



# Hereditary Disease Foundation

Dedicated to curing Huntington's disease

## **Hereditary Disease Foundation**

Audited Financial Statements

December 31, 2023

# Hereditary Disease Foundation

Audited Financial Statements

December 31, 2023

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## Independent Auditor's Report

To the Board of Directors of  
Hereditary Disease Foundation

### Opinion

We have audited the accompanying financial statements of Hereditary Disease Foundation (the "Organization"), which comprise the statement of financial position as of December 31, 2023, 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 the Organization as of December 31, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's 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 auditor's 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 the Organization'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 the Organization'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sax CPAs LLP*

New York, NY  
November 14, 2024



# Hereditary Disease Foundation

## Statement of Activities

For the Year Ended December 31, 2023  
(With comparative totals for the year ended December 31, 2022)

	With Donor Restrictions					Total 12/31/22
	Without Donor Restrictions	Time and Purpose Restricted	Endowment	Total With Donor Restrictions	Total 12/31/23	
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions	\$ 856,611	\$ 1,019,507	\$ -	\$ 1,019,507	1,876,118	\$ 4,083,702
Special event income (net of expenses with a direct benefit to donors)	211,127	-	-	-	211,127	297,582
Net investment return	613,134	-	1,675,200	1,675,200	2,288,334	(2,347,468)
Interest and dividend income - other	66,441	-	-	-	66,441	25,085
Net assets released from restrictions	2,604,376	(2,155,262)	(449,114)	(2,604,376)	-	-
Total public support and revenue	<u>4,351,689</u>	<u>(1,135,755)</u>	<u>1,226,086</u>	<u>90,331</u>	<u>4,442,020</u>	<u>2,058,901</u>
<b>EXPENSES</b>						
Program services	4,109,088	-	-	-	4,109,088	2,228,336
General and administrative	214,681	-	-	-	214,681	171,655
Fundraising	333,247	-	-	-	333,247	274,539
Total expenses	<u>4,657,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,657,016</u>	<u>2,674,530</u>
<b>Changes in net assets from operations</b>	<u>(305,327)</u>	<u>(1,135,755)</u>	<u>1,226,086</u>	<u>90,331</u>	<u>(214,996)</u>	<u>(615,629)</u>
<b>NON-OPERATING ACTIVITY</b>						
Write off of grants payable	-	-	-	-	-	157,926
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,926</u>
<b>Change in net assets</b>	<u>(305,327)</u>	<u>(1,135,755)</u>	<u>1,226,086</u>	<u>90,331</u>	<u>(214,996)</u>	<u>(457,703)</u>
<b>NET ASSETS, beginning of year</b>	<u>3,430,791</u>	<u>2,944,826</u>	<u>8,982,275</u>	<u>11,927,101</u>	<u>15,357,892</u>	<u>15,815,595</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,125,464</u>	<u>\$ 1,809,071</u>	<u>\$ 10,208,361</u>	<u>\$ 12,017,432</u>	<u>\$ 15,142,896</u>	<u>\$ 15,357,892</u>

The attached notes and auditor's report are an integral part of these financial statements.

# Hereditary Disease Foundation

## Statement of Functional Expenses

For the Year Ended December 31, 2023  
(With comparative totals for the year ended December 31, 2022)

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses 12/31/23</b>	<b>Total Expenses 12/31/22</b>
Salaries	\$ 263,401	\$ 48,352	\$ 76,989	\$ 388,742	\$ 334,500
Employee benefits	79,928	7,051	11,199	98,178	100,671
<b>Total salaries and related expenses</b>	<b>343,329</b>	<b>55,403</b>	<b>88,188</b>	<b>486,920</b>	<b>435,171</b>
Grants	3,497,370	-	-	3,497,370	1,300,361
Workshops, conferences, and events	162,229	184	96,236	258,649	352,485
Occupancy	22,313	4,096	6,522	32,931	32,178
Professional Fees	46,462	134,828	155,951	337,241	429,610
Office supplies	625	9,635	3,199	13,459	17,070
Computer support and maintenance	12,776	4,381	13,661	30,818	22,705
Insurance	5,293	972	1,547	7,812	7,380
Printing, postage and shipping	9,824	2,551	29,044	41,419	55,769
Other	5,067	1,933	877	7,877	2,197
Depreciation and amortization	3,800	698	1,110	5,608	19,604
<b>Total expenses</b>	<b>4,109,088</b>	<b>214,681</b>	<b>396,335</b>	<b>4,720,104</b>	<b>2,674,530</b>
Less: cost of direct benefit to donors netted with revenue	-	-	(63,088)	(63,088)	-
<b>Total expenses</b>	<b>\$ 4,109,088</b>	<b>\$ 214,681</b>	<b>\$ 333,247</b>	<b>\$ 4,657,016</b>	<b>\$ 2,674,530</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# Hereditary Disease Foundation

