



STXBP1 Foundation
Financial Statements
(Reviewed)

December 31, 2021



STXBP1 Foundation

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December 31, 2021

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Independent Accountant's Review Report

To the Board of Directors
STXBP1 Foundation
Apex, North Carolina

We have reviewed the accompanying financial statements of STXBP1 Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses - by natural classification, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to the Foundation's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Foundation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



November 11, 2022
Wyomissing, Pennsylvania

STXBP1 Foundation

Statement of Financial Position

December 31, 2021

See Independent Accountant's Review Report

Assets

Cash and cash equivalents	\$	484,808
Contributions receivable		18,897
Prepaid expenses		<u>3,438</u>
Total Assets	\$	<u>507,143</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	2,851
Grants payable		<u>224,536</u>
Total Liabilities		<u>227,387</u>

Net Assets

Net assets with donor restrictions		500
Net assets without donor restrictions		<u>279,256</u>
Total Net Assets		<u>279,756</u>

Total Liabilities and Net Assets	\$	<u>507,143</u>
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STXBP1 Foundation

Statement of Activities

Year Ended December 31, 2021

See Independent Accountant's Review Report

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Fundraising	\$ -	\$ 260,588	\$ 260,588
Contributions	85,928	241,167	327,095
Net assets released from restrictions	<u>(110,847)</u>	<u>110,847</u>	<u>-</u>
Total Revenue and Other Support	<u>(24,919)</u>	<u>612,602</u>	<u>587,683</u>
Expenses			
Program services	-	545,044	545,044
Administrative	-	71,728	71,728
Fundraising	<u>-</u>	<u>9,610</u>	<u>9,610</u>
Total Expenses	<u>-</u>	<u>626,382</u>	<u>626,382</u>
Change in Net Assets	(24,919)	(13,780)	(38,699)
Net Assets at Beginning of Year, As Restated	<u>25,419</u>	<u>293,036</u>	<u>318,455</u>
Net Assets at End of Year	<u>\$ 500</u>	<u>\$ 279,256</u>	<u>\$ 279,756</u>

STXBP1 Foundation

Statement of Functional Expenses - by Natural Classification

Year Ended December 31, 2021

See Independent Accountant's Review Report

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grant awards	\$ 540,015	\$ -	\$ -	\$ 540,015
Consultants	-	28,104	-	28,104
Technology	-	16,874	5,164	22,038
Bank fees	-	6,653	-	6,653
Accounting fees	-	5,745	-	5,745
Conferences	4,629	-	-	4,629
Dues and subscriptions	-	4,178	-	4,178
Advertising and marketing	-	2,918	821	3,739
Event supplies	-	-	3,625	3,625
Compliance fees	-	3,040	-	3,040
Legal fees	-	2,744	-	2,744
Travel	-	980	-	980
Research costs	400	-	-	400
Website maintenance	-	360	-	360
Printing	-	57	-	57
Office expense	-	47	-	47
Postage and delivery	-	28	-	28
Total Functional Expenses	\$ 545,044	\$ 71,728	\$ 9,610	\$ 626,382

STXBP1 Foundation

Statement of Cash Flows

Year Ended December 31, 2021

See Independent Accountant's Review Report

Cash Flows from Operating Activities

Change in net assets	\$ (38,699)
Adjustments to reconcile change in net assets to net cash provided by operating expenses	
(Increase) decrease in assets	
Contribution receivable	21,468
Prepaid expenses	(3,438)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	2,851
Grants payable	<u>224,536</u>
Net Cash Provided by Operating Activities	<u>206,718</u>
Net Increase in Cash	206,718
Cash at Beginning of Year	<u>278,090</u>
Cash at End of Year	<u><u>\$ 484,808</u></u>

STXBP1 Foundation

Notes to Financial Statements

December 31, 2021

See Independent Accountant's Review Report

Note 1 - Nature of Activities

STXBP1 Foundation (the Foundation) is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania. The purpose of the Foundation is to assist in improving therapies and ultimately ending epileptic encephalopathies and related neurodevelopmental disorders caused by changes in the STXBP1 gene. Through fostering partnerships with physicians, researchers, and other foundations, they share learnings and efficiencies to increase awareness of the genetic disorders and therapeutic strategies that are available.

