

**ANGIOMA ALLIANCE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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Independent Auditor's Report

The Board of Directors
Angioma Alliance

We have audited the accompanying financial statements of Angioma Alliance (the Alliance), a nonprofit organization, which comprise the statement of net assets as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Angioma Alliance as of September 30, 2020 and 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.



February 1, 2021

ANGIOMA ALLIANCE
STATEMENT OF NET ASSETS
As of September 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents (Note 2)	\$ 511,911	\$ 366,750
Contributions receivable	15,738	24,707
Prepaid expenses and deposits	5,000	2,000
Property and equipment, net (Note 3)	<u>26,362</u>	<u>35,792</u>
Total assets	<u>\$ 559,011</u>	<u>\$ 429,249</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,465	\$ 13,589
Note payable (Note 4)	52,373	-
Prepaid conference registration fees	<u>-</u>	<u>8,481</u>
Total liabilities	<u>62,838</u>	<u>22,070</u>
Net assets:		
Net assets without donor restrictions	483,173	407,179
Net assets with donor restrictions (Note 5)	<u>13,000</u>	<u>-</u>
Total net assets	<u>496,173</u>	<u>407,179</u>
Total liabilities and net assets	<u>\$ 559,011</u>	<u>\$ 429,249</u>

The notes to financial statements are an
integral part of this statement.

ANGIOMA ALLIANCE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended September 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 405,581	\$ 408,626
Grants and contracts	44,841	59,281
Special events	15,395	113,243
In-kind contributions (Note 6)	11,001	19,578
Conference registration fees	15,334	16,566
Interest and other income	7,075	5,415
Net assets released from restrictions	<u>85,121</u>	<u>117,003</u>
Total revenue and support	<u>584,348</u>	<u>739,712</u>
Expenses:		
Program services	<u>401,393</u>	<u>502,285</u>
Supporting services:		
General and administrative	29,935	31,314
Development	<u>77,026</u>	<u>119,718</u>
Total supporting services	<u>106,961</u>	<u>151,032</u>
Total expenses	<u>508,354</u>	<u>653,317</u>
Change net assets without donor restrictions	<u>75,994</u>	<u>86,395</u>
Changes in net assets with donor restrictions:		
Contributions (Note 5)	98,121	104,503
Net assets released from restrictions	<u>(85,121)</u>	<u>(117,003)</u>
Change in net assets with donor restrictions	<u>13,000</u>	<u>(12,500)</u>
Change in net assets	88,994	73,895
Net assets at beginning of year	<u>407,179</u>	<u>333,284</u>
Net assets at end of year	<u>\$ 496,173</u>	<u>\$ 407,179</u>

The notes to financial statements are an
integral part of this statement.

ANGIOMA ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the years ended September 30, 2020 and 2019