## Statement of Cash Flows

For the Year Ended December 31, 2023  
(With comparative totals for the year ended December 31, 2022)

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (214,996)	\$ (457,703)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	5,608	19,604
Net realized and unrealized (gain)/loss on investments	(2,059,321)	2,550,281
Changes in assets and liabilities:		
Pledges receivable	(71,623)	(721,967)
Prepaid expenses and other current assets	(22,160)	(10,492)
Accounts payable and accrued expenses	59,089	21,842
Grants payable	1,651,809	(971,345)
Total adjustments	<u>(436,598)</u>	<u>887,923</u>
Net cash (used for) provided by operating activities	<u><b>(651,594)</b></u>	<u><b>430,220</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(3,043,364)	(1,886,724)
Proceeds from sales of investments	2,272,494	2,896,826
Net cash (used for) provided by investing activities	<u><b>(770,870)</b></u>	<u><b>1,010,102</b></u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,422,464)</b>	<b>1,440,322</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>2,741,966</u>	<u>1,301,644</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 1,319,502</b></u>	<u><b>\$ 2,741,966</b></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
No interest or taxes were paid.	<u>\$ -</u>	<u>\$ -</u>

The attached notes and auditor's report are an integral part of these financial statements.



# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 1 - Nature of the Organization

Hereditary Disease Foundation (the "Organization" or "HDF"), with executive offices in New York City, was incorporated in California in 1968. HDF's mission is to fund transformative research to find treatments, and ultimately a cure, for Huntington's disease and other related disorders.

HDF is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

The primary sources of revenue are contributions and investment income.

### Note 2 - Summary of Significant Accounting Policies

#### *a. Basis of Accounting and Presentation*

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statement of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

#### *b. Revenue Recognition*

HDF follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *b. Revenue Recognition - Continued*

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations. Pledges are reviewed for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, no allowance for doubtful accounts has been established.

Fundraising revenue ("Special event income") - Fundraising revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition guidance under ASC Topic 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized at the time the fundraising event occurs. The HDF's special events revenue and any direct benefit to donors are typically insignificant to financial statements as a whole.

#### *c. Measure of Operations*

Grants awarded and accrued in prior years that are no longer viable and will not be paid are written off as non-operating income on the statement of activities.

#### *d. Cash and Cash Equivalents*

All highly liquid financial instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of financial position and cash flows.

#### *e. Concentration of Credit Risk*

Financial instruments that potentially subject HDF to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. A significant portion of the funds at year end and at various times throughout the year, are not insured by the Federal Deposit Insurance Corporation ("FDIC"); however, HDF has not experienced any losses from these accounts due to failure of any financial institution. The market value of investments is subject to fluctuation. However, management believes the investment policy is prudent for the long-term welfare of HDF.

#### *f. Investments and Investment Income*

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounting standards have established a fair value hierarchy that gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

*f. Investments and Investment Income - Continued*

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments at December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 354,703	\$ -	\$ -	\$ 354,703
Fixed income				
Government	-	3,421,633	-	3,421,633
Other	791,034	-	-	791,034
Common stock				
U.S. equity	1,960,925	-	-	1,960,925
Non-U.S. equity	143,425	-	-	143,425
Mutual fund equities				
U.S. equity	5,767,170	-	-	5,767,170
Non-U.S. equity	2,084,333	-	-	2,084,333
Other	592,459	-	-	592,459
Total	<u>\$ 11,694,049</u>	<u>\$ 3,421,633</u>	<u>\$ -</u>	<u>\$ 15,115,682</u>
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 653,685	\$ -	\$ -	\$ 653,685
Fixed income				
Government	-	2,086,098	-	2,086,098
Other	749,064	-	-	749,064
Common stock				
U.S. equity	1,646,513	-	-	1,646,513
Non-U.S. equity	126,793	-	-	126,793
Mutual fund equities				
U.S. equity	4,630,337	-	-	4,630,337
Non-U.S. equity	1,861,664	-	-	1,861,664
Other	531,337	-	-	531,337
Total	<u>\$ 10,199,393</u>	<u>\$ 2,086,098</u>	<u>\$ -</u>	<u>\$ 12,285,491</u>

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *f. Investments and Investment Income - Continued*

Investments at December 31, 2023 and December 31, 2022 were in level 1 securities valued at the closing price reported on the active market they are traded on, and fixed income which are considered level 2 which are valued using the values of securities with similar risk parameters, respectively. These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Donated securities are sold immediately upon receipt and recorded at the amount received for such sale.

