	-	284	122	406	406
Professional fees	-	-	-	-	8,893	8,893	8,893
Research/grants	-	149,500	-	149,500	-	149,500	149,500
Scholarships	-	11,692	-	11,692	-	11,692	11,692
Symposium	115,431	-	-	115,431	-	115,431	115,431
Salary	-	27,945	-	27,945	-	27,945	27,945
Telephone	3	16	-	19	2	21	21
Total expenses	<u>\$ 120,984</u>	<u>\$ 226,330</u>	<u>\$ -</u>	<u>\$ 347,314</u>	<u>\$ 27,097</u>	<u>\$ 374,411</u>	<u>\$ 374,411</u>

CHARGE Syndrome Foundation, Inc.  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITES	
Increase in net assets	\$ 222,623
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Gain on disposal of investments	(366)
Unrealized gain on investments	(25,050)
PPP loan forgiveness	(12,940)
(Increase) decrease in prepaid expense	(52,775)
Increase (decrease) in accounts payable	1,635
Increase (decrease) in accrued wages	142
Increase (decrease) in deferred memberships	1,442
Increase (decrease) in grants payable	(50,000)
	84,711
CASH FLOWS FROM INVESTING ACTIVITES	
Payments for the purchase of investments	(29,707)
Proceeds from the sale of investments	243,678
	213,971
Net cash provided by investing activities	213,971
Net increase in cash and cash equivalents	298,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	430,816
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 729,498

The accompanying notes are an integral part of the financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of CHARGE Syndrome Foundation, Inc.

**Background:** The CHARGE Syndrome Foundation, Inc. (the “Foundation”) is a non-profit charitable Foundation. It provides information on CHARGE syndrome to individuals, families, and professionals. Members receive a quarterly newsletter. There are biennial conferences for families and professionals. The Foundation provides educational literature to families, individuals, and professionals. The Foundation promotes and supports research regarding the identification, cause, and management of CHARGE syndrome. The majority of supporting revenue is from voluntary contributions and memberships.

**Basis of accounting:** The financial statements of CHARGE Syndrome Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, include all significant receivables, payables, and other liabilities.

**Tax status:** CHARGE Syndrome Foundation, Inc. has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been recorded for income taxes in the accompanying financial statements. The Foundation is not a private foundation for income tax purposes. Management is not aware of any transactions that would affect the Foundation’s tax-exempt status.

The Foundation evaluates uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2021, the Foundation had no uncertain tax positions requiring accrual.

**Cash:** For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable:** Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up, as the amount is considered immaterial.

### **Investments**

In accordance with FASB ASC 958-320, “Accounting for Certain Investments Held by Not-for-Profit Foundations”, investments in debt and equity securities are stated at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. The basis of donated securities is determined based on the fair market value of the security on the date of the donation. The fair values of investments have been determined based on quoted market prices. Gains or losses on the sale of investments represent the difference between net proceeds and cost determined on a specific identification method.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Revenue:** Income from membership dues and subscription fees is deferred and recognized over the periods to which the dues and fees relate.

**Financial Statement Presentation:** Net assets and revenues, expenses, gains, and losses are classified based on the absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Contributions of cash and other assets are reported as with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional Expenses:** Costs are reported by function under program services and support services in the statements of activities and functional expenses. The Foundation allocates general operating expenses to the various programs and supporting services functions based on percentages developed by management.

**Forgivable Loans**

The Foundation recognizes forgivable loans in accordance with FASB ASC 470, Debt, which states that a loan should be accounted for as a financial liability with accrued interest, regardless of whether an entity expects to repay the loan or believes that it will be forgiven. A loan will remain recorded as a liability until either (1) the debtor pays the lender or (2) the debtor has been legally released from being the primary obligor. Once the loan is, in part or wholly forgiven, the liability will be reduced by the amount forgiven and a gain on extinguishment will be recognized.

CHARGE Syndrome Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**NOTE 2 - CASH**

Cash and cash equivalents are composed of the following at December 31, 2021:

Bank of America Checking	\$	359,003
Ameritrade Cash Accounts		366,992
PayPal Accounts		3,503
Total cash and cash equivalents	\$	729,498

The cash and cash equivalents accounts are held at different banks. The cash account is secured in total by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account in claims for cash. At December 31, 2021, the Foundation's uninsured cash balance total was \$110,783.

