

BEYOND CELIAC

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REPORT ON AUDIT  
OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
OCTOBER 31, 2023 AND 2022

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# O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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JENKINTOWN, PA 19046

## INDEPENDENT AUDITOR'S REPORT

February 22, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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.

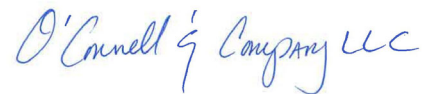
***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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.

A handwritten signature in blue ink that reads "O'Connell & Company LLC". The signature is written in a cursive, flowing style.

O'Connell and Company, LLC

BEYOND CELIAC

STATEMENTS OF FINANCIAL POSITION

OCTOBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 432,284	\$ 527,295
Accounts receivable	133,148	195,522
Investments	3,498,777	3,312,726
Pledges receivable, net	476,047	522,248
Prepaid expenses and other assets	69,255	86,714
Fixed assets, net	<u>646</u>	<u>1,201</u>
TOTAL ASSETS	<u>\$ 4,610,157</u>	<u>\$ 4,645,706</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 70,568	\$ 33,749
Accrued expenses	88,805	66,472
Research grants payable	65,000	201,200
Deferred revenue	<u>614,759</u>	<u>851,975</u>
Total Liabilities	839,132	1,153,396
Net Assets		
Without donor restrictions		
Undesignated	526,112	590,790
Designated	<u>985,175</u>	<u>932,882</u>
Total without donor restrictions	1,511,287	1,523,672
With donor restrictions		
Purpose or time restriction	844,896	509,847
Perpetual in nature	<u>1,414,842</u>	<u>1,458,791</u>
Total with donor restrictions	<u>2,259,738</u>	<u>1,968,638</u>
Total Net Assets	<u>3,771,025</u>	<u>3,492,310</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,610,157</u>	<u>\$ 4,645,706</u>

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

BEYOND CELIAC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Donations and fundraising, net of event costs of \$157,341 and \$78,295, respectively.	\$ 1,145,537	\$ 940,999	\$ 2,086,536	\$ 1,518,032	\$ 496,617	\$ 2,014,649
In-kind donations	738,132	-	738,132	782,503	-	782,503
Investment income (loss), net	141,932	75,100	217,032	(405,827)	(310,959)	(716,786)
Program revenue	566,781	-	566,781	504,326	-	504,326
Other income	319,530	-	319,530	967	-	967
Endowment transfer	119,049	(119,049)	-	178,274	(178,274)	-
Satisfaction of restrictions	605,950	(605,950)	-	282,400	(282,400)	-
TOTAL REVENUE	<u>3,636,911</u>	<u>291,100</u>	<u>3,928,011</u>	<u>2,860,675</u>	<u>(275,016)</u>	<u>2,585,659</u>
EXPENSES						
Program	3,074,563	-	3,074,563	2,802,957	-	2,802,957
Management and general	214,979	-	214,979	138,784	-	138,784
Development	359,754	-	359,754	364,103	-	364,103
TOTAL EXPENSES	<u>3,649,296</u>	<u>-</u>	<u>3,649,296</u>	<u>3,305,844</u>	<u>-</u>	<u>3,305,844</u>
INCREASE (DECREASE) IN NET ASSETS	(12,385)	291,100	278,715	(445,169)	(275,016)	(720,185)
NET ASSETS - Beginning 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>
NET ASSETS - End of Year	<u>\$ 1,511,287</u>	<u>\$ 2,259,738</u>	<u>\$ 3,771,025</u>	<u>\$ 1,523,672</u>	<u>\$ 1,968,638</u>	<u>\$ 3,492,310</u>