Realized and unrealized gains and losses are included in income on the statement of activities.

#### *g. Property and Equipment*

HDF capitalizes all purchases of property and equipment in excess of \$5,000. Purchases of furniture, equipment, and other fixed assets that have a useful life of greater than one year are capitalized at cost or, if donated, at their fair value at the date of the gift. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Leasehold improvements	5 years
------------------------	---------

#### *h. Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

#### *i. In-kind Donations*

The Organization recognizes contributions of services that create or enhance non-financial assets or require specialized skills, that are provided by those possessing those skills, and would have been paid if not contributed.

Board members and other individuals volunteer their time and perform a variety of tasks that assist HDF. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *j. Advertising Costs*

The cost of advertising is expensed as incurred.

#### *k. Comparative Financial Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### *l. Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 HDF.

Salaries and professional fees were allocated using time and effort as the basis. The following expenses were allocated using salaries as the basis:

- Payroll taxes and benefits
- Occupancy
- Insurance
- IT and communications
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

#### *m. Grants Payable*

Grants that have been approved but not distributed by year end are reflected as grants payable and are due to be paid in the following periods:

	December 31,	
	2023	2022
Within 1 year	\$ 2,011,604	\$ 998,419
2 to 5 years	1,003,052	330,697
Total grants payable	3,014,656	1,329,116
Less: discount to fair value at 4.79%	(45,850)	(12,119)
Total grants payable	<u>\$ 2,968,806</u>	<u>\$ 1,316,997</u>

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

*n. Management Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

*o. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2020 and later are subject to examination by applicable taxing authorities.

### Note 3 - Investments

The following summarizes investment income:

	December 31,	
	2023	2022
Realized and unrealized gain/(loss)		
on investments	\$ 2,059,321	\$ (2,550,281)
Interest and dividends income	310,632	289,513
Investment fees	(81,619)	(86,700)
Total investment return, net	<u>\$ 2,288,334</u>	<u>\$ (2,347,468)</u>

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 3 - Investments - Continued

Changes in investments for the year ended December 31, 2023 and 2022 were as follows:

	December 31 2023		
	Non- Endowment	Endowment	Total
Investments, beginning	\$ 3,303,216	\$ 8,982,275	\$ 12,285,491
Appropriations	449,114	(449,114)	-
Transfers in	538,938	-	538,938
Interest and dividend income	83,478	226,997	310,475
Net gain on investments	553,713	1,505,684	2,059,397
Investment fees	(21,138)	(57,481)	(78,619)
Investments, end of year	\$ 4,907,321	\$ 10,208,361	\$ 15,115,682
	December 31 2022		
	Non- Endowment	Endowment	Total
Investments, beginning	\$ 4,252,552	\$ 11,593,322	\$ 15,845,874
Appropriations	579,666	(579,666)	-
Transfers out	(1,216,025)	-	(1,216,025)
Interest and dividend income	38,651	250,862	289,513
Net gain on investments	(340,454)	(2,209,717)	(2,550,171)
Investment fees	(11,174)	(72,526)	(83,700)
Investments, end of year	\$ 3,303,216	\$ 8,982,275	\$ 12,285,491

### Note 4 - Pledges Receivable

Pledges receivable are due in the following periods:

	December 31,	
	2023	2022
Pledges due		
In less than one year	\$ 792,072	\$ 989,955
In one to five years	1,000,000	750,000
Gross pledges receivable	1,792,072	1,739,955
Less discount to present value at 3.90% and 4.22%, respectively	(35,668)	(55,174)
Total pledges receivable, net	\$ 1,756,404	\$ 1,684,781

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 5 - Property and Equipment

Property and Equipment consist of:

	December 31,	
	2023	2022
Leasehold improvements	\$ 98,022	\$ 98,022
Less: accumulated depreciation and amortization	(98,022)	(92,414)
Total property and equipment, net	\$ -	\$ 5,608

