

BEYOND CELIAC

REPORT ON AUDIT
OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED
OCTOBER 31, 2020 AND 2019

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 16

INDEPENDENT AUDITOR'S REPORT

February 25, 2021

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, 2020 and 2019, and the related statements of activities, functional expenses 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, 2020 and 2019, 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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 132,021	\$ 176,940
Accounts receivable	95,229	134,664
Investments	2,931,037	2,797,273
Pledges receivable, net	378,674	604,284
Prepaid expenses and other assets	225,834	220,507
Fixed assets, net	<u>2,309</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 3,765,104</u></u>	<u><u>\$ 3,933,668</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 51,401	\$ 20,745
Accrued expenses	47,338	75,230
Research grants payable	149,400	351,000
Deferred revenue	<u>57,083</u>	<u>81,166</u>
Total Liabilities	305,222	528,141
Net Assets		
Without donor restrictions		
Undesignated	420,005	185,819
Designated	<u>916,087</u>	<u>866,832</u>
Total without donor restrictions	1,336,092	1,052,651
With donor restrictions		
Purpose or time restriction	428,507	627,618
Perpetual in nature	<u>1,695,283</u>	<u>1,725,258</u>
Total with donor restrictions	<u>2,123,790</u>	<u>2,352,876</u>
Total Net Assets	<u>3,459,882</u>	<u>3,405,527</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,765,104</u></u>	<u><u>\$ 3,933,668</u></u>

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

BEYOND CELIAC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE						
Donations and fundraising, net event costs of \$95,190 and \$152,203, respectively.	\$ 1,259,363	\$ 60,389	\$ 1,319,752	\$ 1,265,158	\$ 506,259	\$ 1,771,417
In-kind donations	764,034	-	764,034	130,106	-	130,106
Investment income, net	81,263	91,149	172,412	126,359	175,065	301,424
Program revenue	186,702	-	186,702	105,178	-	105,178
Gain on extinguishment of debt - PPP	200,000	-	200,000	-	-	-
Endowment transfer	121,124	(121,124)	-	121,071	(121,071)	-
Satisfaction of restrictions	<u>259,500</u>	<u>(259,500)</u>	<u>-</u>	<u>464,000</u>	<u>(464,000)</u>	<u>-</u>
TOTAL REVENUE	<u>2,871,986</u>	<u>(229,086)</u>	<u>2,642,900</u>	<u>2,211,872</u>	<u>96,253</u>	<u>2,308,125</u>
EXPENSES						
Program	2,219,252	-	2,219,252	1,969,128	-	1,969,128
Management and general	94,162	-	94,162	112,322	-	112,322
Development	<u>275,131</u>	<u>-</u>	<u>275,131</u>	<u>291,591</u>	<u>-</u>	<u>291,591</u>
TOTAL EXPENSES	<u>2,588,545</u>	<u>-</u>	<u>2,588,545</u>	<u>2,373,041</u>	<u>-</u>	<u>2,373,041</u>
INCREASE (DECREASE) IN NET ASSETS	283,441	(229,086)	54,355	(161,169)	96,253	(64,916)
NET ASSETS - Beginning of Year	<u>1,052,651</u>	<u>2,352,876</u>	<u>3,405,527</u>	<u>1,213,820</u>	<u>2,256,623</u>	<u>3,470,443</u>
NET ASSETS - End of Year	<u>\$ 1,336,092</u>	<u>\$ 2,123,790</u>	<u>\$ 3,459,882</u>	<u>\$ 1,052,651</u>	<u>\$ 2,352,876</u>	<u>\$ 3,405,527</u>

