

USHER 1F COLLABORATIVE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

USHER 1F COLLABORATIVE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Usher 1F Collaborative, Inc.

We have audited the accompanying financial statements of Usher 1F Collaborative, Inc., (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2017, and the related statements of revenues, expenses, and other changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 error or fraud. 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, as well as evaluating the overall presentation of the financial statements.

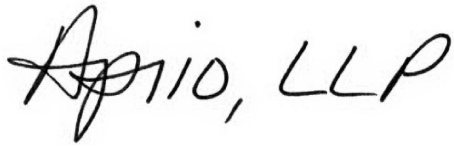
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Usher 1F Collaborative, Inc. as of December 31, 2017, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, stylized font.

Atlanta, Georgia

May 4, 2018

USHER 1F COLLABORATIVE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 351,264
Investments	1,114
Other	<u>3,091</u>
Total assets	<u>\$ 355,469</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	\$ <u>-</u>
<u>Net Assets</u>	
Unrestricted	355,469
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>355,469</u>
Total liabilities and net assets	<u>\$ 355,469</u>

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
STATEMENT OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Contributions	\$ 273,121	\$ -	\$ -	\$ 273,121
Special events, net of related expenses of \$5,615	134,817	-	-	134,817
Grants	<u>17,530</u>	<u>-</u>	<u>-</u>	<u>17,530</u>
Total support and revenues	<u>425,468</u>	<u>-</u>	<u>-</u>	<u>425,468</u>
<u>Expenses:</u>				
Program	413,293	-	-	413,293
General and administrative	26,104	-	-	26,104
Fundraising	<u>603</u>	<u>-</u>	<u>-</u>	<u>603</u>
Total expenses	<u>440,000</u>	<u>-</u>	<u>-</u>	<u>440,000</u>
Decrease in net assets	(14,532)	-	-	(14,532)
Net assets, beginning of year	<u>370,001</u>	<u>-</u>	<u>-</u>	<u>370,001</u>
Net assets, end of year	<u>\$ 355,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,469</u>

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 397,538	\$ -	\$ -	\$ 397,538
Marketing and development	-	16,557	603	17,160
Conference	14,776	-	-	14,776
Professional fees	-	6,839	-	6,839
General and administrative expenses	-	2,708	-	2,708
Other program expenses	<u>979</u>	<u>-</u>	<u>-</u>	<u>979</u>
Total expenses	<u>\$ 413,293</u>	<u>\$ 26,104</u>	<u>\$ 603</u>	<u>\$ 440,000</u>

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Increase (Decrease) in Cash and Cash Equivalents

<u>Cash flows from operating activities</u>	
Decrease in net assets	\$ (14,532)
Adjustments to reconcile increase in net assets to net cash by operating activities:	
In-kind contributions	<u>(1,114)</u>
Net decrease in cash and cash equivalents	(15,646)
Cash and cash equivalents, beginning of year	<u>366,910</u>
Cash and cash equivalents, end of year	<u>\$ 351,264</u>

Supplemental disclosure of non-cash investing and financing activities:

During the year ended December 31, 2017, the Organization received a stock contribution in the amount of \$1,114.

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2017

Note A

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations:

Usher 1F Collaborative, Inc. (the Organization) is a Massachusetts non-profit corporation that was formed in 2013. The Organization's purpose is to fund medical research and find an effective treatment to save or restore the vision of those with Usher Syndrome type 1F. The Organization is supported primarily through contributions from private donations and grant income.

Basis of Accounting:

The accompanying financial statements of Usher 1F Collaborative, Inc. have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized accounts receivable from donors and third-party agencies or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Organization and its purposes.
- Temporarily restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization.
- Permanently restricted net assets are those whose use by the Organization is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of 3 months or less to be cash equivalents.

Revenue Recognition:

Contributions and grants that are unconditional are recognized as revenue when received. The Organization's financial reporting is on a modified cash basis; therefore, no pledges receivable are recorded. Contributions with donor imposed restrictions that limit the use of the donated assets are recognized as restricted support. When a donor-imposed restriction is met or the passage of time expires, temporarily-restricted net assets are reclassified to unrestricted net assets in the accompanying statements of revenues, expenses, and other changes in net assets - modified cash basis as net assets released from restrictions.

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2017

Note A

Summary of Significant Accounting Policies (Continued)

Advertising:

Advertising costs are expensed as incurred. For the year ended December 31, 2017, advertising expense totaled \$303.

Functional Expenses:

Program services are the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission for which the Organization exists. Management and general activities are activities that are not identifiable with a single program, fundraising activity, or membership development activity but that are indispensable to the conduct of those activities and to the Organization's existence. Fundraising activities are activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time.

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of revenues, expenses, and other changes in net assets - modified cash basis. Accordingly, certain costs have been allocated among the programs and services benefited.

Tax Exempt Status:

The Organization is a nonprofit organization exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3).

The Organization filed its initial tax return for the tax year 2014. That return and all subsequent returns filed are subject to income tax examinations.

Note B

Concentrations of Credit Risk

The cash account balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization's cash accounts may exceed federally insured amounts. Management believes that the credit risk to these balances is minimal.

Note C

Investments

Investments are presented in the financial statements at cost and consist of equity securities at December 31, 2017.

Note D

Grant Revenue

The Organization received grants from private foundations during the year ended December 31, 2017, in the amount of \$17,530. All funds received were absent donor-imposed stipulations as to use and are included in unrestricted net assets.

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2017

Note E

Grant Expenditures

To further advance their mission, the Organization partners with research institutions that are working to develop a cure for Usher 1F. During the year ended December 31, 2017, the Organization paid research grants in the amount of \$397,538.

Note F

Related Party Transactions

Board members and their family members made contributions of \$171,274 to the Organization during the year ended December 31, 2017.

Note G

Concentrations

A major contributor is defined as a contributor from which the Organization derives at least 10% of its revenues. For the year ended December 31, 2017, revenues from one major contributor represented approximately 22% of the Organization's revenues.

Note H

Effects of Current Economic Conditions on Contributions

The Organization depends on private donor contributions and grant income for its public support. The ability of certain donors and grantors of the Organization to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Organization's board of directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

Note I

Subsequent Events

Management considered all events through May 4, 2018, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to the statements of financial position date, but prior to the filing of this report, that would have a material impact on the financial statements.