

BEYOND CELIAC

REPORT ON AUDIT
OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED
OCTOBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

March 14, 2023

Board of Directors
Beyond Celiac
Ambler, Pennsylvania

Opinion

We have audited the accompanying financial statements of Beyond Celiac (the Organization) (a nonprofit organization) which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 October 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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.

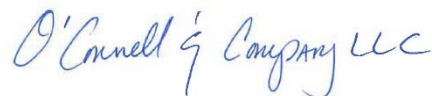
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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, including omissions, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies 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.



O'Connell and Company, LLC

BEYOND CELIAC

STATEMENTS OF FINANCIAL POSITION

OCTOBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 527,295	\$ 359,009
Accounts receivable	195,522	84,678
Investments	3,312,726	4,029,519
Pledges receivable, net	522,248	347,631
Prepaid expenses and other assets	86,714	161,067
Fixed assets, net	<u>1,201</u>	<u>1,755</u>
TOTAL ASSETS	<u>\$ 4,645,706</u>	<u>\$ 4,983,659</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 33,749	\$ 45,320
Accrued expenses	66,472	53,844
Research grants payable	201,200	151,000
Deferred revenue	<u>851,975</u>	<u>521,000</u>
Total Liabilities	1,153,396	771,164
Net Assets		
Without donor restrictions		
Undesignated	590,790	836,847
Designated	<u>932,882</u>	<u>1,131,994</u>
Total without donor restrictions	1,523,672	1,968,841
With donor restrictions		
Purpose or time restriction	509,847	295,630
Perpetual in nature	<u>1,458,791</u>	<u>1,948,024</u>
Total with donor restrictions	<u>1,968,638</u>	<u>2,243,654</u>
Total Net Assets	<u>3,492,310</u>	<u>4,212,495</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,645,706</u>	<u>\$ 4,983,659</u>

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

BEYOND CELIAC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Donations and fundraising, net event costs of \$78,295 and \$7,030, respectively.	\$ 1,518,032	\$ 496,617	\$ 2,014,649	\$ 1,688,261	\$ 199,956	\$ 1,888,217
In-kind donations	782,503	-	782,503	889,236	-	889,236
Investment (loss) income, net	(405,827)	(310,959)	(716,786)	327,098	371,550	698,648
Program revenue	505,293	-	505,293	219,994	-	219,994
Gain on extinguishment of debt	-	-	-	244,771	-	244,771
Endowment transfer	178,274	(178,274)	-	118,809	(118,809)	-
Satisfaction of restrictions	<u>282,400</u>	<u>(282,400)</u>	<u>-</u>	<u>332,833</u>	<u>(332,833)</u>	<u>-</u>
TOTAL REVENUE	<u>2,860,675</u>	<u>(275,016)</u>	<u>2,585,659</u>	<u>3,821,002</u>	<u>119,864</u>	<u>3,940,866</u>
EXPENSES						
Program	2,802,957	-	2,802,957	2,688,447	-	2,688,447
Management and general	138,784	-	138,784	164,782	-	164,782
Development	<u>364,103</u>	<u>-</u>	<u>364,103</u>	<u>335,024</u>	<u>-</u>	<u>335,024</u>
TOTAL EXPENSES	<u>3,305,844</u>	<u>-</u>	<u>3,305,844</u>	<u>3,188,253</u>	<u>-</u>	<u>3,188,253</u>
(DECREASE) INCREASE IN NET ASSETS	(445,169)	(275,016)	(720,185)	632,749	119,864	752,613
NET ASSETS - Beginning of Year	<u>1,968,841</u>	<u>2,243,654</u>	<u>4,212,495</u>	<u>1,336,092</u>	<u>2,123,790</u>	<u>3,459,882</u>
NET ASSETS - End of Year	<u>\$ 1,523,672</u>	<u>\$ 1,968,638</u>	<u>\$ 3,492,310</u>	<u>\$ 1,968,841</u>	<u>\$ 2,243,654</u>	<u>\$ 4,212,495</u>

