

BEYOND CELIAC

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REPORT ON AUDIT  
OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
OCTOBER 31, 2017 AND 2016

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## INDEPENDENT AUDITOR'S REPORT

March 27, 2018

Board of Directors  
Beyond Celiac  
Ambler, Pennsylvania

We have audited the accompanying financial statements of Beyond Celiac (a nonprofit organization) which comprise the statements of financial position as of October 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Beyond Celiac as of October 31, 2017 and 2016, 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.



BEYOND CELIAC

STATEMENTS OF FINANCIAL POSITION

OCTOBER 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 167,227	\$ 92,185
Accounts receivable	72,211	168,282
Investments	2,951,277	3,010,345
Pledges receivable, net	562,271	26,971
Prepaid expenses and other assets	203,185	89,523
Fixed Assets, net	<u>879</u>	<u>1,465</u>
TOTAL ASSETS	<u>\$ 3,957,050</u>	<u>\$ 3,388,771</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 32,942	\$ 54,945
Accrued expenses	32,595	28,039
Deferred revenue	<u>22,001</u>	<u>36,036</u>
Total Liabilities	87,538	119,020
Net Assets		
Unrestricted		
Undesignated	649,841	479,285
Designated	<u>847,880</u>	<u>1,010,531</u>
Total Unrestricted	1,497,721	1,489,816
Temporarily restricted	577,271	56,971
Permanently restricted	<u>1,794,520</u>	<u>1,722,964</u>
Total Net Assets	<u>3,869,512</u>	<u>3,269,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,957,050</u>	<u>\$ 3,388,771</u>

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

BEYOND CELIAC

STATEMENTS OF ACTIVITIES

YEARS ENDED OCTOBER 31, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE</b>								
Donations	\$ 802,802	\$ 561,300	\$ -	\$ 1,364,102	\$ 1,724,996	\$ 55,058	\$ -	\$ 1,780,054
In-kind donations	197,238	-	-	197,238	39,837	-	-	39,837
Investment income (loss)	183,356	-	205,065	388,421	(964)	-	(74,095)	(75,059)
Program revenue	234,111	-	-	234,111	339,968	-	-	339,968
Endowment transfer	133,509	-	(133,509)	-	136,699	-	(136,699)	-
Satisfaction of program restrictions	41,000	(41,000)	-	-	2,000	(2,000)	-	-
<b>TOTAL REVENUE</b>	<u>1,592,016</u>	<u>520,300</u>	<u>71,556</u>	<u>2,183,872</u>	<u>2,242,536</u>	<u>53,058</u>	<u>(210,794)</u>	<u>2,084,800</u>
<b>EXPENSES</b>								
General Celiac Awareness	1,284,236	-	-	1,284,236	1,243,661	-	-	1,243,661
Management and general	70,253	-	-	70,253	84,841	-	-	84,841
Development	229,622	-	-	229,622	75,477	-	-	75,477
<b>TOTAL EXPENSES</b>	<u>1,584,111</u>	<u>-</u>	<u>-</u>	<u>1,584,111</u>	<u>1,403,979</u>	<u>-</u>	<u>-</u>	<u>1,403,979</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	7,905	520,300	71,556	599,761	838,557	53,058	(210,794)	680,821
<b>NET ASSETS - Beginning of Year</b>	<u>1,489,816</u>	<u>56,971</u>	<u>1,722,964</u>	<u>3,269,751</u>	<u>651,259</u>	<u>3,913</u>	<u>1,933,758</u>	<u>2,588,930</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 1,497,721</u>	<u>\$ 577,271</u>	<u>\$ 1,794,520</u>	<u>\$ 3,869,512</u>	<u>\$ 1,489,816</u>	<u>\$ 56,971</u>	<u>\$ 1,722,964</u>	<u>\$ 3,269,751</u>

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

BEYOND CELIAC

STATEMENTS OF CASH FLOWS

YEARS ENDED OCTOBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 599,761	\$ 680,821
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	49,774	49,681
(Gain) loss on investments	(342,131)	120,439
Changes in operating assets and liabilities		
Decrease (Increase)		
Accounts receivable	96,071	(16,922)
Pledges receivable	(535,300)	76,942
Prepaid expenses and other assets	(162,854)	(32,442)
Increase (Decrease)		
Accounts payable	(22,003)	10,584
Accrued expenses	4,556	5,339
Deferred revenue	(14,035)	(81,464)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(326,161)</u>	<u>812,978</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(65,328)	(1,071,702)
Proceeds from sale of investments	<u>466,531</u>	<u>176,389</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>401,203</u>	<u>(895,313)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	75,042	(82,335)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>92,185</u>	<u>174,520</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u>\$ 167,227</u>	<u>\$ 92,185</u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	<u>\$ -</u>	<u>\$ 24</u>
 Interest Capitalized	<u>\$ -</u>	<u>\$ -</u>

