

Congenital Hyperinsulinism International

Financial Statements

December 31, 2020

(With Summarized Comparative Totals For 2019)



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Congenital Hyperinsulinism International
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December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees of
Congenital Hyperinsulinism International
PO Box 135
Glen Ridge, NJ 07028

Report on Financial Statements

We have audited the accompanying financial statements of Congenital Hyperinsulinism International (a nonprofit organization) ("CHI"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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.

To the Board of Trustees of
Congenital Hyperinsulinism International

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 position of CHI as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the CHI's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nisivoccia LLP

Mt. Arlington, New Jersey
August 11, 2021

Congenital Hyperinsulinism International
Statement of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,060,523	\$ 563,598
Accounts receivable	9,165	5,637
Contributions receivable	12,700	15,850
Prepaid expenses	13,216	2,753
Total current assets	<u>1,095,604</u>	<u>587,838</u>
Development costs, net	<u>1,944</u>	<u>5,278</u>
Total assets	<u>\$ 1,097,548</u>	<u>\$ 593,116</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 10,715	\$ 10,718
Deferred revenue	228,550	
Refundable advance	35,775	
Total current liabilities	<u>275,040</u>	<u>10,718</u>
Net Assets:		
Without donor restrictions	787,047	532,398
With donor restrictions	35,461	50,000
Total net assets	<u>822,508</u>	<u>582,398</u>
Total liabilities and net assets	<u>\$ 1,097,548</u>	<u>\$ 593,116</u>

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Activities
Year Ended December 31, 2020
(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 352,901		\$ 352,901	\$ 120,518
Special events, net	108,688		108,688	121,634
Program income	246,110		246,110	224,080
Other income	108		108	457
In-kind donations	53,400		53,400	
Net assets released from restrictions	14,539	(14,539)		
Total support and revenue	<u>775,746</u>	<u>(14,539)</u>	<u>761,207</u>	<u>466,689</u>
Expenses:				
Program services:				
Awareness	89,946		89,946	84,347
Support	129,636		129,636	142,740
Research	<u>222,551</u>		<u>222,551</u>	<u>211,744</u>
Total program services	442,133		442,133	438,831
Supporting services:				
Management and general	38,964		38,964	24,845
Fundraising	<u>40,000</u>		<u>40,000</u>	<u>30,825</u>
Total supporting services	<u>78,964</u>		<u>78,964</u>	<u>55,670</u>
Total expenses	<u>521,097</u>		<u>521,097</u>	<u>494,501</u>
Change in net assets	254,649	(14,539)	240,110	(27,812)
Net assets, beginning of year	<u>532,398</u>	<u>50,000</u>	<u>582,398</u>	<u>610,210</u>
Net assets, end of year	<u>\$ 787,047</u>	<u>\$ 35,461</u>	<u>\$ 822,508</u>	<u>\$ 582,398</u>

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Functional Expenses
Year Ended December 31, 2020
(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	Program Services				Supporting Services			2020	2019
	Awareness	Support	Research	Total	Management and General	Fundraising	Total		
Salaries	\$ 46,680	\$ 37,453	\$ 90,262	\$ 174,395	\$ 13,259	\$ 19,307	\$ 32,566	\$ 206,961	\$ 174,886
Payroll taxes and benefits	4,037	3,239	7,806	15,082	1,148	1,669	2,817	17,899	15,254
Total salaries and related benefits	<u>50,717</u>	<u>40,692</u>	<u>98,068</u>	<u>189,477</u>	<u>14,407</u>	<u>20,976</u>	<u>35,383</u>	<u>224,860</u>	<u>190,140</u>
Grants and awards		53,872	40,000	93,872				93,872	137,021
Conferences and meetings	15,305	15,305	7,652	38,262				38,262	82,698
Telecommunications and technology	10,503	10,503	10,503	31,509	2,490	11,970	14,460	45,969	37,082
Professional fees	989	989	989	2,967	10,538	2,966	13,504	16,471	16,317
Travel	4,021	4,021	4,022	12,064				12,064	4,154
Program costs and materials	4,586	504	8,817	13,907				13,907	7,550
Occupancy	2,002	2,001	2,002	6,005	704	925	1,629	7,634	7,522
Insurance	409	382	538	1,329	854	871	1,725	3,054	346
Printing and postage	142	142	142	426	426	426	852	1,278	2,660
Office supplies and expense	561	516	774	1,851	1,062	1,142	2,204	4,055	1,432
Dues and subscriptions	497	496	497	1,490	83	83	166	1,656	2,245
Bank and merchant fees	214	213	213	640		641	641	1,281	2,001
In-kind donations			45,000	45,000	8,400		8,400	53,400	
Total expenses before amortization	<u>89,946</u>	<u>129,636</u>	<u>219,217</u>	<u>438,799</u>	<u>38,964</u>	<u>40,000</u>	<u>78,964</u>	<u>517,763</u>	<u>491,168</u>
Amortization expense			3,334	3,334				3,334	3,333
Total expense	<u>\$ 89,946</u>	<u>\$ 129,636</u>	<u>\$ 222,551</u>	<u>\$ 442,133</u>	<u>\$ 38,964</u>	<u>\$ 40,000</u>	<u>\$ 78,964</u>	<u>\$ 521,097</u>	<u>\$ 494,501</u>

