



**CMT  
Research  
Foundation**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019  
AND THE PERIOD APRIL 4, 2018 (DATE OF  
EXEMPTION) TO DECEMBER 31, 2018**

**CMT RESEARCH FOUNDATION, INC.**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Jones and Kolb**  
Certified Public Accountants  
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CMT Research Foundation, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of CMT Research Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2019 and the period April 4, 2018 (date of exemption) to December 31, 2018 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 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 CMT Research Foundation, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended December 31, 2019 and the period April 4, 2018 (date of exemption) to December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

*Jones and Kolb*

April 15, 2020

**CMT RESEARCH FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<b><u>ASSETS</u></b>		<b><u>2019</u></b>		<b><u>2018</u></b>
<b>CURRENT ASSETS</b>					
Cash		\$	1,322,134	\$	619,673
Contributions receivable			713,940		278,199
Total current assets			2,036,074		897,872
<b>LONG-TERM ASSETS</b>					
Contributions receivable			500,000		500,000
Total assets		\$	<u>2,536,074</u>	\$	<u>1,397,872</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable		\$	15,885	\$	4,519
Total current liabilities			15,885		4,519
<b>NET ASSETS</b>					
Without donor restrictions			1,032,556		543,353
With donor restrictions			1,487,633		850,000
Total net assets			2,520,189		1,393,353
Total liabilities and net assets		\$	<u>2,536,074</u>	\$	<u>1,397,872</u>

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

**CMT RESEARCH FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND THE PERIOD APRIL 4, 2018 (DATE OF EXEMPTION) TO DECEMBER 31, 2018**

	<b>2019</b>			<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>						
Contributions	\$ 422,528	\$ 974,940	\$ 1,397,468	\$ 645,226	\$ 850,000	\$ 1,495,226
Gross special events revenue	215,150	-	215,150	-	-	-
Less cost of direct benefit to donors	(86,034)	-	(86,034)	-	-	-
Interest income	2,969	-	2,969	200	-	200
Total revenues and support	<u>554,613</u>	<u>974,940</u>	<u>1,529,553</u>	<u>645,426</u>	<u>850,000</u>	<u>1,495,426</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
	<u>337,307</u>	<u>(337,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>						
Program services	268,064	-	268,064	78,118	-	78,118
Management and general	39,770	-	39,770	7,361	-	7,361
Fundraising	94,883	-	94,883	16,594	-	16,594
Total expenses	<u>402,717</u>	<u>-</u>	<u>402,717</u>	<u>102,073</u>	<u>-</u>	<u>102,073</u>
<b>CHANGE IN NET ASSETS</b>	489,203	637,633	1,126,836	543,353	850,000	1,393,353
<b>NET ASSETS</b>						
Beginning of year	<u>543,353</u>	<u>850,000</u>	<u>1,393,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 1,032,556</u>	<u>\$ 1,487,633</u>	<u>\$ 2,520,189</u>	<u>\$ 543,353</u>	<u>\$ 850,000</u>	<u>\$ 1,393,353</u>

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

**CMT RESEARCH FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND THE PERIOD APRIL 4, 2018 (DATE OF EXEMPTION) TO DECEMBER 31, 2018**

	<b>2019</b>				<b>2018</b>			
	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Project expenses	\$ 124,249	\$ -	\$ -	\$ 124,249	\$ 51,300	\$ -	\$ -	\$ 51,300
Compensation	54,722	10,944	43,779	109,445	10,092	2,018	8,074	20,184
Professional fees	54,571	19,250	-	73,821	6,805	1,139	-	7,944
Marketing	1,233	1,248	38,054	40,535	4,377	-	6,695	11,072
Travel	25,663	-	11,973	37,636	5,209	-	1,825	7,034
Office	2,663	4,701	-	7,364	309	3,034	-	3,343
Miscellaneous	4,963	-	1,077	6,040	-	-	-	-
Meetings	-	2,043	-	2,043	26	-	-	26
Insurance	-	1,584	-	1,584	-	1,170	-	1,170
<b>Total</b>	<b>\$ 268,064</b>	<b>\$ 39,770</b>	<b>\$ 94,883</b>	<b>\$ 402,717</b>	<b>\$ 78,118</b>	<b>\$ 7,361</b>	<b>\$ 16,594</b>	<b>\$ 102,073</b>