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

BEYOND CELIAC

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED OCTOBER 31, 2017 AND 2016

	2017				2016			
	General Celiac Awareness	Management & General	Development	Total Expenses	General Celiac Awareness	Management & General	Development	Total Expenses
<b>SALARIES &amp; RELATED EXPENSES</b>								
Salaries	\$ 609,747	\$ 25,497	\$ 129,657	\$ 764,901	\$ 633,977	\$ 34,926	\$ 27,239	\$ 696,142
Payroll taxes and employee benefits	98,261	4,642	20,350	123,253	99,387	9,944	3,573	112,904
<b>TOTAL SALARIES &amp; RELATED EXPENSES</b>	<b>708,008</b>	<b>30,139</b>	<b>150,007</b>	<b>888,154</b>	<b>733,364</b>	<b>44,870</b>	<b>30,812</b>	<b>809,046</b>
<b>OTHER EXPENSES</b>								
Advertising	10,246	3,000	900	14,146	13,348	91	980	14,419
Bank charges	1,475	1,441	382	3,298	1,849	82	533	2,464
Computer expense	54,488	699	2,117	57,304	48,075	287	2,398	50,760
Depreciation and amortization	49,774	-	-	49,774	49,194	487	-	49,681
Donated materials and supplies	33,383	-	-	33,383	4,794	-	-	4,794
Donated professional services	163,855	-	-	163,855	35,043	-	-	35,043
Dues & Subscriptions	6,709	333	2,137	9,179	7,082	536	346	7,964
Event costs	115	-	8,540	8,655	30,491	49	1,290	31,830
Gifts and grants	797	89	33	919	1,620	476	38	2,134
Insurance	1,642	698	109	2,449	1,453	64	97	1,614
Interest	-	-	-	-	22	1	1	24
Meetings and conferences	30,071	2,182	1,191	33,444	40,424	4,445	1,337	46,206
Miscellaneous	1,214	733	4,236	6,183	1,596	1,117	256	2,969
Occupancy	30,286	1,069	5,026	36,381	29,219	1,299	1,948	32,466
Postage	3,190	370	2,047	5,607	5,433	287	246	5,966
Printing and publications	6,621	541	5,928	13,090	20,834	845	4,759	26,438
Professional fees and outside services	130,248	22,148	28,135	180,531	158,714	26,299	22,103	207,116
Programs and Productions	127	-	9,235	9,362	11,782	-	2,794	14,576
Supplies and materials	11,419	2,403	4,206	18,028	16,870	1,122	1,106	19,098
Telephone	11,677	513	768	12,958	11,608	511	766	12,885
Travel and vehicle	28,891	3,895	4,625	37,411	20,846	1,973	3,667	26,486
<b>TOTAL OTHER EXPENSES</b>	<b>576,228</b>	<b>40,114</b>	<b>79,615</b>	<b>695,957</b>	<b>510,297</b>	<b>39,971</b>	<b>44,665</b>	<b>594,933</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,284,236</b>	<b>\$ 70,253</b>	<b>\$ 229,622</b>	<b>\$ 1,584,111</b>	<b>\$ 1,243,661</b>	<b>\$ 84,841</b>	<b>\$ 75,477</b>	<b>\$ 1,403,979</b>

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

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

Beyond Celiac is a nonprofit organization founded in June 2003 by business professionals and lay people concerned with the appalling rate of celiac disease in the United States and the extended period of time to gain a correct diagnosis. Beyond Celiac was formed specifically to combat these problems by helping the medical profession and the general public understand celiac disease and take basic steps to alleviate its impact.

Beyond Celiac's mission is to advance widespread understanding of celiac disease as a serious genetic autoimmune condition and secure early diagnosis and effective management for those on a lifelong gluten-free diet. Beyond Celiac empowers the community to live life to the fullest and serves as a leading and trusted resource that inspires hope, accelerates innovation, and forges pathways to a cure.

Beyond Celiac's primary sources of revenue are donations, grants, sponsorship and program revenues generated by educating the foodservice industry to understand and meet the needs of those maintaining a gluten-free diet and through their premier Gluten-Free Certification Program (GFCP), an auditing process designed to protect consumers with gluten-related disorders by confirming that a food, drink or supplement meets strict standards for gluten-free safety.

Beyond Celiac advocates for access to high quality healthcare, along with gluten-free food and drug safety standards and provides resources to the foodservice industry, healthcare providers, and regulatory agencies.

Beyond Celiac is an active contributor to the expanding world of celiac disease research through activities such as surveys, focus groups, data analysis, promoting calls for study participants and collaborating with leading US research institutions.

