To the Board of Directors of
FRAXA Research Foundation, Inc.
Newburyport, Massachusetts

We have audited the accompanying financial statements of FRAXA Research Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows 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 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 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 FRAXA Research Foundation, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Newburyport, Massachusetts

June 22, 2020
FRAXA Research Foundation, Inc.
Statement of Financial Position
December 31, 2019

ASSETS

Current Assets
   Cash $ 1,099,305
   Pledges Receivable 163,558
   Investments 1,205,572
   Prepaid Expenses 500
   Total Current Assets 2,468,935

Total Assets $ 2,468,935

LIABILITIES AND NET ASSETS

Current Liabilities
   Accounts Payable and Accrued Expenses $ 7,844
   Total Current Liabilities 7,844

Total Liabilities 7,844

Net Assets
   Without Donor Restrictions 2,361,091
   With Donor Restrictions 100,000
   Total Net Assets 2,461,091

Total Liabilities and Net Assets $ 2,468,935

See accompanying notes to financial statements and independent auditor's report.
FRAXA Research Foundation, Inc.
Statement of Activities
For the year ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and Grants</td>
<td>$ 787,064</td>
<td>$ 100,000</td>
<td>$ 887,064</td>
</tr>
<tr>
<td>In-Kind Contributions - Web Technology</td>
<td>18,000</td>
<td>-</td>
<td>18,000</td>
</tr>
<tr>
<td>Fundraising Events</td>
<td>460,465</td>
<td>-</td>
<td>460,465</td>
</tr>
<tr>
<td>Other</td>
<td>8,821</td>
<td>-</td>
<td>8,821</td>
</tr>
<tr>
<td>Realized Loss on Investments</td>
<td>(1,769)</td>
<td>-</td>
<td>(1,769)</td>
</tr>
<tr>
<td>Unrealized Gain on Investments</td>
<td>152,119</td>
<td>-</td>
<td>152,119</td>
</tr>
<tr>
<td>Investment Income</td>
<td>40,996</td>
<td>-</td>
<td>40,996</td>
</tr>
<tr>
<td><strong>Net Assets Released from Restrictions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of Program Restrictions</td>
<td>130,371</td>
<td>(130,371)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,596,067</td>
<td>(30,371)</td>
<td>1,565,696</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Program</td>
<td>995,226</td>
<td>-</td>
<td>995,226</td>
</tr>
<tr>
<td>Education Program</td>
<td>114,182</td>
<td>-</td>
<td>114,182</td>
</tr>
<tr>
<td>Fundraising</td>
<td>173,930</td>
<td>-</td>
<td>173,930</td>
</tr>
<tr>
<td>Administration</td>
<td>67,833</td>
<td>-</td>
<td>67,833</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,351,171</td>
<td>-</td>
<td>1,351,171</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>244,896</td>
<td>(30,371)</td>
<td>214,525</td>
</tr>
<tr>
<td><strong>Net Assets – Beginning of Year</strong></td>
<td>2,116,195</td>
<td>130,371</td>
<td>2,246,566</td>
</tr>
<tr>
<td><strong>Net Assets – End of Year</strong></td>
<td>$ 2,361,091</td>
<td>$ 100,000</td>
<td>$ 2,461,091</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements and independent auditor's report.
### Statement of Functional Expenses

For the year ended December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management</th>
<th>2019 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Research</td>
<td>Education</td>
<td>Fundraising</td>
</tr>
<tr>
<td>Bank and credit fees</td>
<td>$350</td>
<td>$ -</td>
<td>$350</td>
</tr>
<tr>
<td>Direct Fundraising</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>1,254</td>
<td>3,606</td>
<td>4,860</td>
</tr>
<tr>
<td>Grants</td>
<td>852,418</td>
<td>-</td>
<td>852,418</td>
</tr>
<tr>
<td>In-Kind Expense - Web</td>
<td>3,420</td>
<td>4,860</td>
<td>8,280</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office Expense</td>
<td>17</td>
<td>1,136</td>
<td>1,153</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>3,379</td>
<td>9,715</td>
<td>13,094</td>
</tr>
<tr>
<td>Postage</td>
<td>119</td>
<td>438</td>
<td>557</td>
</tr>
<tr>
<td>Printing</td>
<td>-</td>
<td>405</td>
<td>405</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Program Direct Expenses</td>
<td>-</td>
<td>817</td>
<td>817</td>
</tr>
<tr>
<td>Registration Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rent</td>
<td>1,216</td>
<td>3,496</td>
<td>4,712</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>132,461</td>
<td>88,541</td>
<td>221,002</td>
</tr>
<tr>
<td>Telephone</td>
<td>201</td>
<td>580</td>
<td>781</td>
</tr>
<tr>
<td>Travel</td>
<td>391</td>
<td>271</td>
<td>662</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>317</td>
<td>317</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$995,226</td>
<td>$114,182</td>
<td>$1,109,408</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements and independent auditor's report.
FRAXA Research Foundation, Inc.
Statement of Cash Flows
For the year ended December 31, 2019