The Foundation qualifies as a tax-exempt organization under the provision of the Internal Revenue Code Section 501(c)(3); therefore, the Foundation's income is not subject to federal or state income taxes.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. Revenue received for future services is deferred until the applicable period.

Basis of Presentation

The Foundation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*. Under this Topic, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the Foundation's mission.

Net Assets With Donor Restrictions

Net assets subject to specific donor-imposed restrictions. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Such net assets are normally restricted to long-term investments with income earned and appreciation available for specific or general purposes.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as released from restriction. Restricted contributions received in the same year in which the restrictions are met may be recorded as an increase to support without donor restrictions.

STXBP1 Foundation

Notes to Financial Statements

December 31, 2021

See Independent Accountant's Review Report

Note 2 - Summary of Significant Accounting Policies (continued)

Cash

The Foundation considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash.

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions

Gifts of cash and other assets are presented as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions, legacies, and bequests are considered to be available for unrestricted use, unless specifically restricted by the donor.

Contributions Receivable

Contributions receivable are carried at the original donation amount. The Foundation considers contributions receivable to be fully collectible as they have been received by third party donation platforms and are in the process of being transferred to the Foundation. If collection would become doubtful, an allowance for doubtful accounts would be established. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received.

Donated Services

A substantial number of volunteers have donated significant hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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.

All contributions are considered to be available for operations, unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as revenue without donor restrictions.

STXBP1 Foundation

Notes to Financial Statements

December 31, 2021

See Independent Accountant's Review Report

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Expense Allocation by Natural Classification

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

Recent Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets, as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Management does not believe the pronouncement will impact the financial statements and disclosures.

Note 3 - Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other designations limiting their use, within one year of the statement of financial position, comprise the following as of December 31, 2021:

Financial Assets	
Cash and cash equivalents	\$ 484,808
Contributions receivable	<u>18,897</u>
Total Financial Assets	503,705
Amounts not available to be used within one year	
Cash subject to donor restrictions	<u>(500)</u>
Financial Assets Available to Meet Other Expenditures within One Year	<u>\$ 503,205</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations become due.

STXBP1 Foundation

Notes to Financial Statements

December 31, 2021

See Independent Accountant's Review Report

Note 4 - Income Taxes

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Foundation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before December 31, 2019.

Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

Patient assistance fund	<u>\$</u> <u>500</u>
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Note 6 - Concentration of Credit Risk

Cash

The Foundation has bank deposit accounts, which may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Note 7 - Risks and Uncertainties

On January 30, 2020, the World Health Foundation declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets, and the geographical area in which the Foundation operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Foundation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 8 - Related Party Transactions

The Foundation has had, and may be expected to have in the future, transactions in the ordinary course of business with Board of Directors' members and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the financial statements.

STXBP1 Foundation

Notes to Financial Statements

December 31, 2021

See Independent Accountant's Review Report

Note 9 - Prior Period Adjustment

As of January 1, 2021, the Foundation adjusted its net assets to correct the recording of the net assets without donor restrictions. Those net assets without donor restrictions of \$24,857 were incorrectly recorded to net assets with donor restrictions, and in accordance with generally accepted accounting principles should be recorded to net assets without donor restrictions.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Net Assets at Beginning of Year, As Previously Reported	\$ 268,179	\$ 50,276
Reclassification of net assets without donor restrictions	<u>24,857</u>	<u>(24,857)</u>
Net Assets at Beginning of Year, As Restated	<u>\$ 293,036</u>	<u>\$ 25,419</u>

Note 10 - Subsequent Events

The Foundation has evaluated subsequent events through November 11, 2022. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2021 were noted.