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

BEYOND CELIAC

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023				2022			
	Program	Management & General	Development	Total Expenses	Program	Management & General	Development	Total Expenses
SALARIES & RELATED EXPENSES								
Salaries	\$ 1,269,055	\$ 43,887	\$ 217,523	\$ 1,530,465	\$ 1,288,923	\$ 48,462	\$ 226,591	\$ 1,563,976
Payroll taxes	80,025	1,562	15,424	97,011	85,564	2,451	16,807	104,822
Employee benefits	38,970	3,533	8,040	50,543	42,356	2,792	8,193	53,341
TOTAL SALARIES & RELATED EXPENSES	<u>1,388,050</u>	<u>48,982</u>	<u>240,987</u>	<u>1,678,019</u>	<u>1,416,843</u>	<u>53,705</u>	<u>251,591</u>	<u>1,722,139</u>
OTHER EXPENSES								
Advertising	5,016	21	1,798	6,835	9,761	-	333	10,094
Bank charges and other fees	270	150	19,545	19,965	225	3,524	16,282	20,031
Computer and software expenses	60,256	1,086	803	62,145	61,278	1,075	935	63,288
Depreciation and amortization	17,200	-	554	17,754	57,509	-	554	58,063
Donated materials and services	738,132	-	-	738,132	782,503	-	-	782,503
Dues and subscriptions	5,369	4,882	23,004	33,255	3,695	5,403	16,569	25,667
Gifts and grants	6,590	1,592	1,025	9,207	5,400	2,180	132	7,712
Insurance	-	5,926	-	5,926	-	8,372	-	8,372
Interest	-	14,702	-	14,702	-	-	-	-
Meetings and conferences	4,040	605	954	5,599	2,472	2,394	2,262	7,128
Miscellaneous	-	809	18,142	18,951	506	732	858	2,096
Occupancy	-	1,162	-	1,162	-	3,737	-	3,737
Personnel costs	481	5,922	89	6,492	1,485	6,701	567	8,753
Postage	481	495	2,957	3,933	236	905	3,758	4,899
Printing and publications	37,233	-	16,110	53,343	33,218	-	17,288	50,506
Professional fees and outside services	79,662	121,736	2,961	204,359	116,569	40,201	39,629	196,399
Programs and productions	670	273	-	943	1,651	932	232	2,815
Research grants	702,747	-	-	702,747	280,200	-	-	280,200
Supplies and materials	1,828	2,317	554	4,699	284	4,783	1,220	6,287
Telephone	5,200	336	786	6,322	5,080	372	822	6,274
Travel and vehicle	21,338	3,983	29,485	54,806	24,042	3,768	11,071	38,881
TOTAL OTHER EXPENSES	<u>1,686,513</u>	<u>165,997</u>	<u>118,767</u>	<u>1,971,277</u>	<u>1,386,114</u>	<u>85,079</u>	<u>112,512</u>	<u>1,583,705</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,074,563</u>	<u>\$ 214,979</u>	<u>\$ 359,754</u>	<u>\$ 3,649,296</u>	<u>\$ 2,802,957</u>	<u>\$ 138,784</u>	<u>\$ 364,103</u>	<u>\$ 3,305,844</u>

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

BEYOND CELIAC

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 278,715	\$ (720,185)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	17,754	58,063
(Gain) Loss on investments	(126,057)	825,651
Decrease (Increase)		
Accounts receivable	62,374	(110,844)
Pledges receivable, net	46,201	(174,617)
Prepaid expenses and other assets	260	16,844
(Decrease) Increase		
Accounts payable	36,819	(11,571)
Accrued expenses	22,333	12,628
Research grants payable	(136,200)	50,200
Deferred revenue	<u>(237,216)</u>	<u>330,975</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(35,017)</u>	<u>277,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(103,646)	(147,407)
Proceeds from sale of investments	<u>43,652</u>	<u>38,549</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(59,994)</u>	<u>(108,858)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(95,011)	168,286
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>527,295</u>	<u>359,009</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 432,284</u></u>	<u><u>\$ 527,295</u></u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ 14,702</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, 2023 AND 2022

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, 2023 AND 2022

##### 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:

	2023	2022
Balance - November 1st	\$ 851,975	\$ 521,000
Deferred revenue recognized	(851,975)	(521,000)
Cash received in advance of performance	614,759	851,975
Balance - October 31st	<u>\$ 614,759</u>	<u>\$ 851,975</u>

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

##### 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, 2023 AND 2022

##### 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, 2023 AND 2022

## 2 Liquidity

The table below represents financial assets available for general expenditures within one year at October 31, 2023 and 2022:

Financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 432,284	\$ 527,295
Accounts receivable	133,148	195,522
Investments	3,498,777	3,312,726
Pledges receivable, net	<u>476,047</u>	<u>522,248</u>
Total financial assets	4,540,256	4,557,791
Less amounts not available to be used within one year:		
Donor restricted with liquidity horizons greater than one year	191,347	122,648
Endowment funds with liquidity horizons greater than one year	<u>1,302,336</u>	<u>1,339,742</u>
Total not available to be used within one year	<u>1,493,683</u>	<u>1,462,390</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,046,573</u>	<u>\$ 3,095,401</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 11 and 12.