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

BEYOND CELIAC

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022				2021			
	Program	Management & General	Development	Total Expenses	Program	Management & General	Development	Total Expenses
SALARIES & RELATED EXPENSES								
Salaries	\$ 1,288,923	\$ 48,462	\$ 226,591	\$ 1,563,976	\$ 1,229,594	\$ 48,864	\$ 177,806	\$ 1,456,264
Payroll taxes	85,564	2,451	16,807	104,822	88,886	3,910	13,373	106,169
Employee benefits	42,356	2,792	8,193	53,341	57,856	4,551	12,033	74,440
TOTAL SALARIES & RELATED EXPENSES	1,416,843	53,705	251,591	1,722,139	1,376,336	57,325	203,212	1,636,873
OTHER EXPENSES								
Advertising	9,761	-	333	10,094	3,341	-	1,503	4,844
Bank charges and other fees	225	3,524	16,282	20,031	55	374	7,923	8,352
Computer and software expenses	61,278	1,075	935	63,288	68,924	811	6,759	76,494
Depreciation and amortization	57,509	-	554	58,063	57,509	-	554	58,063
Donated materials and services	782,503	-	-	782,503	889,236	-	-	889,236
Dues and subscriptions	3,695	5,403	16,569	25,667	2,963	4,625	17,599	25,187
Gifts and grants	5,400	2,180	132	7,712	126	904	178	1,208
Insurance	-	8,372	-	8,372	-	7,308	-	7,308
Meetings and conferences	2,472	2,394	2,262	7,128	1,443	1,038	885	3,366
Miscellaneous	506	732	858	2,096	295	1,105	2,117	3,517
Occupancy	-	3,737	-	3,737	-	2,988	-	2,988
Personnel costs	1,485	6,701	567	8,753	15,225	11,074	10,222	36,521
Postage	236	905	3,758	4,899	297	1,139	4,927	6,363
Printing and publications	33,218	-	17,288	50,506	30,411	67	9,585	40,063
Professional fees and outside services	116,569	40,201	39,629	196,399	147,071	68,244	58,185	273,500
Programs and productions	1,651	932	232	2,815	7,367	578	7,424	15,369
Research grants	280,200	-	-	280,200	75,000	-	-	75,000
Supplies and materials	284	4,783	1,220	6,287	2,439	2,570	1,496	6,505
Telephone	5,080	372	822	6,274	7,791	1,000	1,345	10,136
Travel and vehicle	24,042	3,768	11,071	38,881	2,618	3,632	1,110	7,360
TOTAL OTHER EXPENSES	1,386,114	85,079	112,512	1,583,705	1,312,111	107,457	131,812	1,551,380
TOTAL FUNCTIONAL EXPENSES	\$ 2,802,957	\$ 138,784	\$ 364,103	\$ 3,305,844	\$ 2,688,447	\$ 164,782	\$ 335,024	\$ 3,188,253

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

BEYOND CELIAC

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (720,185)	\$ 752,613
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	58,063	58,063
Loss (gain) on investments	825,651	(620,276)
Gain on extinguishment of debt - PPP Loan	-	(244,771)
Changes in operating assets and liabilities		
Decrease (Increase)		
Accounts receivable	(110,844)	10,551
Pledges receivable, net	(174,617)	31,043
Prepaid expenses and other assets	16,844	7,258
(Decrease) Increase		
Accounts payable	(11,571)	(6,081)
Accrued expenses	12,628	6,506
Research grants payable	50,200	1,600
Deferred revenue	330,975	463,917
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>277,144</u>	<u>460,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(147,407)	(521,898)
Proceeds from sale of investments	38,549	43,692
NET CASH USED BY INVESTING ACTIVITIES	<u>(108,858)</u>	<u>(478,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan - Paycheck Protection Program	-	244,771
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>244,771</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	168,286	226,988
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>359,009</u>	<u>132,021</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 527,295</u>	<u>\$ 359,009</u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</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, 2022 AND 2021

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 lack of awareness 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.

