

FRAXA Research Foundation, Inc.

**Financial Statements
December 31, 2023**

FRAXA Research Foundation, Inc.

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December 31, 2023

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FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

INDEPENDENT AUDITOR'S REPORT

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

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, 2023, and 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 financial statements referred to above present fairly, in all material respects, the financial position of FRAXA Research Foundation, Inc. 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. 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 FRAXA Research Foundation, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 FRAXA Research Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 FRAXA Research Foundation Inc.'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 FRAXA Research Foundation Inc.'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.


CERTIFIED PUBLIC ACCOUNTANTS

Newburyport, Massachusetts
August 13, 2024

FRAXA Research Foundation, Inc.

Statement of Financial Position

December 31, 2023

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 2,386,423
Investments	1,462,585
Pledges Receivable	62,299
Prepaid Grant	<u>50,000</u>
Total Current Assets	<u>3,961,307</u>
Total Assets	<u>\$ 3,961,307</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	\$ <u>13,492</u>
Total Current Liabilities	<u>13,492</u>
Total Liabilities	<u>13,492</u>
Net Assets	
Without Donor Restrictions	3,947,815
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>3,947,815</u>
Total Liabilities and Net Assets	<u>\$ 3,961,307</u>

See accompanying notes to financial statements and independent auditor's report.

FRAXA Research Foundation, Inc.
Statement of Activities
For the year ended December 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Contributions and Grants	\$ 1,706,967	\$ -	\$ 1,706,967
In-Kind Contributions	5,040	-	5,040
Fundraising Events	245,524	-	245,524
Other	15,000	-	15,000
Interest and Investment Income, net	92,457	-	92,457
Realized Loss on Investments	(3,831)	-	(3,831)
Unrealized Gain on Investments	184,711	-	184,711
Net Assets Released from Restrictions			
Satisfaction of Program Restrictions	-	-	-
 Total Revenue and Support	 <u>2,245,868</u>	 <u>-</u>	 <u>2,245,868</u>
 Expenses			
Research Program	1,530,678	-	1,530,678
Education Program	148,351	-	148,351
Fundraising	67,986	-	67,986
Administration	73,481	-	73,481
Total Expenses	<u>1,820,496</u>	<u>-</u>	<u>1,820,496</u>
 Change in Net Assets	 425,372	 -	 425,372
 Net Assets – Beginning of Year	 <u>3,522,443</u>	 <u>-</u>	 <u>3,522,443</u>
 Net Assets – End of Year	 <u>\$ 3,947,815</u>	 <u>\$ -</u>	 <u>\$ 3,947,815</u>

See accompanying notes to financial statements and independent auditor's report.

FRAXA Research Foundation, Inc.
Statement of Functional Expenses
For the year ended December 31, 2023

	Program Services		Total	Fund- raising	Management	2023 Total
	Research	Education	Program Services		and General	
Grants	\$ 1,275,000	\$ -	\$ 1,275,000	\$ -	\$ -	\$ 1,275,000
Salaries and Wages	148,395	106,290	254,685	25,756	53,111	333,552
Research Expense	58,430	-	58,430	-	-	58,430
Professional Fees	3,894	17,137	21,031	2,794	9,105	32,930
Employee Benefits	13,150	7,306	20,456	5,844	2,922	29,222
Payroll Taxes	11,248	8,180	19,428	2,045	4,090	25,563
Direct Fundraising Expenses	-	-	-	17,276	-	17,276
Registration Fees	5,543	1,662	7,205	2,771	1,109	11,085
Printing	4,026	2,237	6,263	1,789	895	8,947
Rent	3,937	2,188	6,125	1,750	875	8,750
In-Kind Expense	-	-	-	5,040	-	5,040
Office Expense	1,785	991	2,776	793	397	3,966
Insurance	1,753	527	2,280	877	351	3,508
Postage	1,387	770	2,157	616	308	3,081
Telephone	690	383	1,073	307	154	1,534
Travel	632	350	982	280	140	1,402
Program Direct Expense	700	200	900	-	-	900
Bank and credit fees	108	60	168	48	24	240
Miscellaneous	-	70	70	-	-	70
Total Expenses	\$ 1,530,678	\$ 148,351	\$ 1,679,029	\$ 67,986	\$ 73,481	\$ 1,820,496