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

BEYOND CELIAC

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	2020				2019			
	Program	Management & General	Development	Total Expenses	Program	Management & General	Development	Total Expenses
SALARIES & RELATED EXPENSES								
Salaries	\$ 976,831	\$ 44,100	\$ 121,664	\$ 1,142,595	\$ 623,526	\$ 38,176	\$ 95,704	\$ 757,406
Payroll taxes	75,158	3,026	9,731	87,915	51,842	2,895	7,345	62,082
Employee benefits	49,596	1,517	8,355	59,468	32,750	3,619	3,331	39,700
TOTAL SALARIES & RELATED EXPENSES	1,101,585	48,643	139,750	1,289,978	708,118	44,690	106,380	859,188
OTHER EXPENSES								
Advertising	5,522	-	1,794	7,316	4,788	266	1,968	7,022
Bank charges and other fees	370	278	9,604	10,252	4,336	308	5,807	10,451
Computer and software expenses	58,333	3,589	8,121	70,043	84,170	2,878	2,775	89,823
Depreciation and amortization	57,508	138	462	58,108	47,133	-	-	47,133
Donated materials and services	764,034	-	-	764,034	129,650	-	456	130,106
Dues and subscriptions	3,635	2,122	7,573	13,330	1,771	5,126	12,175	19,072
Gifts and grants	1,035	638	70	1,743	277	2,875	1,176	4,328
Insurance	-	5,450	-	5,450	-	7,333	435	7,768
Interest	-	-	-	-	-	331	-	331
Meetings and conferences	3,301	298	828	4,427	15,667	2,276	3,026	20,969
Miscellaneous	6,328	1,817	2,113	10,258	1,977	2,614	1,163	5,754
Occupancy	11,770	3,662	1,923	17,355	27,741	1,649	4,630	34,020
Postage	1,265	459	6,418	8,142	2,374	786	4,203	7,363
Printing and publications	29,442	-	10,244	39,686	41,282	600	21,210	63,092
Professional fees and outside services	141,787	21,937	75,835	239,559	261,132	25,662	80,224	367,018
Programs and productions	13,892	32	730	14,654	9,905	914	10,998	21,817
Research grants	-	-	-	-	598,800	-	-	598,800
Supplies and materials	778	3,105	2,081	5,964	989	9,986	2,733	13,708
Telephone	6,986	670	1,648	9,304	10,141	563	1,622	12,326
Travel and vehicle	11,681	1,324	5,937	18,942	18,877	3,465	30,610	52,952
TOTAL OTHER EXPENSES	1,117,667	45,519	135,381	1,298,567	1,261,010	67,632	185,211	1,513,853
TOTAL FUNCTIONAL EXPENSES	\$ 2,219,252	\$ 94,162	\$ 275,131	\$ 2,588,545	\$ 1,969,128	\$ 112,322	\$ 291,591	\$ 2,373,041

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

BEYOND CELIAC

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 54,355	\$ (64,916)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	58,108	47,133
Gain on investments	(134,638)	(260,316)
Gain on extinguishment of debt - PPP	(200,000)	-
Changes in operating assets and liabilities		
Decrease (Increase)		
Accounts receivable	39,435	(94,821)
Pledges receivable, net	225,610	(18,925)
Prepaid expenses and other assets	(62,973)	(102,807)
Increase (Decrease)		
Accounts payable	30,656	(48,729)
Accrued expenses	(27,892)	36,044
Research grants payable	(201,600)	351,000
Deferred revenue	(24,083)	43,552
NET CASH USED BY OPERATING ACTIVITIES	<u>(243,022)</u>	<u>(112,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,771)	-
Purchases of investments	(171,315)	(250,087)
Proceeds from sale of investments	172,189	401,140
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(1,897)</u>	<u>151,053</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan - Paycheck Protection Program	200,000	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>200,000</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(44,919)	38,268
CASH AND CASH EQUIVALENTS - Beginning of Year	176,940	138,672
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 132,021</u>	<u>\$ 176,940</u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ 331</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ -</u>

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

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

National Foundation for Celiac Awareness, doing business as Beyond Celiac (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 has expanded its mission and outreach to include supporting scientific research to lead to new therapies and a cure for celiac disease. Included in this expansion is the creation of Go Beyond Celiac, a groundbreaking digital community established to advance research by providing data to fill important gaps in celiac disease research. This program, as well as other initiatives, is led by the organization's Chief Scientific Officer with the support of the Beyond Celiac Scientific Advisory Council (SAC) comprised of leading experts in the field of celiac disease.

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 a 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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

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.

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.

Investments -- Investments are reported at fair value.

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

Revenue Recognition --

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 recorded at the fair market value of the assets received and are classified as either with donor restrictions or without donor restrictions, depending on whether the donor has imposed a restriction on the use of such assets.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Beyond Celiac has entered into contracts with customers with multiple performance obligations, including developing educational material, social media and email engagement, data mining Beyond Celiac's platform registry, and writing and distributing articles. Contracts with a measurable performance barrier or time concern are not recognized until the conditions on which they depend have been met.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Deferred Revenue -- The following table provides information about significant changes in the contract liabilities.

	<u>2020</u>	<u>2019</u>
Balance - November 1st	\$ 81,166	\$ 37,614
Deferred revenue recognized	(81,166)	(37,614)
Cash received in advance of performance	<u>57,083</u>	<u>81,166</u>
Balance - October 31st	<u>\$ 57,083</u>	<u>\$ 81,166</u>

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.

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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurement (Continued)

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).