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 240,110	\$ (27,812)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	3,334	3,333
Changes in operating assets and liabilities:		
Accounts receivable	6,685	(5,637)
Contributions receivable	(9,947)	34,150
Prepaid expenses	(7,579)	(2,753)
Accounts payable and accrued expenses	(3)	2,484
Deferred revenue	228,550	
Refundable advance	35,775	
Net cash provided by operating activities	<u>496,925</u>	<u>3,765</u>
Increase in cash	496,925	3,765
Cash, beginning of year	<u>563,598</u>	<u>559,833</u>
Cash, end of year	<u>\$ 1,060,523</u>	<u>\$ 563,598</u>
<u>Supplemental Disclosure of Non-Cash Information</u>		
In-Kind Donations	<u>\$ 53,400</u>	<u>\$ -</u>

See Notes to Financial Statements

1. Nature of Activities

Congenital Hyperinsulinism International (“CHI”) is a nonprofit 501(c)(3) corporation dedicated to improving the lives of babies, children, and adults affected by congenital hyperinsulinism (HI). CHI is a life-threatening genetic disorder that causes severe low blood sugar (hypoglycemia) in infants and children. For those with HI, the beta cells of the pancreas secrete too much insulin in an unregulated manner. Excess insulin causes hypoglycemia. Prolonged or severe hypoglycemia can cause seizures, permanent brain damage, or even death, if left untreated. Good prognosis requires timely diagnosis.

CHI increases awareness of HI to improve timely diagnosis, among the public and medical personnel who have a direct opportunity to detect it, to decrease adverse neurological outcomes and death. To that end, CHI spreads awareness of HI with ongoing campaigns on social media, the CHI website and blog, CHI posters in 23 languages, CHI brochures, through direct mail and email, and at meetings and conferences. CHI provides educational resources and holds conferences and meetings on HI for patients, families, medical professionals, school personnel, and rare disease industry members.

CHI supports research and development to better understand, treat, manage, and hopefully cure HI. CHI shares the patient perspective with researchers and members of the biopharmaceutical industry to encourage the development of patient-centered treatments. CHI is a part of the Million Dollar Bike Ride grant program with the University of Pennsylvania’s Center for Orphan Diseases; a pilot research grant is offered each year for an innovative, preclinical or clinical study with the potential to lead to a better HI treatment, a cure for HI, or improvement in the quality of life for those affected by HI. CHI also administers a one-time hyperinsulinism hyperammonemia (HIHA) pilot grant for an innovative, preclinical study that has the potential to lead to a better HIHA treatment, a cure for HIHA, or improved quality of life to those affected by HIHA.

CHI conducts the HI Global Registry (HIGR) research project. HIGR provides a convenient online platform for the HI patient community to share their experiences of living with HI. By participating in the HIGR, the patient community helps themselves and researchers better understand HI to advance better treatments, a potential cure, and more timely and accurate diagnoses.

In 2020, CHI launched the Collaborative Research Network, after receiving a Rare As One Grant from the Chan Zuckerberg Initiative to create a prioritized research agenda for the development of faster and more accurate diagnoses, new evidence-based treatments and cures, standardized clinical guidelines, and increased and improved access to treatment, medication, devices, and supplies. This ambitious project includes seven working groups focused on different aspects of the agenda, comprised of 57 leading researchers, clinicians, and patient advocates from 16 countries.

In 2020, after receiving a Rare Patient Impact Grant from Global Genes, CHI launched the CHI Centers of Excellence designation application process to recognize multi-disciplinary clinical and research centers in the field of congenital hyperinsulinism.