The Beyond Celiac mission is to unite patients and partners to drive diagnosis, advance research and accelerate the discovery of new treatments and a cure. Beyond Celiac has the vision of a world in which people with celiac disease can live healthy lives, free from social stigma and fear of gluten exposure - a world Beyond Celiac.

Beyond Celiac is the leading non-profit patient advocacy organization investing globally in celiac disease research towards treatments and a cure. Working with renown national and international research centers, including the University of Oxford and the University of Colorado, as well as with co-sponsoring industry partners such as Janssen, Beyond Celiac funds numerous major multi-year grants to accelerate research in celiac disease and associated disorders to advance treatments beyond the gluten-free diet with a goal of accelerating treatments toward a cure over the next decade.

With the support of our Scientific Advisory Board (SAB), we created *Go Beyond Celiac*, a groundbreaking digital community that advances research by providing data to fill important gaps in celiac disease research and helps position Beyond Celiac as the leading recruitment partner for participation in clinical trials. Through Research Symposia and Research Summits, we have convened researchers, clinicians, government agencies, entrepreneurial drug developers, patient advocacy leaders, private and public health care insurance providers and food and drug representatives to develop a roadmap for research that puts the patient at the center of this work.

The Beyond Celiac primary sources of revenue are donations, grants, sponsorships, memberships, and program revenues. 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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

1 Summary of Significant Accounting Policies (Continued)

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.

Beyond Celiac 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 Beyond Celiac's financial reporting.

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, writing and distributing articles, and performing grant management. Contracts with a measurable performance barrier or time concern are not recognized until the conditions on which they depend have been met.

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

	<u>2022</u>	<u>2021</u>
Balance - November 1st	\$ 521,000	\$ 57,083
Deferred revenue recognized	(521,000)	(57,083)
Cash received in advance of performance	851,975	521,000
Balance - October 31st	<u>\$ 851,975</u>	<u>\$ 521,000</u>

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

1 Summary of Significant Accounting Policies (Continued)

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.

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).

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

1 Summary of Significant Accounting Policies (Continued)

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.

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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

2 Liquidity

The table below represents financial assets available for general expenditures within one year at October 31, 2022 and 2021:

Financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 527,295	\$ 359,009
Accounts receivable	195,522	84,678
Investments	3,312,726	4,029,519
Pledges receivable, net	<u>522,248</u>	<u>347,631</u>
Total financial assets	4,557,791	4,820,837
Less amounts not available to be used within one year:		
Donor restricted with liquidity horizons greater than one year	122,648	145,631
Endowment funds with liquidity horizons greater than one year	<u>1,339,742</u>	<u>1,822,757</u>
Total not available to be used within one year	<u>1,462,390</u>	<u>1,968,388</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,095,401</u>	<u>\$ 2,852,449</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 Notes 12 and 13.

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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

4 Investments

The following tables set forth by level, within the fair value hierarchy, Beyond Celiac's investment assets at fair value as of October 31, 2022 and 2021, respectively:

	Assets at Fair Values as of October 31, 2022			
	Level 1	Level 2	Level 3	Total
Equities	\$ 2,102,393	\$ -	\$ -	\$ 2,102,393
Fixed income bond funds	1,007,027	-	-	1,007,027
Real estate investment trusts	-	45,414	-	45,414
Money market funds	93,894	-	-	93,894
Exchange traded funds	63,998	-	-	63,998
	<u>\$ 3,267,312</u>	<u>\$ 45,414</u>	<u>\$ -</u>	<u>\$ 3,312,726</u>

	Assets at Fair Values as of October 31, 2021			
	Level 1	Level 2	Level 3	Total
Equities	\$ 2,658,113	\$ -	\$ -	\$ 2,658,113
Fixed income bond funds	1,069,132	-	-	1,069,132
Real estate investment trusts	-	60,080	-	60,080
Money market funds	162,396	-	-	162,396
Exchange traded funds	79,798	-	-	79,798
	<u>\$ 3,969,439</u>	<u>\$ 60,080</u>	<u>\$ -</u>	<u>\$ 4,029,519</u>