## 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, 2023 AND 2022

#### 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, 2023 and 2022, respectively:

	Assets at Fair Values as of October 31, 2023			
	Level 1	Level 2	Level 3	Total
Equities	\$ 2,167,965	\$ -	\$ -	\$ 2,167,965
Fixed income bond funds	1,113,587	-	-	1,113,587
Real estate investment trusts	-	48,133	-	48,133
Money market funds	113,695	-	-	113,695
Exchange traded funds	55,397	-	-	55,397
	<u>\$ 3,450,644</u>	<u>\$ 48,133</u>	<u>\$ -</u>	<u>\$ 3,498,777</u>

	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>

Investment income consists of the following:

	2023	2022
Dividends and interest	\$ 120,430	\$ 136,463
Gain (loss) on investments	126,057	(825,651)
Investment management fees	(29,455)	(27,598)
	<u>\$ 217,032</u>	<u>\$ (716,786)</u>

Investments included \$2,400,016 and \$2,391,673 of board designated and perpetual in nature endowment assets as of October 31, 2023 and 2022, respectively.

#### 5 Pledges Receivable

Beyond Celiac received gifts in the form of pledges receivable. As of October 31, 2023 and 2022, total pledges receivable were \$484,700 and \$526,900, 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, 2023 AND 2022

5 Pledges Receivable (Continued)

Pledges receivable are expected to be collected as follows:

2024	\$ 284,700
2025	100,000
2026	<u>100,000</u>
	484,700
Less present value adjustment	<u>(8,653)</u>
	<u>\$ 476,047</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, 2023 and 2022, 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 \$253,199 and \$241,199 as of October 31, 2023 and 2022, respectively.

7 Fixed Assets

Fixed assets consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 17,731	\$ 17,731
Less: accumulated depreciation	<u>(17,085)</u>	<u>(16,530)</u>
	<u>\$ 646</u>	<u>\$ 1,201</u>

Depreciation expense was \$554 and \$554 for the years ended October 31, 2023 and 2022, respectively.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

##### 8 Deferred Revenue

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. Beyond Celiac began making payments for research initiatives covered under this agreement during FY2023. 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 \$475,127 and \$800,000 as of October 31, 2023 and 2022, respectively.

##### 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 expenses totaled \$702,747 and \$280,200 during the years ended October 31, 2023 and 2022. Research grant payments totaled \$189,200 and \$225,200 during the years ended October 31, 2023 and 2022, 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, 2023 and 2022 were \$65,000 and \$201,200, respectively.

##### 10 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, 2023 and 2022, Beyond Celiac had no outstanding draws on the line of credit.



## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

#### 11 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose or time		
Operations	\$ 459,480	\$ 386,668
Research grants	385,416	123,179
Endowments		
Subject to endowment spending policy	<u>1,414,842</u>	<u>1,458,791</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,259,738</u>	<u>\$ 1,968,638</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>2023</u>	<u>2022</u>
Program or Time Restriction Accomplished		
Operations	\$ 491,367	\$ 282,400
Research grants	<u>114,583</u>	<u>-</u>
	<u>\$ 605,950</u>	<u>\$ 282,400</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 years ended October 31, 2023 and 2022, Beyond Celiac has elected a spending policy of 7% and 10% on donor designated funds, respectively.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

#### 12 Endowment Funds (Continued)

Beyond Celiac's endowment assets had the following activity for the years ended October 31, 2023 and 2022:

	<u>Perpetual in Nature</u>	
	<u>2023</u>	<u>2022</u>
Endowment net assets, November 1	<u>\$ 1,458,791</u>	<u>\$ 1,948,024</u>
Investment gain (loss)	75,100	(310,959)
Endowment transfer	<u>(119,049)</u>	<u>(178,274)</u>
Changes in net assets	<u>(43,949)</u>	<u>(489,233)</u>
Endowment net assets, October 31	<u><u>\$ 1,414,842</u></u>	<u><u>\$ 1,458,791</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 \$985,175 and \$932,882 of net assets for transformational growth opportunities and initiatives as of October 31, 2023 and 2022, respectively.

#### 14 In-Kind Donations

In-kind donations included \$738,132 and \$782,503 of professional services for the years ended October 31, 2023 and 2022, respectively.

#### 15 Other Income - Employee Retention Credit

Beyond Celiac qualified for the tax credit under the CARES Act. During the year ended October 31, 2023, Beyond Celiac received a refund under the Employee Retention Credit totaling \$330,581 and has recognized the revenue as "Other Income" and the interest in "Investment Income" on the statement of activities.

## BEYOND CELIAC

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

##### 16 Advertising

Advertising expense was \$6,835 and \$10,094 for the years ended October 31, 2023 and 2022, 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.

##### 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, 2023. Beyond Celiac estimates that they spent \$79,022 and \$44,803 in initial exploration costs related to these entities during the years ended October 31, 2023 and 2022, 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.

##### 20 Subsequent Event

Beyond Celiac has evaluated all subsequent events through February 22, 2024, the date the financial statements were available to be issued.