

USHER 1F COLLABORATIVE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, and the related statements of revenues, expenses, and other changes in net assets - 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.

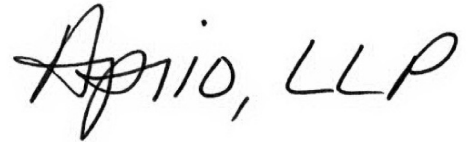
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019, 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, flowing style.

Atlanta, Georgia

March 18, 2020

USHER 1F COLLABORATIVE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2019

ASSETS

Cash	\$ 646,767
Other	<u>96</u>
Total assets	<u>\$ 646,863</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	\$ <u>-</u>
<u>Net Assets</u>	
Without donor restrictions	646,863
With donor restrictions	<u>-</u>
Total net assets	<u>646,863</u>
Total liabilities and net assets	<u>\$ 646,863</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and revenue:</u>			
Contributions	\$ 706,741	\$ -	\$ 706,741
Grants	67,000	-	67,000
Interest	10,473	-	10,473
Total support and revenues	784,214	-	784,214
<u>Expenses:</u>			
Program	401,440	-	401,440
General and administrative	20,719	-	20,719
Fundraising	14,149	-	14,149
Total expenses	436,308	-	436,308
Increase in net assets	347,906	-	347,906
Net assets, beginning of year	298,957	-	298,957
Net assets, end of year	\$ 646,863	\$ -	\$ 646,863

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Cash flows from operating activities</u>	
Increase in net assets	\$ 347,906
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Other assets	<u>3,091</u>
Net cash provided by operating activities	<u>350,997</u>
Net increase in cash	350,997
Cash, beginning of year	<u>295,770</u>
Cash, end of year	<u>\$ 646,767</u>

Supplemental disclosure of non-cash investing and financing activities:

None

See independent auditors' report and accompanying notes

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2019

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.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions in the accompanying statements of revenues, expenses, and other changes in net assets - modified cash basis as net assets released from restrictions.

Advertising:

Advertising costs are expensed when paid. For the year ended December 31, 2019, advertising expense totaled \$423.

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 is no longer subject to income tax examinations prior to 2016.

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.

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2019

Note C

Liquidity and Availability of Resources

At December 31, 2019, the Organization's financial assets available to meet general operating expenditures consists of cash in the amount of \$646,767.

The Organization's primary source of support is contributions. The Organization's primary use of financial assets is grant expenditures. Generally, the Organization awards its research grants in May, spending the subsequent twelve months fundraising. This policy ensures that the Organization will have financial assets available as the commitment to fund grants is made based on contributions previously received.

Note D

Grant Revenue

The Organization received grants from private foundations during the year ended December 31, 2019, in the amount of \$67,000. All funds received were absent donor-imposed stipulations as to use and are included in net assets without donor restrictions.

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, 2019, the Organization paid research grants in the amount of \$375,000.

Note F

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. General and administrative 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.

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 375,000	\$ -	\$ -	\$ 375,000
Marketing and development	-	4,141	12,755	16,896
Research	23,456	-	-	23,456
Professional fees	-	10,085	-	10,085
General and administrative expenses	2,276	6,493	1,394	10,163
Fundraising event expense	<u>708</u>	<u>-</u>	<u>-</u>	<u>708</u>
Total expenses	<u>\$ 401,440</u>	<u>\$ 20,719</u>	<u>\$ 14,149</u>	<u>\$ 436,308</u>

USHER 1F COLLABORATIVE, INC.
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS
DECEMBER 31, 2019

Note G

Related Party Transactions

Board members and their family members made contributions of \$97,448 to the Organization during the year ended December 31, 2019.

Note H

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, 2019, revenues from one major contributor represented approximately 64% of the Organization's revenues.

Note I

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 in 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.

The Organization's ongoing operations may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time

Note J

Subsequent Events

Management considered all events through March 18, 2020, the date the financial statements were available to be issued, in preparing the financial statements and the related disclosures. Other than the events described in Note I, management is not aware of any significant events that occurred subsequent to the statement of financial position date, but prior to the issuance of this report, that would have a material impact on the financial statements.