Investment income consists of the following:

	2022	2021
Dividends and interest	\$ 136,463	\$ 99,041
(Loss) gain on investments	(825,651)	620,276
Investment management fees	(27,598)	(20,669)
	<u>\$ (716,786)</u>	<u>\$ 698,648</u>

Investments included \$2,391,673 and \$3,080,018 of board designated and perpetual in nature endowment assets as of October 31, 2022 and 2021, respectively.

5 Pledges Receivable

Beyond Celiac received gifts in the form of pledges receivable. As of October 31, 2022 and 2021, total pledges receivable were \$526,900 and \$352,000, 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.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

5 Pledges Receivable (Continued)

Pledges receivable are expected to be collected as follows:

2023	\$ 367,200
2024	<u>159,700</u>
	526,900
Less present value adjustment	<u>(4,652)</u>
	<u><u>\$ 522,248</u></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 as of October 31, 2022 and 2021, 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 \$241,199 and \$188,959 as of October 31, 2022 and 2021, respectively.

7 Fixed Assets

Fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 17,731	\$ 17,731
Less: accumulated depreciation	<u>(16,530)</u>	<u>(15,976)</u>
	<u><u>\$ 1,201</u></u>	<u><u>\$ 1,755</u></u>

Depreciation expense was \$554 for the years ended October 31, 2022 and 2021, respectively.

8 Deferred Revenue

Beyond Celiac has committed to managing and co-funding a long-term research project. The research project had not commenced as of October 31, 2022. Beyond Celiac has received funding grants related to this research project from Janssen. Funds received from Janssen in advance of being earned and disbursement by Beyond Celiac are recorded as part of deferred revenue and totaled \$800,000 and \$450,000 as of October 31, 2022 and 2021, respectively. Refer to Footnote 18 - Commitments for further details relating to the joint research funding agreement with Janssen.

BEYOND CELIAC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

9 Research Grants Payable

During the year ended October 31, 2022, 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, 2022. Research grant awards expense totaled \$280,200 and \$75,000 during the years ended October 31, 2022 and 2021. Research grant payments totaled \$225,200 and \$73,400 during the years ended October 31, 2022 and 2021, 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 is remote. Research grants payable as of October 31, 2022 and 2021 were \$201,200 and \$151,000, respectively.

10 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.

Beyond Celiac received a \$244,771 loan through the U.S. Small Business Administration's Second Draw Paycheck Protection Program (PPP Round 2) on February 2, 2021. The PPP Round 2 program was authorized as part of the Consolidated Appropriations Act (the Act), which was signed into law on December 27, 2020. Small businesses and eligible not-for-profit organizations were encouraged to apply for the PPP Round 2 to help retain their current employees and their salary levels during the COVID-19 pandemic. To be eligible, businesses must have received a PPP Loan; have no more than 300 employees; and demonstrate at least 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

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10 Gain on Extinguishment of Debt & Paycheck Protection Program Loan (Continued)

Beyond Celiac has determined that both PPP Loans represent, 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 estimated that they had met the conditions for forgiveness during the year ended October 31, 2021. Beyond Celiac was notified that their second draw of the PPP loan was forgiven on May 25, 2022. Beyond Celiac's management had estimated there was reasonable assurance that the PPP Loan forgiveness assistance would be received during the year ended October 31, 2022. Accordingly, management has recognized the impact by reducing the deferred PPP Loan liability and recording a gain on extinguishment of debt of \$244,771 during the year ended October 31, 2021.

11 Line of Credit

Beyond Celiac has a \$1,000,000 line of credit with M&T Bank, which bears annual interest at a rate of the secured overnight financing rate (SOFR) plus 3.25%. The line of credit is secured by the assets of Beyond Celiac. At October 31, 2022 and 2021, Beyond Celiac had no outstanding draws on the line of credit.

