

Congenital Hyperinsulinism International

Financial Statements

December 31, 2021

(With Summarized Comparative Totals For 2020)



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Congenital Hyperinsulinism International
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December 31, 2021 and 2020

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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 the Audit of the Financial Statements

Opinion

We have audited the financial statements of Congenital Hyperinsulinism International (a nonprofit organization) ("CHI"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CHI as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CHI 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.

To the Board of Trustees of
Congenital Hyperinsulinism International

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 Congenital Hyperinsulinism International's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. 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 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 GAAS, 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 CHI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used 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 CHI'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.

To the Board of Trustees of
Congenital Hyperinsulinism International

Report on Summarized Comparative Information

We have previously audited the CHI's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nisiroccia LLP

Mt. Arlington, New Jersey
August 15, 2022

Congenital Hyperinsulinism International
Statement of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,093,945	\$ 1,060,523
Accounts receivable	11,576	9,165
Contributions receivable	68,226	12,700
Prepaid expenses	3,954	13,216
Total current assets	<u>1,177,701</u>	<u>1,095,604</u>
Development costs, net		1,944
Total assets	<u>\$ 1,177,701</u>	<u>\$ 1,097,548</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 8,582	\$ 10,715
Deferred revenue		228,550
Refundable advance		35,775
Total current liabilities	<u>8,582</u>	<u>275,040</u>
Net Assets:		
Without donor restrictions	1,134,119	787,047
With donor restrictions	35,000	35,461
Total net assets	<u>1,169,119</u>	<u>822,508</u>
Total liabilities and net assets	<u>\$ 1,177,701</u>	<u>\$ 1,097,548</u>

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Activities
Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 372,751		\$ 372,751	\$ 352,901
Special events, net	120,063		120,063	108,688
Program income	359,850		359,850	246,110
Other income				108
In-kind donations	3,046		3,046	53,400
Governmental grant - PPP	35,775		35,775	
Net assets released from restrictions	461	\$ (461)		
Total support and revenue	<u>891,946</u>	<u>(461)</u>	<u>891,485</u>	<u>761,207</u>
Expenses:				
Program services:				
Awareness	99,994		99,994	89,946
Support	126,752		126,752	129,636
Research	235,454		235,454	222,551
Total program services	<u>462,200</u>		<u>462,200</u>	<u>442,133</u>
Supporting services:				
Management and general	45,536		45,536	38,964
Fundraising	37,138		37,138	40,000
Total supporting services	<u>82,674</u>		<u>82,674</u>	<u>78,964</u>
Total expenses	<u>544,874</u>		<u>544,874</u>	<u>521,097</u>
Change in net assets	347,072	(461)	346,611	240,110
Net assets, beginning of year	<u>787,047</u>	<u>35,461</u>	<u>822,508</u>	<u>582,398</u>
Net assets, end of year	<u>\$ 1,134,119</u>	<u>\$ 35,000</u>	<u>\$ 1,169,119</u>	<u>\$ 822,508</u>

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Functional Expenses
Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	Program Services				Supporting Services			2021	2020
	Awareness	Support	Research	Total	Management and General	Fundraising	Total		
Salaries	\$ 69,433	\$ 53,678	\$ 149,442	\$ 272,553	\$ 20,249	\$ 22,880	\$ 43,129	\$ 315,682	\$ 206,961
Payroll taxes and benefits	6,079	4,700	13,083	23,862	1,774	2,003	3,777	27,639	17,899
Total salaries and related benefits	75,512	58,378	162,525	296,415	22,023	24,883	46,906	343,321	224,860
Grants and awards		44,471	42,807	87,278				87,278	94,396
Conferences and meetings	13,563	13,563	6,781	33,907				33,907	37,738
Telecommunications and technology	3,285	3,284	3,285	9,854	2,338	4,656	6,994	16,848	45,969
Professional fees	768	768	769	2,305	10,305	2,305	12,610	14,915	16,471
Travel	701	701	700	2,102				2,102	12,064
Program costs and materials	491		10,451	10,942				10,942	13,907
Occupancy	1,934	1,934	1,934	5,802	672	888	1,560	7,362	7,634
Insurance	538	491	780	1,809	1,042	1,051	2,093	3,902	3,054
Legal					4,266		4,266	4,266	
Printing and postage	139	140	139	418	417	417	834	1,252	1,278
Office supplies and expense	495	455	771	1,721	1,095	879	1,974	3,695	4,055
Dues and subscriptions	1,992	1,991	1,992	5,975	332	332	664	6,639	1,656
Bank and merchant fees	576	576	576	1,728		1,727	1,727	3,455	1,281
In-kind donations					3,046		3,046	3,046	53,400
Total expenses before amortization	99,994	126,752	233,510	460,256	45,536	37,138	82,674	542,930	517,763
Amortization expense			1,944	1,944				1,944	3,334
Total expense	\$ 99,994	\$ 126,752	\$ 235,454	\$ 462,200	\$ 45,536	\$ 37,138	\$ 82,674	\$ 544,874	\$ 521,097

