



GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

THE RYR-1 FOUNDATION

**Financial Statements as of and for the Years Ended December 31,
2021 and 2020 and Independent Auditors' Report**

THE RYR-1 FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of The RYR-1 Foundation

Opinion

We have audited the accompanying financial statements of The RYR-1 Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 The RYR-1 Foundation as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The RYR-1 Foundation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 The RYR-1 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 The RYR-1 Foundation'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 any conditions or events, considered in the aggregate, that raise substantial doubt about The RYR-1 Foundation'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.

Grossman Yanak + Ford LLP

Pittsburgh, Pennsylvania
November 11, 2022

THE RYR-1 FOUNDATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 292,850	\$ 374,175
Investments	1,827,719	1,564,331
Pledges receivable	<u>116,290</u>	<u>13,000</u>
TOTAL ASSETS	<u>\$ 2,236,859</u>	<u>\$ 1,951,506</u>
<u>LIABILITIES</u>		
Credit cards payable	\$ 194	\$ 682
Accrued salaries and withholdings	1,225	1,411
Deferred revenue	<u>7,403</u>	<u>-</u>
Total	<u>8,822</u>	<u>2,093</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,425,000	1,346,886
Without donor restrictions - Board designated	14,300	57,500
With donor restrictions	<u>788,737</u>	<u>545,027</u>
Total	<u>2,228,037</u>	<u>1,949,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,236,859</u>	<u>\$ 1,951,506</u>

See accompanying notes to the financial statements.

THE RYR-1 FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Without Donor Restrictions	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions - Board Designated	With Donor Restrictions	Total
SUPPORT AND REVENUE:								
Donations and contributions	\$ 134,336	-	\$ 317,746	\$ 452,082	\$ 241,822	-	\$ 41,985	\$ 283,807
Sponsorships income	1,800	-	-	1,800	-	-	10,000	10,000
Donated securities	44,446	-	-	44,446	30,846	-	-	30,846
Grants	-	-	-	-	-	-	50,000	50,000
Program income	180	-	-	180	248	-	-	248
Investment income	18,942	-	-	18,942	11,534	-	-	11,534
PPP loan forgiveness income	14,130	-	-	14,130	-	-	-	-
Miscellaneous income	3,439	-	-	3,439	5,296	-	-	5,296
Releases from restriction	<u>117,236</u>	<u>\$ (43,200)</u>	<u>(74,036)</u>	<u>-</u>	<u>203,320</u>	<u>-</u>	<u>(203,320)</u>	<u>-</u>
Total support and revenue	<u>334,509</u>	<u>(43,200)</u>	<u>243,710</u>	<u>535,019</u>	<u>493,066</u>	<u>-</u>	<u>(101,335)</u>	<u>391,731</u>
EXPENSES:								
Program	162,171	-	-	162,171	247,430	-	-	247,430
Support and administrative	71,923	-	-	71,923	65,580	-	-	65,580
Development	<u>22,301</u>	<u>-</u>	<u>-</u>	<u>22,301</u>	<u>16,672</u>	<u>-</u>	<u>-</u>	<u>16,672</u>
Total expenses	<u>256,395</u>	<u>-</u>	<u>-</u>	<u>256,395</u>	<u>329,682</u>	<u>-</u>	<u>-</u>	<u>329,682</u>
INCREASE (DECREASE) IN NET ASSETS	78,114	(43,200)	243,710	278,624	163,384	-	(101,335)	62,049
NET ASSETS, BEGINNING OF YEAR	<u>1,346,886</u>	<u>57,500</u>	<u>545,027</u>	<u>1,949,413</u>	<u>1,183,502</u>	<u>\$ 57,500</u>	<u>646,362</u>	<u>1,887,364</u>
NET ASSETS, END OF YEAR	<u>\$ 1,425,000</u>	<u>\$ 14,300</u>	<u>\$ 788,737</u>	<u>\$ 2,228,037</u>	<u>\$ 1,346,886</u>	<u>\$ 57,500</u>	<u>\$ 545,027</u>	<u>\$ 1,949,413</u>

See accompanying notes to the financial statements.