**NOTE 3 - INVESTMENTS**

Investments at December 31, 2021 are recorded at market value based upon quoted market prices (fair value) and are summarized as follows:

	Cost	Market	Unrealized Gain
Exchange Traded Funds	\$ 183,661	\$ 230,548	\$ 46,887
Mutual Funds	175,397	175,397	-
Total investments	\$ 359,058	\$ 405,945	\$ 46,887

Investment income (loss) is summarized as follows at December 31, 2021:

Interest, dividends, and capital gains	\$	4,604
Realized gain		366
Net unrealized gain		25,050
Investment expense		(807)
Total investment income	\$	29,213

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad Levels:

Level 1 – inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 – inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices.

Level 3 – inputs consist of inputs that are unobservable and significant to the fair value measurement and have the lowest priority.

The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table set forth by level, within the fair value hierarchy, the calculation techniques used to determine the fair value of the Foundation’s assets as follows at December 31, 2021:

Description	Fair Value	(Level 1)	(Level II)	(Level III)
<i>Exchange Traded Funds</i>	\$ 230,548	\$ 230,548	-	-
<i>Mutual Funds</i>	175,397	175,397	-	-
Total assets measured at fair value	<u>\$ 405,945</u>	<u>\$ 405,945</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 - CONTRIBUTED SERVICES**

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

CHARGE Syndrome Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**NOTE 6 - PPP LOAN FORGIVENESS**

On May 11, 2020, the Foundation was granted a loan from a bank in the amount of \$12,940, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP loan, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Funds from the loan may be used for payroll costs, group health care benefits, mortgage payments, rent and utilities. The Foundation used the entire loan for qualifying expenses and the loan was forgiven by the SBA April 5, 2021. The \$12,940 has been recognized as PPP loan forgiveness on the statement of activities.

**NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions is comprised of undesignated amounts for the following purposes at December 31, 2021:

Undesignated - Operating	\$ 773,000
Undesignated - Board restricted	<u>226,738</u>
Total net assets without donor restrictions	<u>\$ 999,738</u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Subject to expenditure for specified purpose:	
EWRAP Program	\$ 82,958
Family Assistance Program	64,260
Crocker Barker CHARGE Sibling Scholarship	34,058
Emma Bluestone Scholarship	<u>54,866</u>
Total net assets with donor restrictions	<u>\$ 236,142</u>

Net assets released from donor restrictions are as follows at December 31, 2021:

Subject to expenditure for specified purpose:	
EWRAP Program	\$ 6,118
Family Assistance Program	8,707
Crocker Barker CHARGE Sibling Scholarship	<u>11,693</u>
Total net assets released from restrictions	<u>\$ 26,518</u>

CHARGE Syndrome Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31, 2021:

Cash	\$	729,498
Investments		405,945
Total financial assets		1,135,443
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors		236,142
Total financial assets available to meet general expenditures within one year:	\$	899,301

**NOTE 10 - CORRECTION OF AN ERROR**

The statement of activities has been restated to correct for an error. In previously issued financial statements, the Foundation did not recognize amounts that should have been included in net assets with donor restrictions.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Balance December 31, 2020 as previously stated	\$ 977,909	\$ 35,348	\$ 1,013,257
Amounts reclassified	(103,720)	103,720	-
Balance, December 31, 2020 as restated	\$ 874,189	\$ 139,068	\$ 1,013,257

**NOTE 11 - SUBSEQUENT EVENTS**

The continued spread of the COVID-19 (coronavirus) pandemic is affecting the United States and global economies, and may affect the Foundation's operations and those of third parties on which the Foundation relies. The ultimate impact of the COVID-19 pandemic is highly **uncertain and subject to change**. The Foundation does not yet know the full extent of the impact on operations; however, these effects could have a material impact on the Foundation's financial performance.

Management has evaluated subsequent events through June 7, 2022, the date on which the financial statements were available to be issued.