In 2021, six centers were granted the Centers of Excellence designation. The goals of this program are to make it easier for patient families to access care at leading hospitals, encourage patient-focused standards at the leading hospitals, foster a pipeline of expert clinicians and researchers, and to encourage collaboration among researchers, clinicians, and patient leaders and advocates.

CHI advocates on behalf of HI families all over the world for access to quality treatment, medication, and supplies. CHI provides opportunities for affected families to emotionally support each other because the home care medical management of HI is often complicated and difficult. CHI offers online forums, and CHI staff and volunteers are available by telephone, online and in-person for support. CHI establishes funds at hospitals to support families from out of town who must travel to centers of excellence for patient care. CHI covers the cost of genetic testing for HI for any patient suspected of having the disease who otherwise cannot afford genetic testing. The testing is conducted by a leading genetics lab at the University of Exeter in the UK.

The COVID-19 pandemic has presented CHI with unprecedented challenges as well as unexpected opportunities. Beginning in March 2020, the CHI staff began to work from home. The CHI staff already had a key member of the staff working offsite, as well as all CHI consultants, so the transition to working fully virtually was an easy one for the CHI staff. CHI was able to shift all of its larger in-person meetings and conferences to a virtual format. CHI held two major international conferences, one focused on support, and the second on research. Meeting and conference participation increased three-fold because physical barriers to attending were removed. CHI also held its annual awareness building and fundraising event of the year virtually. CHI was able to continue work on the HI Global Registry, the Centers of Excellence launch, and the Collaborative Research Network, and all its support and awareness programs without any major changes to content or schedule.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by CHI in the preparation of the accompanying financial statements is set forth below:

Accounting Method

The financial statements of CHI are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

CHI prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made, and Presentation of Financial Statements of Not-for-Profit Entities*. *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how CHI manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires CHI to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions are resources representing the portion of expendable funds available for support of CHI's programs and activities. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net Assets with Donor Restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CHI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. CHI had net assets with donor restrictions of \$35,461 and \$50,000 at December 31, 2020 and 2019, respectively.

Revenue and Support Recognition

CHI recognizes revenue from program income when the services are provided. The performance obligation consists of hosting annual meetings and global conferences to spread awareness of congenital hyperinsulinism and provide resources to those affected in the form of program income. CHI records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place.

CHI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met.

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2020 and 2019

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u>\$ 384,465</u>	<u>\$ 391,937</u>

Revenue from performance obligations satisfied at a point in time is related to awareness raising services in the form of program income.

Accounts and Contributions Receivable and Provision for Uncollectible Accounts

Accounts and contributions receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for uncollectible accounts established as of December 31, 2020 and 2019, as management deemed all accounts and contributions receivable to be collectible as of the date of the financial statements.

Development Costs

In accordance with FASB ASC, *Intangibles - Goodwill and Other - Internal-Use Software*, internal and external costs incurred during the application development stage to develop computer software solely to meet CHI's internal needs are capitalized. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software.

Income Taxes

CHI is an organization described under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is therefore exempt from federal income taxes under Section 501(a) of the Code. CHI is also exempt under similar various state tax provisions. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements. CHI follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

CHI does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2020. However, CHI is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. CHI believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. As required by law, CHI files informational returns with the United States federal and various state jurisdictions on an annual basis. These returns are subject to examination by these authorities within certain statutorily defined periods established by the respective jurisdictions.

Fundraising Expense – Special Events

It is CHI's policy to net direct fundraising expense related to special events with special event revenue. Direct fundraising expense for the years ended December 31, 2020 and 2019 was \$29,667 and \$46,223, respectively.

Fair Value Measurements

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Cash, accounts receivable, contributions receivable, prepaid expenses, and accounts payable and accrued expenses The carrying amounts approximate fair value because of the short-term maturity of these instruments.

Refundable advance: The Paycheck Protection Program advance, a government grant which may be forgiven or converted to a loan at a future point in time and which imputed interest does not apply, is carried at cost. However, management believes CHI will receive full forgiveness of the Paycheck Protection Program advance and, therefore, CHI has determined it approximates fair value.

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2020 and 2019

Contributed Services

CHI recognizes contributed services at their fair value if the services have value to CHI and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. If these criteria are met, the related amounts are reported as both in-kind contribution revenue and expense in the statement of activities. Volunteers (including the Board of Trustees) make significant contributions of time relative to general management and operations of CHI. The value of this contributed time is not reflected in these financial statements since it does not meet criteria for recognition under U.S. generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Expenses are charged to programs based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on estimates made by management. Program costs are those related to awareness, support and research.