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, 2023

Operating Activities	
Change in net assets	\$ 425,372
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Net unrealized and realized gains on investments	(180,880)
Changes in operating assets and liabilities:	
Pledges Receivable	(34,410)
Prepaid Expenses	(25,000)
Accounts Payable and Accrued Expenses	<u>4,154</u>
Net Cash Provided by Operating Activities	<u>189,236</u>
Investing Activities	
Proceeds From Sale of Investments	336,686
Purchases of Investments	<u>(371,631)</u>
Net Cash Used in Investing Activities	<u>(34,945)</u>
Net increase in cash	154,291
Cash and Cash Equivalents, beginning of year	<u>2,232,132</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,386,423</u>
Supplemental Data:	
Taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

See accompanying notes to financial statements and independent auditor's report.

FRAXA Research Foundation, Inc.

Notes to Financial Statements

December 31, 2023

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, 2023 was \$2,386,423.

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 \$62,299 of pledges receivable as of December 31, 2023. 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, 2023. 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 Foundation approves a grant but the grant is not paid prior to year-end. As of December 31, 2023, the Foundation had no grants payable outstanding.

Leases

The Foundation leases the office space on a month-to-month basis at \$875 per month, which is expensed as incurred. Total lease expense was \$8,750 during the year ended December 31, 2023. The Foundation has no long-term leases to report under ASC842 – Leases. During the year ended December 31, 2023 the Foundation did not have to pay a lease for two months due to construction that occurred during the year.

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.

FRAXA Research Foundation, Inc.

Notes to Financial Statements

December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 2023.

Net Assets

The Foundation classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Consequently, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor or certain grantor restrictions. Additionally, gains and investment income are treated as unrestricted revenue unless specifically restricted by the donor or by law.
- Net assets with donor restrictions represent the portion of net assets subject to donor or certain grantor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released and are reclassified to net assets without donor restrictions when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both.

As of December 31, 2023, the Foundation had no net assets with donor restrictions.

Donated Assets

From time to time the Foundation receives donated assets and are recorded as contributions in the financial statements. For the year ended December 31, 2023, the Foundation received donated subscriptions in the amount of \$5,040.

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, 2023, 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.

Subsequent Events

Subsequent events have been evaluated through August 13, 2024, which is the date the financial statements were available to be issued.

FRAXA Research Foundation, Inc.

Notes to Financial Statements

December 31, 2023

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, 2023, the Foundation maintained \$2,424,324 of its total cash, excluding reconciling items, in banks that carry additional insurance through the Depositors Insurance Fund (DIF). 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, 2023 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 – 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, 2023, all donor-restricted amounts are available for use within one year for their restricted purpose.

Financial assets at year-end (all current assets except prepaid expenses):	\$3,911,307
Less those unavailable for general expenditures within one year:	<u> -</u>
Financial assets available to meet cash needs for general expenditure within one year:	<u>\$3,911,307</u>

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, 2023, the Foundation did not have any borrowing commitments.

NOTE D – 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:

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, 2023, 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 2023, the Foundation received donated stock with a total fair market value of \$6,536 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, 2023, 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, 2023:

FRAXA Research Foundation, Inc.

Notes to Financial Statements

December 31, 2023

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued

Description	Cost	Fair Market Value	Cumulative Unrealized Gain or (Loss)
StockCross – Equities/Options	\$ 71,652	\$ 65,599	\$ (6,053)
StockCross – Mutual Funds	70,688	75,305	4,617
CIBC – Fixed Income	653,097	654,695	1,598
CIBC – Real Assets	25,400	30,428	5,028
CIBC – Equities	596,126	636,558	40,432
	\$1,416,963	\$1,462,585	\$ 45,622

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, 2023 totaled \$6,128.

NOTE E – RELATED PARTY TRANSACTIONS

There were no reportable related party transactions.

NOTE F – 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. The Foundation's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2020 through 2023 are subject to examination by the IRS, generally for 3 years after it is filed.

NOTE G – 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, 2023. As of December 31, 2023, the Foundation had prepaid part of a 2024 grant in the amount of \$50,000.