

*Financial Statements*

**CELIAC DISEASE FOUNDATION**

December 31, 2019



# HENSIEK & CARON

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Celiac Disease Foundation

We have audited the accompanying financial statements of Celiac Disease Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

### *Auditor's 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 of 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 auditor's 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.

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 Celiac Disease Foundation as of December 31, 2019, 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.

*Wenzick & Caron*

Pasadena, CA  
April 15, 2020

**CELIAC DISEASE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**Assets**

Cash and cash equivalents	\$ 1,916,300
Contributions receivable, net of allowance for doubtful accounts of \$0	62,779
Accounts receivable, net of allowance for doubtful accounts of \$0	146,750
Prepaid expenses	9,354
Investment in partnership	72,961
Deposits	3,250
Property and equipment	<u>114,953</u>
<b>Total Assets</b>	<b><u><u>\$ 2,326,347</u></u></b>

**Liabilities**

Accounts payable	\$ 42,219
Accrued salaries	64,761
Unearned revenue	<u>170,683</u>
<b>Total Liabilities</b>	277,663

<b>Net Assets Without Restrictions</b>	<b><u>2,048,684</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 2,326,347</u></u></b>

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

**CELIAC DISEASE FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Support, Revenues and Other Income**

Contributions and grants	\$ 951,680
Annual meeting	63,146
Gifts in kind	349,743
Sponsorships	358,871
Program income	254,500
Interest	112
Other income	(4,489)
Special events, net of direct expenses of \$20,229	<u>15,463</u>

**Total Support, Revenues and Other Income** 1,989,026

**Expenses**

Program expenses	1,647,070
Management and general	76,504
Fundraising	<u>78,942</u>

**Total Expenses** 1,802,516

**Change in Net Assets** 186,510

**Net Assets Without Restrictions, Beginning of Year** 1,862,174

**Net Assets Without Restrictions, End of Year** \$ 2,048,684

**CELIAC DISEASE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash Flows from Operating Activities</b>	
Cash received from donors	\$ 1,019,202
Cash received from service recipients	648,607
Cash paid to suppliers and employees	(1,379,813)
Interest income	112
	<b>Net Cash Provided by Operating Activities</b>
	288,108
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(44,732)
	<b>Net Increase in Cash</b>
	243,376
<b>Cash and Cash Equivalents, Beginning</b>	1,672,924
<b>Cash and Cash Equivalents, Ending</b>	\$ 1,916,300
<b>Reconciliation of the Change in Net Assets</b>	
<b>To Net Cash Provided Operating Activities</b>	
Change in Net Assets	\$ 186,510
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	49,540
Donation of investment in partnership for sponsorship	(40,000)
Loss from partnership	4,489
(Increase) Decrease in:	
Contributions receivable	29,325
Accounts receivable	(800)
Prepaid expenses	(4,924)
Deposits	5,175
Increase (Decrease) in:	
Accounts payable	25,376
Accrued salaries	20,527
Unearned revenue	12,890
	<b>Net Cash Provided by Operating Activities</b>
	\$ 288,108

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

**CELIAC DISEASE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 525,737	\$ 17,923	\$ 53,769	\$ 597,429
Employee benefits	92,167	3,142	9,426	104,735
Payroll taxes	38,103	1,299	3,897	43,299
<b>Total salaries and related benefits</b>	<b>656,007</b>	<b>22,364</b>	<b>67,092</b>	<b>745,463</b>
Education and research	370,200	-	-	370,200
Professional services	207,105	32,937	-	240,042
Program expenses	129,341	-	-	129,341
Meetings and conferences	79,130	8,994	-	88,124
Computer	59,491	-	-	59,491
Occupancy	48,899	2,126	2,126	53,151
Depreciation	42,896	6,644	-	49,540
Supplies	31,522	2,197	1,120	34,839
Bank and merchant fees	17,403	-	-	17,403
Fundraising	-	-	8,604	8,604
Insurance	4,966	1,242	-	6,208
Volunteer	110	-	-	110
<b>Total</b>	<b>\$ 1,647,070</b>	<b>\$ 76,504</b>	<b>\$ 78,942</b>	<b>\$ 1,802,516</b>

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

**CELIAC DISEASE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Organization**

Celiac Disease Foundation ("CDF") was organized in November, 1990. CDF attempts to bring an end to the suffering caused by celiac disease through accelerating diagnosis, discovering treatments, and working toward a cure for celiac disease and non-celiac gluten sensitivity through research, education, and advocacy.

**Public Support and Revenue**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

CDF received non-cash donations of legal fees, website and magazine advertising that meet the above qualifications totaling \$349,743, at December 31, 2019.

**Contributions and Accounts Receivable**

Contributions and accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CDF provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the CDF's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2019 management determined that all receivables were collectible.

**CELIAC DISEASE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 1 – Organization and Summary of Significant Accounting Policies** (continued)

**Property and Equipment**

Property and equipment are stated at cost, except for those assets received as donations, which are stated at fair market value at the date of donation. It is CDF's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided on the straight-line basis over three to twenty-seven years.

Expenditures for maintenance and repairs are charged to expense; betterments and major renewals are capitalized.

**Statement of Cash Flows**

For the purpose of the statement of cash flows, CDF includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

**Income Taxes**

CDF is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). CDF believes that it has no uncertain tax positions that impact its financial statements.

CDF files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Use of Estimates**

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Unearned Revenue**

Unearned revenue represents promotional revenue invoiced in the current year for advertising in the newsletter and the website, and product marketing that is published in the following year. Unearned revenue also includes royalty income from the use of the license of the Foundation's logo.

**CELIAC DISEASE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 2 – Concentration of Credit Risk**

Financial instruments, which potentially subject CDF to concentrations of credit risk, consist of cash and cash equivalents. CDF maintains its cash balances at various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2019, CDF's uninsured cash balances were \$1,453,449.

**Note 3 – Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions.

Financial Assets at December 31, 2019 is comprised of:	
Cash and cash equivalents	\$ 1,916,300
Contributions receivable	62,779
Accounts receivable	<u>146,750</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 2,125,829</u></u>

The Organization is substantially supported by contributions. As part of the Organization liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 4 – Investment in Partnership**

The Organization was granted an interest in a partnership as part of a sponsorship agreement. The partnership is valued at the December 31, 2019 capital balance.

**Note 5 – Property and Equipment**

Property and equipment consists of the following:

Furniture and fixtures	\$ 100,089
Software	6,825
Trademark	21,000
Website	<u>232,412</u>
	360,326
Less accumulated depreciation	<u>245,373</u>
	<u><u>\$ 114,953</u></u>

**CELIAC DISEASE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 6 – Lease Commitments**

The Foundation operates from offices under a noncancelable lease agreement expiring on September 2022. Minimum payments under this operating lease are as follows:

<u>Years ending December 31,</u>	
2020	\$ 49,197
2021	48,474
2022	34,197

Rent expense for the year ended December 31, 2019 was \$48,351.

**Note 7 – Employee Benefit Plan**

CDF established a 403(b) profit sharing plan for qualifying employees that are at least 21 years of age. Eligible employees may defer a portion of their income to the plan. The Foundation may make annual contributions to the 403(b) plan. The Foundation contributed \$17,662 to the plan during the year.

**Note 8 – Subsequent Events**

Subsequent events were evaluated through April 15, 2020, which is the date the financial statements were available to be issued.

**Coronavirus Pandemic**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Foundation's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the ability to raise funds. The future effects of these issues are unknown.