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

**CMT RESEARCH FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND THE PERIOD APRIL 4, 2018 (DATE OF EXEMPTION) TO DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions received	\$ 1,176,877	\$ 717,027
Interest income received	2,969	200
Costs for special events	(86,034)	-
Project expenses	(113,437)	(50,500)
Compensation expenses	(108,076)	(18,292)
Marketing expenses	(41,741)	(9,866)
Professional fees expenses	(72,883)	(7,944)
Travel expenses	(37,636)	(7,034)
Other operating expenses	(17,578)	(3,918)
	<u>702,461</u>	<u>619,673</u>
Total adjustments	<u>702,461</u>	<u>619,673</u>
Net cash provided by operating activities	<u>702,461</u>	<u>619,673</u>
<b>NET INCREASE IN CASH</b>	702,461	619,673
<b>CASH, Beginning of period</b>	<u>619,673</u>	<u>-</u>
<b>CASH, End of period</b>	<u>\$ 1,322,134</u>	<u>\$ 619,673</u>

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

**CMT RESEARCH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND THE PERIOD APRIL 4, 2018 (DATE OF EXEMPTION) TO DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Created in 2018, CMT Research Foundation, Inc. (the "Organization") is an organization focused on delivering treatments and cures for Charcot-Marie-Tooth ("CMT") disease. Effective April 4, 2018, the Internal Revenue Service determined the Organization was exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Organization fulfills its mission by fostering strategic partnerships with academia and industry stakeholders to deliver results.

B. The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

C. The Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as net assets without donor restrictions unless specifically restricted by the donor. All other restricted contributions are recorded as an increase in net assets with donor restrictions. When restrictions expire (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 Statements of Activities and Net Assets as "net assets released from restrictions." Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Organization.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions may be temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets generally permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are contributions for which restrictions have not been met.

D. At times, the Organization's cash balances may be in excess of the federally insured limits. However, given the strength of the financial institution, management believes such excess deposits do not create significant loss exposure.

E. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**CMT RESEARCH FOUNDATION, INC.**  
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F. Unconditional contributions receivable are recorded at their net realizable value if due within one year. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions revenue in the Statements of Activities. At December 31, 2019 and 2018, contributions receivable due in more than one year of the Statement of Financial Position date were \$500,000. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor and other relevant factors. At December 31, 2019 and 2018, management believes all contributions receivable are fully collectible. Therefore, no allowance for uncollectible accounts is recorded in the accompanying financial statements.

G. The accompanying financial statements report certain categories of expenses that are attributable to one or more functions of the Organization, which are defined as program services, management and general and fundraising. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated on the basis of estimates of time and effort. The remainder of the expenses are primarily allocated through a specific identification to the functional expense category due to the nature of the expense.

H. Subsequent events have been evaluated by management through April 15, 2020, the date these financial statements were available to be issued.

**2. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions as of and for the year ended December 31, 2019 are summarized as follows:

<b>Restriction</b>	<b>December 31, 2018</b>	<b>Contributions</b>	<b>Releases</b>	<b>December 31, 2019</b>
Subject to specified purpose:				
CMT1A	\$ 100,000	\$ 361,000	\$ (76,913)	\$ 384,087
CMT2E	-	103,940	(10,394)	93,546
Subject to specified time:				
Years 2020 - 2021	750,000	510,000	(250,000)	1,010,000
Total	<u>\$ 850,000</u>	<u>\$ 974,940</u>	<u>\$ (337,307)</u>	<u>\$ 1,487,633</u>

**CMT RESEARCH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**AND THE PERIOD APRIL 4, 2018 (DATE OF EXEMPTION) TO DECEMBER 31, 2018**

Net assets with donor restrictions as of December 31, 2018 and for the period April 4, 2018 (date of exemption) to December 31, 2018 are summarized as follows:

<u>Restriction</u>	<u>April 4, 2018</u>	<u>Contributions</u>	<u>Releases</u>	<u>December 31, 2018</u>
Subject to specified purpose:				
CMT1A	\$ -	\$ 100,000	\$ -	\$ 100,000
Subject to specified time:				
Years 2019 - 2021	-	750,000	-	750,000
Total	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ 850,000</u>

**3. CONCENTRATIONS**

During the year ended December 31, 2019, two donors accounted for approximately 54% of revenues and support. During the period April 4, 2018 (date of exemption) to December 31, 2018, one donor accounted for approximately 67% of revenues and support. Two donors accounted for approximately 82% and 96% of contributions receivable at December 31, 2019 and 2018, respectively.

**4. LIQUIDITY**

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Financial assets, at year end	\$ 2,536,074	\$ 1,397,872
Less those unavailable for general expenditures within one year due to:		
Purpose restrictions by donors	(477,633)	(100,000)
Time restrictions by donor	(500,000)	(500,000)
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,558,441</u>	<u>\$ 797,872</u>