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets -- Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

Income taxes -- Beyond Celiac is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Beyond Celiac has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. Beyond Celiac has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

2 Liquidity

The table below represents financial assets available for general expenditures within one year at October 31, 2020 and 2019:

Financial assets at year end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 132,021	\$ 176,940
Accounts receivable	95,229	134,664
Investments	2,931,037	2,797,273
Pledges receivable, net	<u>378,674</u>	<u>604,284</u>
Total financial assets	3,536,961	3,713,161
Less amounts not available to be used within one year:		
Donor restricted with liquidity horizons greater than one year	95,674	246,284
Endowment funds with liquidity horizons greater than one year	<u>1,576,474</u>	<u>1,604,134</u>
Total not available to be used within one year	<u>1,672,148</u>	<u>1,850,418</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,864,813</u>	<u>\$ 1,862,743</u>

Beyond Celiac has donor-restricted assets which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets available to meet general expenditures within one year.

Beyond Celiac also has donor-restricted assets which are not available for general expenditure within one year in the normal course of operations. These assets are more fully described in Note 11.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

3 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.

4 Investments

The following tables sets forth by level, within the fair value hierarchy, Beyond Celiac's investment assets at fair value as of October 31, 2020 and 2019, respectively:

	<u>Assets at Fair Values as of October 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,772,448	\$ -	\$ -	\$ 1,772,448
Fixed income bond funds	944,638	-	-	944,638
Real estate investment trusts	-	44,245	-	44,245
Money market funds	110,474	-	-	110,474
Exchange traded funds	59,232	-	-	59,232
	<u>\$ 2,886,792</u>	<u>\$ 44,245</u>	<u>\$ -</u>	<u>\$ 2,931,037</u>

	<u>Assets at Fair Values as of October 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,694,450	\$ -	\$ -	\$ 1,694,450
Fixed income bond funds	917,569	-	-	917,569
Real estate investment trusts	-	91,092	-	91,092
Money market funds	66,076	-	-	66,076
Exchange traded funds	28,086	-	-	28,086
	<u>\$ 2,706,181</u>	<u>\$ 91,092</u>	<u>\$ -</u>	<u>\$ 2,797,273</u>

Investment income (loss) consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 56,978	\$ 61,604
Gain on investments	134,638	260,316
Investment management fees	(19,204)	(20,496)
	<u>\$ 172,412</u>	<u>\$ 301,424</u>

Investments included \$2,611,370 and \$2,592,090 of board designated and perpetual in nature endowment assets as of October 31, 2020 and 2019, respectively.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

5 Pledges Receivable

Beyond Celiac received gifts in the form of pledges receivable. As of October 31, 2020 and 2019, total pledges receivable were \$383,000 and \$616,000, 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:

2021	\$ 283,000
2022	50,000
2023	<u>50,000</u>
	383,000
Less present value adjustment	<u>(4,326)</u>
	<u>\$ 378,674</u>

6 Other Assets

Beyond Celiac purchased equipment and incurred design fees to launch its Go Beyond Celiac Database (the Database). Total accumulated costs related to the Database totaled \$261,543 and \$261,543 as of October 31, 2020 and 2019, respectively. The Database went live during the year ended October 31, 2018. Beyond Celiac has elected to amortize the cost of the Database over five years. Accumulated amortization relating to the Database totaled \$136,719 and \$84,480 as of October 31, 2020 and 2019, respectively.

7 Research Grants Payable

During the year ended October 31, 2019, Beyond Celiac was the recipient of multi-year pledges with purpose restrictions to award research grants. Beyond Celiac awarded multi-year grants during the year ended October 31, 2019. Research grant awards expense totaled \$0 and \$598,800 during the years ended October 31, 2020 and 2019. Research grant payments totaled \$201,600 and \$247,800 during the years ended October 31, 2020 and 2019, respectively. Future payments due under the research grants awarded by Beyond Celiac are conditional on the grantees meeting certain progress conditions and reporting requirements. Management believes the possibility of the grantees not meeting these conditions and requirements are remote. Research grants payable as of October 31, 2020 and 2019 were \$149,400 and \$351,000, respectively.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

8 Fixed Assets

Fixed assets consist of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 17,731	\$ 14,960
Less: accumulated depreciation	<u>(15,422)</u>	<u>(14,960)</u>
	<u>\$ 2,309</u>	<u>\$ -</u>

Depreciation expense was \$462 and \$293 for the years ended October 31, 2020 and 2019, respectively.

9 Gain on Extinguishment of Debt & Paycheck Protection Program Loan

Beyond Celiac received a \$200,000 loan through the U.S. Small Business Administration's Paycheck Protection Program (PPP Loan) on April 20, 2020. The PPP Loan program was authorized as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. Small businesses and eligible not-for-profit organizations were encouraged to apply for the PPP Loan to help retain their current employees and their salary levels during the COVID-19 pandemic. The PPP Loan and accrued interest are eligible to be forgiven if Beyond Celiac maintains its employee count and salary level; and uses the fund for payroll and payroll related costs, interest on mortgages, rent, and utilities; and if 60% of the loan proceeds are used for payroll and payroll related costs.