Operating Activities
Change in net assets $ 214,525

Adjustments to reconcile change in net assets to cash used in operating activities:

   Net unrealized and realized gains/losses on investments (150,350)

Changes in operating assets and liabilities:
   Pledges Receivable (63,193)
   Prepaid Expenses 900
   Accounts Payable and Accrued Expenses 28
   Grant Payable (168,421)

Net Cash Used in Operating Activities (166,511)

Investing Activities
   Proceeds From Sale of Investments 27,659
   Purchases of Investments (120,048)

Net Cash Used in Investing Activities (92,389)

Net decrease in cash (258,900)
Cash, beginning of year 1,358,205
Cash, end of year $ 1,099,305

Supplemental Data:
Taxes paid $ -
Interest paid $ -

See accompanying notes to financial statements and independent auditor's report.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
FRAXA Research Foundation, Inc. (“FRAXA” or “the Foundation”) was founded in 1994 by three parents of children affected with Fragile X. FRAXA’s mission is to accelerate progress toward effective treatments and ultimately a cure for Fragile X, by directly funding the most promising research through grants and fellowships at universities all over the world.

The Foundation maintains its accounts and prepares its financial statements on the accrual basis of accounting.

Cash and equivalents
For financial statement purposes, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents balance as of December 31, 2019 was $1,099,305.

Investments
Investments consist of publicly traded equities, mutual funds and debt securities. Investments with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. All investments are considered short-term as they can be readily converted into cash as needed.

Pledges Receivable
The Foundation had $163,558 of pledges receivable as of December 31, 2019. All of the pledges receivable are collectible within one year. The Foundation has evaluated the pledges receivable and has determined that they are deemed fully collectible as of December 31, 2019. Accordingly, there is no provision for the allowance for doubtful accounts.

Property and Equipment
Property and equipment with useful lives greater than one year are carried at cost. Equipment is depreciated under the straight-line method using lives between 5 and 7 years. There is no property and equipment reported in these financial statements fitting these criteria.

Expenditures for maintenance and repairs are charged against operations as incurred. Renewals and betterments that materially extend the life of an asset are capitalized.

Grants Payable
Grants payable are recorded if the Organization approves a grant but does not pay subsequent to year end. As of December 31, 2019, the Foundation had no grants payable. See Note H for additional information on grants issued.

Leases
The Foundation leases the office space on a month to month basis at $760 per month, which is expensed as incurred. Total lease expense was $9,120 during the year ended December 31, 2019.
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions
The Foundation reports gifts of cash and other assets as restricted support 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 to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions that are released from restriction in the same year received are recorded as net assets without donor restriction. The Foundation did not have any board designated funds during 2019.

Donated Services
Donated services are recognized if the services received create or enhance a non-financial asset or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair market value of donated license fees from Salesforce.com in the amount of $18,000 has been reflected in the financial statements as in-kind contributions during 2019. A substantial number of unpaid volunteers donated significant amounts of their time in the Foundation’s programs. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Allocation of Expenses
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy, which is allocated on a square footage basis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Advertising Costs
Advertising costs are expensed as incurred. For the year ended December 31, 2019, there were no advertising expenses.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE B – CONCENTRATIONS OF RISK
The Foundation maintains its cash balances in several financial institutions. The FDIC insures balances up to $250,000. As of December 31, 2019, the Foundation maintained $998,152 of its total cash, excluding reconciling items, in banks that carry additional insurance through the Depositors Insurance Fund (DIF).
NOTE B – CONCENTRATIONS OF RISK, continued

DIF is a private, industry-sponsored insurance fund that insures all deposits above Federal Deposit Insurance Corporation limits at Massachusetts chartered savings banks. The Foundation’s remaining cash balance at December 31, 2019 was within insurable limits with either the FDIC or Securities Investor Protection Corporation (SIPC). However, those accounts could from time to time exceed insurable limits.