12 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose or time		
Operations	\$ 386,668	\$ 295,630
Research grants	123,179	-
Endowments		
Subject to endowment spending policy	<u>1,458,791</u>	<u>1,948,024</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,968,638</u>	<u>\$ 2,243,654</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>2022</u>	<u>2021</u>
Program or Time Restriction Accomplished		
Operations	\$ 282,400	\$ 213,333
Research grants	<u>-</u>	<u>119,500</u>
	<u>\$ 282,400</u>	<u>\$ 332,833</u>

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13 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 years ended October 31, 2022 and 2021, Beyond Celiac has elected a spending policy of 10% and 7% on donor designated funds, respectively.

Beyond Celiac's endowment assets had the following activity for the years ended October 31, 2022 and 2021:

	<u>Perpetual in Nature</u>	
	<u>2022</u>	<u>2021</u>
Endowment net assets, November 1	<u>\$ 1,948,024</u>	<u>\$ 1,695,283</u>
Investment (loss) gain	(310,959)	371,550
Endowment transfer	<u>(178,274)</u>	<u>(118,809)</u>
Changes in net assets	<u>(489,233)</u>	<u>252,741</u>
Endowment net assets, October 31	<u>\$ 1,458,791</u>	<u>\$ 1,948,024</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.

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14 Designated Net Assets

Beyond Celiac designated \$932,882 and \$1,131,994 of net assets for transformational growth opportunities and initiatives as of October 31, 2022 and 2021, respectively.

15 In-Kind Donations

In-kind donations included \$782,503 and \$889,236 of professional services for the years ended October 31, 2022 and 2021, respectively.

16 Advertising

Advertising expense was \$10,094 and \$4,844 for the years ended October 31, 2022 and 2021, respectively.

17 Employee Benefit Plan

Beyond Celiac has established a 403(b) plan for qualifying employees. Eligible employees may defer a portion of their income to the plan. Beyond Celiac can make discretionary contributions to the plan for the employee's benefit. Beyond Celiac adopted the plan during the year ended October 31, 2022. There were no company contributions made to the plan during the current year.

18 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.

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19 Commitments

During the year ended October 31, 2021, Beyond Celiac committed to providing ongoing start-up funding for the exploration of forming multiple for-profit public benefit partnerships and corporations. The purpose of these entities would be to establish an impact investing fund to make early stage investments in companies working in celiac and related autoimmune diseases. Beyond Celiac has committed to investing at least \$250,000 in the future as a limited partner if the fund is launched and has so far approved spending up to \$293,000 for start-up expenses. Beyond Celiac would have some level of economic interest and management control over these various for-profit entities. These for-profit entities are still in an exploratory phase, and no separate partnership or corporation(s) has been fully established to conduct business as of October 31, 2022. Beyond Celiac estimates that they spent \$44,803 and \$98,095 in initial exploration costs related to these entities during the years ended October 31, 2022 and 2021, respectively. Beyond Celiac anticipates that they would be reimbursed for certain start-up costs by limited partners in the fund if it is fully established in the future. Beyond Celiac has expensed the cost of starting up these entities as required under generally accepted accounting principles.

During the year ended October 31, 2021, Beyond Celiac entered into a joint research funding agreement with Janssen. Janssen has provided Beyond Celiac with \$800,000 to fund celiac research. Beyond Celiac has committed to providing an additional \$800,000 in funding for the research project(s). Beyond Celiac is acting as the grant manager and providing all of the grant management infrastructure at its own cost. Beyond Celiac is responsible for refunding one-half of any unspent funds to Janssen. Beyond Celiac estimates that all of the funds will be awarded in future years, and will recognize Janssen's \$800,000 research grant proportionally when grants awards are committed, consistent with Beyond Celiac's revenue recognition policy.

20 Subsequent Event

Beyond Celiac has evaluated all subsequent events through March 14, 2023, the date the financial statements were available to be issued.