The terms of the PPP Loan indicate Beyond Celiac must utilize the proceeds for previously mentioned qualifying expenses during a period not to exceed twenty-four weeks from the time the funds were received (April 20, 2020). The PPP Loan agreement also states that Beyond Celiac must repay any unforgiven portion of the PPP Loan principal, plus interest accruing at the rate of 1% per annum, over the course of two years from the date of receipt. In accordance with the CARES Act, all principal and interest payments were deferred for up to ten months.

Beyond Celiac has determined that the PPP Loan represents, in substance, forgivable government assistance and has analogized International Accounting Standard 20 (IAS 20) to record the PPP Loan as a deferred income liability. The AICPA has noted this is an acceptable method in Q&A Section 3200, issued in June, 2020. Beyond Celiac's management estimates that they have met the conditions for forgiveness during the year ended October 31, 2020. Beyond Celiac's management estimates there is reasonable assurance that the PPP loan forgiveness assistance will be received during the year ended October 31, 2021. Accordingly, management has recognized the impact by reducing the deferred PPP Loan forgiveness liability by \$200,000 and recording a gain on extinguishment of debt during the year ended October 31, 2020.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

10 Line of Credit

Beyond Celiac has a \$200,000 line of credit with M&T Bank, which bears annual interest at at rate of LIBOR plus 3.65%. The line of credit is secured by the assets of Beyond Celiac. At October 31, 2020 and 2019, the Center had no outstanding draws on the line of credit.

11 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose or time		
Operations	\$ 309,007	\$ 339,764
Research grants	119,500	287,854
Endowments		
Subject to endowment spending policy	<u>1,695,283</u>	<u>1,725,258</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,123,790</u>	<u>\$ 2,352,876</u>

Net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors:

	<u>2020</u>	<u>2019</u>
Program or Time Restriction Accomplished		
Research grants	\$ 189,500	\$ -
Operations	<u>70,000</u>	<u>464,000</u>
	<u>\$ 259,500</u>	<u>\$ 464,000</u>

12 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. On July 23, 2020, Pennsylvania enacted House Bill 2484, which amended statutes and now includes increased endowment spending provisions related to COVID-19. Prior to enactment, Pennsylvania permitted nonprofit corporations to annually designate for expenditure a minimum of 2% and a maximum of 7% of the three-year average value of the endowment assets. These entities may now designate up to 10% of such three-year average value. The increased expenditure provisions apply only to calendar years 2020-2022 (and fiscal years ending therein). During the fiscal year ended October 31, 2020, Beyond Celiac has elected a spending policy of 7% on donor designated funds.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

12 Endowment Funds (Continued)

Beyond Celiac's endowment assets had the following activity for the years ended October 31, 2020 and 2019:

	<u>Perpetual in Nature</u>	
	<u>2020</u>	<u>2019</u>
Endowment net assets, November 1	<u>\$ 1,725,258</u>	<u>\$ 1,671,264</u>
Investment gain	91,149	175,065
Endowment transfer	<u>(121,124)</u>	<u>(121,071)</u>
Changes in net assets	<u>(29,975)</u>	<u>53,994</u>
Endowment net assets, October 31	<u><u>\$ 1,695,283</u></u>	<u><u>\$ 1,725,258</u></u>

Return Objectives and Risk Parameters

Beyond Celiac has adopted investment and spending policies for perpetual in nature net 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.

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 perpetual in nature funds is structured to achieve the appropriate level of investment return.

13 Designated Net Assets

Beyond Celiac designated \$916,087 and \$866,832 of net assets for transformational growth opportunities and initiatives as of October 31, 2020 and 2019, respectively.

14 Operating Leases

Beyond Celiac rented office space on a month-to-month basis until March 31, 2020. The monthly rate was \$2,500 a month. The landlord is related to the Executive Director. Beyond Celiac was working virtually as of October 31, 2020 and has no office space or other operating lease commitments.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019

15 In-Kind Donations

In-kind donations for the years ended October 31, 2020 and 2019 were:

	<u>2020</u>	<u>2019</u>
Professional Services	\$ 762,009	\$ 93,006
Materials and Supplies	<u>2,025</u>	<u>37,100</u>
	<u>\$ 764,034</u>	<u>\$ 130,106</u>

16 Advertising

Advertising expense was \$7,316 and \$7,022 for the years ended October 31, 2020 and 2019, respectively.

17 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.

18 Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact change in net assets. Other financial impact could occur though such potential impact is unknown at this time.

19 Subsequent Event

Beyond Celiac has evaluated all subsequent events through February 25, 2021, the date the financial statements were available to be issued.