	<u>For the year ended September 30, 2020</u>				<u>For the year ended September 30, 2019</u>			
	Program Services	Management and General	Fund Development	Total Expenses	Program Services	Management and General	Fund Development	Total Expenses
Salaries and wages	\$ 192,055	\$ -	\$ 32,966	\$ 225,021	\$ 198,816	\$ -	\$ 44,171	\$ 242,987
Payroll taxes	15,562	-	2,753	18,315	16,738	-	3,427	20,165
Total compensation related costs	207,617	-	35,719	243,336	215,554	-	47,598	263,152
Consulting services	53,380	15,680	7,815	76,875	96,188	25,138	8,255	129,581
Conference and meetings	49,358	32	-	49,390	65,107	-	-	65,107
Fundraising fees	-	-	17,391	17,391	-	-	47,827	47,827
Patient registry	24,887	-	-	24,887	45,185	-	-	45,185
Travel	7,418	-	184	7,602	16,730	-	4,133	20,863
Website telephone and other costs	19,800	3,667	5,074	28,541	11,796	843	1,775	14,414
Professional fees	6,381	3,950	3,476	13,807	5,685	3,524	4,056	13,265
Awareness	1,020	-	-	1,020	13,141	-	-	13,141
Printing	8,206	-	-	8,206	9,695	17	1,242	10,954
Insurance	4,663	2,610	623	7,896	6,022	131	1,145	7,298
Depreciation	5,658	1,886	1,886	9,430	6,458	-	-	6,458
Supplies	1,500	42	340	1,882	2,635	218	639	3,492
Clinical testing	-	-	-	-	3,420	-	-	3,420
Postage and shipping	670	647	1,439	2,756	1,361	774	1,217	3,352
Licenses and permits	-	440	1,788	2,228	-	-	1,540	1,540
Rent	1,584	-	-	1,584	960	-	-	960
Advertising	1,561	-	-	1,561	232	535	-	767
Bank charges	729	104	94	927	99	59	291	449
Other expenses	6,961	877	1,197	9,035	2,017	75	-	2,092
Total expenses	<u>\$ 401,393</u>	<u>\$ 29,935</u>	<u>\$ 77,026</u>	<u>\$ 508,354</u>	<u>\$ 502,285</u>	<u>\$ 31,314</u>	<u>\$ 119,718</u>	<u>\$ 653,317</u>

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

ANGIOMA ALLIANCE
STATEMENT OF CASH FLOWS
For the years ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 88,994	\$ 73,895
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	9,430	6,458
Change in contributions receivable	8,969	33,655
Change in prepaid expenses and deposits	(3,000)	(2,000)
Change in accounts payable and accrued expenses	(3,124)	3,370
Change in prepaid conference registration fees	<u>(8,481)</u>	<u>(2,859)</u>
Net cash provided by operating activities	<u>92,788</u>	<u>112,519</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>-</u>	<u>(33,150)</u>
Net cash used for investing activities	<u>-</u>	<u>(33,150)</u>
Cash flows from financing activities:		
Proceeds from note payable	<u>52,373</u>	<u>-</u>
Net cash provided by investing activities	<u>52,373</u>	<u>-</u>
Net change in cash	145,161	79,369
Cash and cash equivalents:		
Beginning of year	<u>366,750</u>	<u>287,381</u>
End of year	<u>\$ 511,911</u>	<u>\$ 366,750</u>

The notes to financial statements are
an integral part of this statement.

ANGIOMA ALLIANCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Angioma Alliance (the Alliance) is incorporated under the laws of the Commonwealth of Virginia as a nonstock corporation organized exclusively for charitable purposes. The Alliance is a voluntary health organization created and directed by people affected by cavernous angiomas (also known as cerebral cavernous malformations). The mission of the Alliance is to improve the quality of life for those affected by cavernous angiomas through education, support, and the promotion of research. The Alliance is closely monitored by a scientific advisory board comprised of leading cerebrovascular neurosurgeons, neuro-geneticists, and neurologists.

Presentation

The Alliance's financial statements are presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Under GAAP the Alliance reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of the Alliance are reported as follows:

Net assets without donor restrictions

Unrestricted net assets represent available resources over which the board has discretionary control to use in operating the Alliance in accordance with the limitations of its charter and bylaws.

Net assets with donor restrictions

Restricted net assets represent resources whose use has been restricted by donors to a specific operating or capital need, or time period. As these amounts are used for the restricted purpose, they are reported as net assets released from restrictions.

Contributions

Contributions are recognized as revenues when pledged, or when received if unrelated to a pledge, and are recorded as unrestricted or restricted support depending on the existence or nature of any donor restrictions.

Credit risk

The Alliance's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. At September 30, 2020 the Alliance did not have deposits with a financial institution in excess of federally insured limits.

Property and equipment

Property and equipment are stated at cost less an allowance for depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

In-kind contributions

Donated facilities, equipment or materials are recognized as support and as a corresponding asset or expense at the estimated fair value on the date donated. Such donations are not recognized if there is uncertainty about the existence of value or stipulations about ownership of assets. Donated services are recognized in the financial statements only if the services either create or enhance a nonfinancial asset or require specialized skills that would need to be purchased if they were not donated. Under these guidelines the Alliance does not account for the services provided by its members on a voluntary basis.