Management and general expenses relate to administrative expenses associated with those programs and are allocated based on salary costs, infrastructure costs, and other methods considered by management to be reasonable. The expenses that are allocated include salaries and wages, payroll taxes and employee benefits, occupancy, professional fees, office supplies and expense, telephone and technology, travel, insurance, dues and subscriptions, and bank and merchant fees, which are allocated on the basis of estimates of time, effort and usage. Program costs and materials are allocated on a direct program basis.

Donated Services

Donated services have been reported as in-kind revenue and expense on the statements of activities and functional expenses. There were no donated services for the year ended December 31, 2019. Donated services for the year ended December 31, 2020 is comprised of the following:

	<u>2020</u>
Professional services	\$ 8,400
Research services	<u>45,000</u>
	<u>\$ 53,400</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that CHI's estimates may change in the near term.

Deferred Revenue

Deferred revenue consists of amounts received in advance for services to be performed which will be recognized as income in future periods when the services are performed. As of December 31, 2020, deferred revenue amounted to \$228,550.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of the adoption of this guidance on CHI's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The FASB ASU requires nonprofits to present contributed nonfinancial assets as separate line items in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this ASU will have on its financial statements.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2020 through the date of the independent auditor's report and the date the financial statements were available to be issued, August 11, 2021. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Development Costs

CHI has intangible assets comprised of development costs totaling \$10,000 for the Natural Histories Patient Registry Platform known as the IAMRARE Registry Platform, managed by the National Organization for Rare Disorders (NORD).

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CHI is the sponsor of the HI Global Registry which sits on the IAMRARE Registry Platform. The purpose of the HI Global Registry is to collect patient-reported data to better define the natural progression of congenital hyperinsulinism to drive new research for better treatments and a cure. Amortization expense for the years ended December 31, 2020 and 2019 amounted to \$3,334 and \$3,333, respectively. Amortization in future years is \$1,944 for the year ending December 31, 2021.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of net assets restricted for an HIHA pilot grant and a grant from Global Genes for the Centers of Excellence Program at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Congenital Hyperinsulinism/Hyperammonemia	\$ 35,000	\$ 35,000
Centers of Excellence Program	461	15,000
	<u>\$ 35,461</u>	<u>\$ 50,000</u>

The sources of net assets released from donor restrictions by incurring expenses that satisfy the specified purpose restrictions placed by donors during the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Congenital Hyperinsulinism/Hyperammonemia		\$ 39,616
Centers of Excellence Program	\$ 14,539	
	<u>\$ 14,539</u>	<u>\$ 39,616</u>

5. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of the following:

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,060,523	\$ 563,598
Accounts receivable	9,165	5,637
Contributions receivable	12,700	15,850
Total financial assets	<u>1,082,388</u>	<u>585,085</u>
Less those unavailable for general expenditures within one year, due to Contractual or donor-imposed restrictions:		
Restricted by donor for:		
Congenital Hyperinsulinism/Hyperammonemia	(35,000)	(35,000)
Global Genes Center of Excellence Program	<u>(461)</u>	<u>(15,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,046,927</u>	<u>\$ 535,085</u>

CHI has financial assets on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$90,000. In addition to these financial assets, a significant portion of CHI's annual expenditures will be funded by current year's operating revenues and support. CHI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

6. Operating Lease

Beginning in April 2018, CHI rents office space on a month to month basis. Rent expense for the years ended December 31, 2020 and 2019 amounted to \$7,634 and \$7,522, respectively.

7. Concentrations of Credit Risk and Funding Sources

CHI deposits its cash in accounts with major banking institutions. At times, such amounts may be in excess of FDIC insurance limits. Management believes that CHI has no significant risk of loss on these accounts due to the failure of the institutions. As reflected in the Statement of Activities, CHI receives substantial support from fundraising and contributions from individuals, corporations and foundations. Although no funding source is guaranteed, CHI believes that based upon past history and the continued monitoring of the diverse funding sources by management there is not a significant risk to the agency's funding streams in total.

8. Risks and Uncertainties

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on CHI and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

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December 31, 2020 and 2019

9. Refundable Advance – Paycheck Protection Program

In April 2020, CHI received \$35,775 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, CHI must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. CHI has accounted for the PPP funding as a conditional contribution in the financial statements by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized only when conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The PPP funding of \$35,775 is recognized as a refundable advance as of December 31, 2020, as the conditions have not been met. In June 2021, CHI has received full forgiveness of the PPP funding.