### Note 6 - Net Assets with Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	December 31, 2023			
	Balance 1/1/23	Contributions	Released from Restrictions	Balance 12/31/23
Endowment				
Corpus	\$ 8,525,000	\$ -	\$ -	\$ 8,525,000
Accumulated earnings available for appropriation	457,275	1,675,200	(449,114)	1,683,361
Total endowment	8,982,275	1,675,200	(449,114)	10,208,361
Net assets restricted for future programs and periods				
Program restrictions	2,944,826	1,019,507	(2,155,262)	1,809,071
Total net assets restricted for future programs	2,944,826	1,019,507	(2,155,262)	1,809,071
Total net assets with donor restrictions	\$ 11,927,101	\$ 2,694,707	\$ (2,604,376)	\$ 12,017,432
	December 31, 2022			
	Balance 1/1/22	Contributions	Released from Restrictions	Balance 12/31/22
Endowment				
Corpus	\$ 8,525,000	\$ -	\$ -	\$ 8,525,000
Accumulated earnings available for appropriation	3,068,322	(2,031,381)	(579,666)	457,275
Total endowment	11,593,322	(2,031,381)	(579,666)	8,982,275
Net assets restricted for future programs and periods				
Program restrictions	1,051,732	1,944,826	(51,732)	2,944,826
Total net assets restricted for future programs	1,051,732	1,944,826	(51,732)	2,944,826
Total net assets with donor restrictions	\$ 12,645,054	\$ (86,555)	\$ (631,398)	\$ 11,927,101



# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 7 - Endowment

HDF's endowment, held in investments was created on September 30, 2003 pursuant to a Science Endowment Agreement under which HDF agreed to segregate \$8,525,000 of its assets as endowment corpus.

#### *Interpretation of Relevant Law*

HDF follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which HDF has interpreted as requiring certain amounts to be retained in perpetuity. Absent explicit donor stipulations to the contrary, HDF will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, HDF has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence.

As a result of this interpretation, HDF classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor's intention.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure, therefore, they are reflected in the class of net assets with donor restrictions.

#### *Spending Policies*

HDF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of HDF and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of HDF
- (7) The investment policies of HDF
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on HDF

In accordance with the Science Endowment Agreement, each year HDF has the discretion to expend 5% of the balance of the endowment related investment accounts at the beginning of the year. Expenditures should be used for the purpose of furthering the activities of HDF.

#### *Funds with Deficiencies*

From time to time, the fair market value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor and applicable law requires the HDF to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 8 - Special Events

HDF's special event is summarized as follows:

	December 31,	
	2023	2022
Event income	\$ 274,215	\$ 297,582
Less: expenses with a direct benefit to donor	(63,088)	-
	211,127	297,582
Less: other event expenses	(124,518)	(145,001)
Total	\$ 86,609	\$ 152,581

Due to COVID-19, an online benefit event was held in lieu of an in-person event for the year ended December 31, 2022. As a result, there were no direct benefits to donors for the year ended December 31, 2022.

### Note 9 - Related Party Transactions

A member of HDF's Board of Directors works in a scientific lab to which HDF awarded grants of \$63,240 and \$37,500 during the years ended December 31, 2023, and 2022, respectively.

A member of HDF's Board of Directors directs a scientific lab to which HDF awarded a grantee, grants of \$150,000 and \$0 during the years ended December 31, 2023, and 2022, respectively.

### Note 10 - Retirement Plan

HDF has a tax deferred 401(k) retirement plan. All employees may contribute to the plan on a pre-tax basis by designating a percentage of their salaries, subject to regulatory limits. HDF did not make any discretionary contributions to the plan for the years ended December 31, 2023, and 2022.

### Note 11 - Significant Concentrations

During the year ended December 31, 2023, approximately 55% of HDF's total revenue was provided by three donors. In addition, approximately 98% of the pledges receivable at December 31, 2023 was provided by three donors.

During the year ended December 31, 2022, approximately 65% of HDF's total revenue was provided by three donors. In addition, approximately 86% of the pledges receivable at December 31, 2022 was provided by two donors.

# Hereditary Disease Foundation

## Notes to Financial Statements

December 31, 2023

### Note 12 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 1,319,502	\$ 2,741,966
Pledge Receivables	1,756,404	1,684,781
Investments	15,115,682	12,285,491
Total financial assets	18,191,588	16,712,238
Less amounts not available for general expenditures:		
Net assets with donor restrictions	(12,017,432)	(11,927,101)
Add back amounts appropriated for spending	510,418	449,114
Financial assets available within one year to meet cash needs for general expenditures	\$ 6,684,574	\$ 5,234,251

### Note 13 - Subsequent Events

Subsequent events have been evaluated through November 14, 2024, the date the financial statements were available to be issued. The Organization's lease agreement was extended for a one-year term through February 28, 2025, with an option for two additional one-year renewal extensions. There were no other material events that have occurred that required adjustment to or disclosure to the financial statements.