Beyond Celiac is treated as an exempt foundation under Section 501(c)(3) of the Internal Revenue Code.

#### 1 Summary of Significant Accounting Policies

The significant accounting policies followed by Beyond Celiac are described below to enhance the usefulness of the financial statements to the reader.

**Accrual Basis** - The financial statements of Beyond Celiac have been prepared on the accrual basis.

**Fixed Assets** - Fixed assets are reported at cost or at the estimated value at the date of gift, if donated. Beyond Celiac's policy is to capitalize major equipment purchases with a unit cost of \$1,000 or more. Depreciation is computed on a straight-line basis over the estimated useful lives. Estimated useful life for equipment is 5 years.

**Cash** - For the *Statement of Cash Flows*, Beyond Celiac includes cash on deposit, cash on hand, and money market funds.



## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

##### 1 Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Accounts Receivable are presented at face value, net of allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against expense and is maintained at a level believed by management to be adequate to absorb estimated bad debts based on current economic conditions.

Pledges Receivable - These amounts, less an appropriate allowance, are reported at their present value.

In-Kind Gifts - Beyond Celiac's policy is to report in-kind gifts at their current fair value.

Contributions - Beyond Celiac records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are reported at the fair value of the assets received and are classified as either permanently restricted, temporarily restricted, or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets.

Beyond Celiac reports gifts of long lived assets as temporarily restricted support based on their net present value.

Permanently Restricted - Permanently restricted funds represent gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or for a specified period, with only the income to be utilized.

Temporarily Restricted - Beyond Celiac reports gifts as 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - Beyond Celiac adopted the accounting standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for Beyond Celiac. Beyond Celiac is no longer subject to federal and state tax examinations for the years prior to 2014.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

##### 1 Summary of Significant Accounting Policies (Continued)

Advertising - Beyond Celiac follows the policy of charging the costs of advertising to expense as incurred.

Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

*Level 1* - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level 2* - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument. Alternative investments' fair value are based on their net asset value per unit as reported by their managers.

*Level 3* - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

*Market approach* - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

*Cost approach* - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

*Income approach* - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

##### 2 Concentration of Risk

Beyond Celiac maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. Beyond Celiac has not experienced any losses in such accounts. Management believes Beyond Celiac is not exposed to any significant credit risk related to cash and cash equivalents.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

#### 3 Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities.

The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses and donor restrictions. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of Beyond Celiac's financial statements, it is not expected to alter Beyond Celiac's reported financial position.

#### 4 Investments

The fair value of investments as of October 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Equities	\$ 1,834,442	\$ 1,116,429
Fixed income bond funds	916,261	-
Real estate investment trusts	95,710	182,534
Money market funds	74,707	1,063,219
Mutual funds	30,157	9,131
Corporate bonds	-	278,423
U.S. treasuries	-	154,246
Agency securities	-	151,970
Convertible bonds	-	54,393
	<u>\$ 2,951,277</u>	<u>\$ 3,010,345</u>

Investment income (loss) consists of the following:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 63,410	\$ 71,769
Gain (loss) on investments	342,131	(120,439)
Investment management fees	(17,120)	(26,389)
	<u>\$ 388,421</u>	<u>\$ (75,059)</u>

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

#### 4 Investments (Continued)

Investments included \$1,794,520 and \$1,722,964 of endowment assets as of October 31, 2017 and 2016, respectively.

#### 5 Pledges Receivable

Beyond Celiac received gifts in the form of pledges receivable. As of October 31, 2017 and 2016, total pledges receivable were \$576,000 and \$27,000, respectively. The pledges receivable have been reported at their net present value utilizing a discount rate of 3%. Management expects that all pledges will be collected in full over the next two years.

Pledges receivable are expected to be collected as follows:

2018	\$ 226,000
2019	225,000
2020	<u>125,000</u>
	576,000
Less present value adjustment	<u>(13,729)</u>
	<u>\$ 562,271</u>

#### 6 Other Assets

Beyond Celiac purchased equipment and incurred design fees during the years ended October 31, 2017 and 2016, to launch its Research Engagement Platform and Patient Registry. Total accumulated costs related to the Engagement Platform and Patient Registry totaled \$201,199 and \$33,609 as of October 31, 2017 and 2016. Beyond Celiac has not yet put the Engagement Platform and Patient Registry into service, and therefore costs have not yet begun to amortize. Beyond Celiac also invested in producing a public service announcement, whose total costs, net of accumulated amortization were \$-0- and \$49,192 as of October 31, 2017 and 2016. These costs are included in *Prepaid Expenses and Other Assets* on the Statements of Financial Position.