See Notes to Financial Statements

Congenital Hyperinsulinism International
Statement of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 346,611	\$ 240,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	1,944	3,334
Governmental grant - PPP	(35,775)	
Changes in operating assets and liabilities:		
Accounts receivable	(2,411)	6,685
Contributions receivable	(55,526)	(9,947)
Prepaid expenses	9,262	(7,579)
Accounts payable and accrued expenses	(2,133)	(3)
Deferred revenue	(228,550)	228,550
Refundable advance		35,775
Net cash provided by operating activities	<u>33,422</u>	<u>496,925</u>
Increase in cash	33,422	496,925
Cash, beginning of year	<u>1,060,523</u>	<u>563,598</u>
Cash, end of year	<u>\$ 1,093,945</u>	<u>\$ 1,060,523</u>
<u>Supplemental Disclosure of Non-Cash Information</u>		
In-Kind Donations	<u>\$ 3,046</u>	<u>\$ 53,400</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). HI is a life-threatening genetic disorder that causes severe low blood sugar (hypoglycemia) in infants and children, though in 50% of patients, the genetic cause is unknown. 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. In 2021 CHI held its first research conference with presentations from academic researchers, members of advocacy organizations, and biotechnology companies.

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. HIGR data is stored on the secure cloud-based IAMRARE™ Platform developed and hosted by the National Organization for Rare Disorders (NORD). 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 2021, CHI continued developing 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 2021, CHI announced the first recipients of the CHI Centers of Excellence Designation. Six centers were granted the Centers of Excellence designation. This project was made possible by a grant from Global Gene received in 2020. 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.

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 \$35,000 and \$35,461 at December 31, 2021 and 2020, 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, 2021 and 2020

Disaggregation of Revenue

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

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	<u>\$ 503,703</u>	<u>\$ 384,465</u>

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

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, 2021 and 2020, 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.

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2021 and 2020

CHI does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2021. 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, 2021 and 2020 was \$23,790 and \$29,667, 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, 2021 and 2020.

Cash, accounts receivable, contributions receivable, prepaid expenses, accounts payable and accrued expenses, and deferred revenue: 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 (See Note 9).

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2021 and 2020

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. Donated services for the year ended December 31, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 3,046	\$ 8,400
Research services		45,000
	<u>\$ 3,046</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, 2021 and 2020, deferred revenue amounted to \$0 and \$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, 2021 through the date of the independent auditor's report and the date the financial statements were available to be issued, August 15, 2022. 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.

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2021 and 2020

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). 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, 2021 and 2020 amounted to \$1,944 and \$3,334, respectively. Development costs were fully amortized at 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Congenital Hyperinsulinism/Hyperammonemia	\$ 35,000	\$ 35,000
Centers of Excellence Program		461
	<u>\$ 35,000</u>	<u>\$ 35,461</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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Centers of Excellence Program	<u>\$ 461</u>	<u>\$ 14,539</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,093,945	\$ 1,060,523
Accounts receivable	11,576	9,165
Contributions receivable	<u>68,226</u>	<u>12,700</u>
Total financial assets	1,173,747	1,082,388
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>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,138,747</u>	<u>\$ 1,046,927</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, 2021 and 2020 amounted to \$7,362 and \$7,634, 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.

Congenital Hyperinsulinism International
Notes to Financial Statements
December 31, 2021 and 2020

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. In June 2021, the Company received forgiveness in the amount of \$35,775, resulting in recognition as revenue in the accompanying financial statements.

The Small Business Administration ("SBA") reserves the right to audit PPP funding forgiveness for six years from the date that forgiveness was awarded.