The Foundation also maintains significant investments in securities which are subject to potential uninsured market losses.

NOTE C – RESTRICTIONS ON NET ASSETS

During 2019, $130,371 of funds previously with donor restrictions were released to be utilized toward their intended program purposes. As of December 31, 2019, the balance of net assets with donor restrictions, $100,000, consisted of donations for the funding of research for treatment and a cure for Fragile X. All net assets with donor restrictions as of December 31, 2019 are expected to be utilized within one year.

The Foundation reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. As of December 31, 2019, all donor-restricted amounts are available for use within one year for their restricted purpose.

Financial assets at year-end: $2,468,435
Less those unavailable for general expenditures within one year: -
Financial assets available to meet cash needs for general expenditure within one year: $2,468,435

As part of the Foundation's liquidity management, it periodically invests cash in excess of estimated budgetary needs in its investment accounts. As of December 31, 2019, the Organization had no borrowing commitments.

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Management has adopted the criteria of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820, (formerly SFAS No. 157, “Fair Value Measurements”). FASB ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. FASB ASC 820 establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under FASB ASC 820 are as follows:
NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs other than quoted market prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable.

An asset or liability’s level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. At December 31, 2019, fair values of investments and cash equivalents were all measured on a recurring basis using level 1 of the hierarchy.

Net appreciation in the fair value of investments, which consist of the realized gains and losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. During 2019, the Foundation received donated stock with a total fair market value of $5,954 at the date of contribution. The fair value of stocks received as donations are recorded to contribution revenue when received. The fair market value of these stocks at December 31, 2019, if not sold during the year, is included in the total investments at year end. The following is a summary of investments as of December 31, 2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Fair Market Value</th>
<th>Unrealized Gain or (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>StockCross – Equities/Options</td>
<td>$48,379</td>
<td>$46,163</td>
<td>$(2,216)</td>
</tr>
<tr>
<td>StockCross – Mutual Funds</td>
<td>$45,769</td>
<td>$56,581</td>
<td>$10,812</td>
</tr>
<tr>
<td>CIBC – Fixed Income</td>
<td>$383,947</td>
<td>$388,838</td>
<td>$4,891</td>
</tr>
<tr>
<td>CIBC – Equities</td>
<td>$390,892</td>
<td>$496,321</td>
<td>$105,429</td>
</tr>
<tr>
<td>CIBC – Alternatives (Funds)</td>
<td>$51,920</td>
<td>$52,246</td>
<td>$326</td>
</tr>
<tr>
<td>CIBC – Real Estate (Funds)</td>
<td>$182,646</td>
<td>$165,423</td>
<td>$(17,223)</td>
</tr>
<tr>
<td></td>
<td>$1,103,553</td>
<td>$1,205,572</td>
<td>$102,019</td>
</tr>
</tbody>
</table>

Investment income reported on the statement of activities includes interest, dividends and capital gain distributions, net of investment fees. Investment fees during the year ended December 31, 2019 totaled $5,315.

NOTE F – RELATED PARTY TRANSACTIONS

There were no reportable related party transactions.

NOTE G – INCOME TAX STATUS

The Foundation is organized and operated exclusively for charitable purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Foundation has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, “Accounting For Uncertainty in Income Taxes”). The primary tax positions made by the Organization are the existence/non-existence of Unrelated Business Income Tax and the Organization’s status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation currently evaluates all tax positions and makes determinations regarding the likelihood of those positions being upheld under review. For the year presented, and as a result of adoption, the Foundation has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations.
NOTE G – INCOME TAX STATUS, continued

The Foundation's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2016 through 2019 are subject to examination by the IRS, generally for 3 years after it is filed.

NOTE H – GRANTS ISSUED

The Foundation issues various grants to outside researchers as part of its program activities. The Foundation records grant expense when the grant is approved and issued as it considers the majority of grant conditions met at the time of approval. Occasionally, the full amount of grant funds are not fully utilized by the researcher prior to the grant deadline and the unused portion of the grant is returned to the Foundation. These amounts are typically immaterial and rarely occur. Any grant funds returned are netted with grant expense. There were no funds returned during the year ended December 31, 2019.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 22, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, the COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Organization's operations and financial position. Any financial impact to the Organization, if any, cannot be reasonably estimated at this time.