Income taxes

The Alliance has received a ruling from the Internal Revenue Service that it is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and that, based on its activities, it will not be considered a private foundation. Accordingly, no provision for income or excise taxes has been reflected in the accompanying financial statements.

The Organization's tax returns are generally subject to examination by authorities for a period of three years from the date they are filed and, consequently, the Organization's tax returns filed for the years ended September 30, 2019, 2018, and 2017 remain subject to examination.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from such estimates.

Functional allocation of expenses

The Alliance allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Subsequent events

In preparing these financial statements the Alliance has evaluated events and transactions through February 1, 2021, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2020 and 2019 are as follows:

	2020	2019
Checking – general account	\$ 182,826	\$ 113,940
Savings	327,507	250,317
PayPal	<u>1,578</u>	<u>2,493</u>
	<u>\$ 511,911</u>	<u>\$ 366,750</u>

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment at September 30, 2020 and 2019 consist of the following:

	2020	2019
Office equipment	\$ 11,113	\$ 11,113
Research equipment	10,088	10,088
Software	45,533	45,533
Automobile	14,000	14,000
Less: accumulated depreciation	<u>(54,372)</u>	<u>(44,942)</u>
	<u>\$ 26,362</u>	<u>\$ 35,792</u>

NOTE 4 – NOTE PAYABLE

In connection with the COVID-19 pandemic, the Alliance entered into a promissory note (loan) with a bank dated April 30, 2020. The loan is through the Small Business Association (SBA) Federal Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is in the amount of \$52,373 and bears interest at a rate of 1%. Management anticipates that substantially all of the loan will be forgiven based on qualified payroll costs, rent payments and utility payments incurred during the selected coverage period.

If the SBA does not confirm forgiveness of the above loan, or only partly confirms forgiveness of the loan, or if the Alliance fails to apply for loan forgiveness, the Alliance will be obligated to repay the bank the total outstanding balance remaining due under the loan. In such case, the bank will establish the terms of repayment which will include a maturity date of two years from the funding date of the loan.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

For the years ended September 30, 2020 and 2019 the Alliance received \$98,121 and \$104,503, respectively, in contributions subject to donor-imposed restrictions for patient registry. Amounts that were expended in accordance with donor restrictions were reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At September 30, 2020 and 2019 the Alliance had \$13,000 and \$0, respectively, in net assets that were subject to donor restrictions with regard to their use.

NOTE 6 – IN-KIND CONTRIBUTIONS

During the years ended September 30, 2020 and 2019, the Alliance recognized the value of contributed services, facilities, and equipment as follows:

	2020	2019
Items for auction and fundraising events	\$ 6,844	\$ 15,981
Professional services	<u>4,157</u>	<u>3,597</u>
	<u>\$ 11,001</u>	<u>\$ 19,578</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The Alliance has entered into an agreement for consulting services with an entity whose executive officer is the former President and a board member of the Alliance. The contract currently runs through September 30, 2021. Payments made under the contract for the years ended September 30, 2020 and 2019 totaled \$72,650 and \$88,176, respectively, and are included in consulting fees in the accompanying statement of operating expenses. Payments due during the balance of the contract term total \$87,996.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FUNDS

As a policy, the Alliance does not commit to expenditures if resources are not available to satisfy the commitment. In addition, the Alliance had approximately \$512,000 in available funds at September 30, 2020. When combined with anticipated donor support, management believes it will have sufficient resources to meet the forthcoming year's planned level of program and supporting expenses.

NOTE 9 – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency related to a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Alliance's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, sponsors, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Alliance is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity into fiscal year 2021. Although the Alliance cannot estimate the length or impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Alliance's results of future operations, financial position and liquidity in 2021.