#### 7 Fixed Assets

Fixed assets consist of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 14,960	\$ 14,960
Less: accumulated depreciation	<u>(14,081)</u>	<u>(13,495)</u>
	<u>\$ 879</u>	<u>\$ 1,465</u>

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

7 Fixed Assets (Continued)

Depreciation expense was \$586 and \$487 for the years ended October 31, 2017 and 2016, respectively.

8 Fair Value Measurements

The following tables set forth by level, within the fair value hierarchy, Beyond Celiac's assets at fair value as of October 31, 2017 and 2016.

Assets at Fair Values as of October 31, 2017				
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,834,442	\$ -	\$ -	\$ 1,834,442
Fixed income bond funds	916,261	-	-	916,261
Real estate investment trusts	-	95,710	-	95,710
Money market funds	74,707	-	-	74,707
Mutual funds	30,157	-	-	30,157
Pledges receivable	-	562,271	-	562,271
	\$ 2,855,567	\$ 657,981	\$ -	\$ 3,513,548

Assets at Fair Values as of October 31, 2016				
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,116,429	\$ -	\$ -	\$ 1,116,429
Money market funds	1,063,219	-	-	1,063,219
Corporate bonds	278,423	-	-	278,423
U.S. treasuries	154,246	-	-	154,246
Real estate investment trusts	-	182,534	-	182,534
Agency securities	151,970	-	-	151,970
Convertible bonds	54,393	-	-	54,393
Mutual funds	9,131	-	-	9,131
Pledges receivable	-	26,971	-	26,971
	\$ 2,827,811	\$ 209,505	\$ -	\$ 3,037,316

9 Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of October 31, 2017 and 2016:

	2017	2016
Operations	\$ 577,271	\$ 56,971

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

10 Satisfaction of Restriction

Temporarily restricted net assets were reduced by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors.

	<u>2017</u>	<u>2016</u>
Program Restriction		
Operations	<u>\$ 41,000</u>	<u>\$ 2,000</u>

11 Endowment Funds

Beyond Celiac's endowment consists of an individual donor-restricted fund established to support Beyond Celiac's general operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor imposed restrictions or Pennsylvania Law. The Board of Directors have elected to follow the special provision of Pennsylvania Law which provides that all investment income of the endowment fund be added to the fund, or in the case of depreciation, subtracted from the fund. Pennsylvania Law requires Beyond Celiac to adopt a spending policy. The Law allows the spending of between 2% and 7% of the average market value of the endowment assets for the previous three years. Beyond Celiac has elected a spending policy of 7%.

Beyond Celiac's endowment assets had the following activity for the years ended October 31, 2017 and 2016:

	<u>Permanently Restricted</u>	
	<u>2017</u>	<u>2016</u>
Endowment net assets, November 1	<u>\$ 1,722,964</u>	<u>\$ 1,933,758</u>
Contributions	-	-
Investment (loss) gain	205,065	(74,095)
Endowment transfer	<u>(133,509)</u>	<u>(136,699)</u>
Changes in net assets	<u>71,556</u>	<u>(210,794)</u>
Endowment net assets, October 31	<u>\$ 1,794,520</u>	<u>\$ 1,722,964</u>

Return Objectives and Risk Parameters

Beyond Celiac has adopted investment and spending policies for permanently restricted assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

#### 11 Endowment Funds (Continued)

##### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Beyond Celiac relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Beyond Celiac's current assets allocation for permanently restricted funds is structured to achieve the appropriate level of investment return.

#### 12 Designated Net Assets

Beyond Celiac designated \$847,880 and \$1,010,531 of net assets for transformational growth opportunities and initiatives as of October 31, 2017 and 2016, respectively.

#### 13 Operating Leases

Beyond Celiac rents space on a month-to-month basis. The current monthly rate is \$2,500. The landlord is related to the Executive Director.

#### 14 In-Kind Donations

In-kind donations for the years ended October 31, 2017 and 2016 were:

	<u>2017</u>	<u>2016</u>
Professional Services	\$ 163,855	\$ 35,043
Materials and Supplies	<u>33,383</u>	<u>4,794</u>
	<u>\$ 197,238</u>	<u>\$ 39,837</u>

#### 15 Advertising

Advertising expense was \$14,146 and \$14,419 for the years ended October 31, 2017 and 2016, respectively.

#### 16 Compensated Absences

Employees of Beyond Celiac are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. Beyond Celiac's policy is to recognize the costs of compensated absences when paid to employees.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016

17 Functional Classification of Expenses

The costs of providing program services and supporting services of Beyond Celiac have been summarized on a functional basis in the Statements of Functional Expenses. Costs for salaries and wages, donated facilities, services, and goods, as well as professional fees and outside services have been allocated among the functional categories.

18 Subsequent Event

Beyond Celiac has evaluated all subsequent events through March 27, 2018, the date the financial statements were available to be issued.