THE RYR-1 FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Family Conference	Research Grants	SAB	CCG	Other Programs	Total Programs	Support and Administra- tive Services	Develop- ment	Total
Administrative support	\$ 39	\$ 53	\$ 8		\$ 2,055	\$ 2,155	\$ 12,547	\$ 331	\$ 15,033
Advertising and marketing	3,656	-	-	-	-	3,656	-	340	3,996
Bank, credit card processing and brokerage fees	-	196	70	-	-	266	1,783	-	2,049
Business expenses	-	-	-	-	-	-	-	9,305	9,305
Education	-	-	-	-	810	810	-	-	810
Grants and contributions	-	109,585	-	-	-	109,585	-	-	109,585
Honorariums	-	-	1,500	-	-	1,500	-	-	1,500
Insurance	-	-	-	-	-	-	3,380	-	3,380
Legal and accounting	-	1,615	-	-	-	1,615	19,236	-	20,851
Media and communications	-	-	-	-	403	403	-	-	403
Other program expenses	-	251	-	\$ 16,136	-	16,387	-	-	16,387
Miscellaneous	-	-	-	-	-	-	2,352	-	2,352
Office supplies	-	-	-	-	282	282	3,427	1,517	5,226
Payroll	4,755	5,800	1,998	1,065	6,539	20,157	25,206	7,171	52,534
Payroll taxes	463	570	201	107	656	1,997	2,497	720	5,214
Postage	-	-	-	-	7	7	99	1,726	1,832
Printing and copying	-	36	-	-	-	36	-	1,191	1,227
SIMPLE IRA match	-	-	-	-	-	-	1,396	-	1,396
Sponsorships	-	-	-	-	3,295	3,295	-	-	3,295
Travel and conferences	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total expenses	<u>\$ 8,933</u>	<u>\$ 118,106</u>	<u>\$ 3,777</u>	<u>\$ 17,308</u>	<u>\$ 14,047</u>	<u>\$ 162,171</u>	<u>\$ 71,923</u>	<u>\$ 22,301</u>	<u>\$ 256,395</u>

See accompanying notes to the financial statements.

THE RYR-1 FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Family Conference	Research Grants	SAB	CCG	Other Programs	Total Programs	Support and Administra- tive Services	Develop- ment	Total
Administrative support	\$ 365	\$ 113	-	\$ 570	\$ 1,725	\$ 2,773	\$ 8,784	\$ 1,783	\$ 13,340
Advertising and marketing	3,000	-	-	-	-	3,000	62	3,311	6,373
Bank, credit card processing and brokerage fees	-	146	\$ 146	-	-	292	351	-	643
Business expenses	-	-	-	-	-	-	1,776	633	2,409
Education	-	-	-	-	76	76	2,254	-	2,330
Grants and contributions	-	177,996	-	-	-	177,996	-	-	177,996
Honorariums	-	-	3,000	-	-	3,000	-	-	3,000
Insurance	-	-	-	-	-	-	2,763	-	2,763
Legal and accounting	1,274	7,184	-	130	-	8,588	13,122	-	21,710
Media and communications	-	-	-	-	40	40	908	-	948
Other program expenses	-	-	-	24,230	-	24,230	-	-	24,230
Miscellaneous	-	-	-	-	34	34	3,780	418	4,232
Office supplies	-	-	-	-	-	-	4,270	495	4,765
Payroll	2,965	3,293	3,123	8,739	4,282	22,402	24,654	7,191	54,247
Payroll taxes	301	334	317	886	434	2,272	2,502	729	5,503
Postage	-	-	-	-	-	-	354	863	1,217
Printing and copying	-	-	-	-	-	-	-	1,249	1,249
Travel and conferences	298	-	2,429	-	-	2,727	-	-	2,727
Total expenses	<u>\$ 8,203</u>	<u>\$ 189,066</u>	<u>\$ 9,015</u>	<u>\$ 34,555</u>	<u>\$ 6,591</u>	<u>\$ 247,430</u>	<u>\$ 65,580</u>	<u>\$ 16,672</u>	<u>\$ 329,682</u>

See accompanying notes to the financial statements.

THE RYR-1 FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 278,624	\$ 62,049
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Gain) loss on investments	(16,621)	1,125
Donated securities	(44,446)	(30,846)
(Increase) decrease in:		
Pledges receivable	(103,290)	37,000
Prepaid expenses	-	10,000
Increase (decrease) in:		
Accounts payable	-	(3,200)
Credit cards payable	(488)	(6,638)
Accrued salaries and withholdings	(186)	(1,883)
Deferred revenue	<u>7,403</u>	<u>(6,769)</u>
Net cash provided by operating activities	<u>120,996</u>	<u>60,838</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(368,779)	(43,548)
Proceeds from sale of investments	<u>166,458</u>	<u>31,022</u>
Net cash used in investing activities	<u>(202,321)</u>	<u>(12,526)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(81,325)	48,312
CASH AND CASH EQUIVALENTS, BEGINNING	<u>374,175</u>	<u>325,863</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 292,850</u>	<u>\$ 374,175</u>

See accompanying notes to the financial statements.

THE RYR-1 FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization, Purpose and Operations - The RYR-1 Foundation (the "Organization") is a charitable nonprofit organization whose mission is to support research leading to effective treatment or a cure for RYR-1 related diseases. They seek to achieve these goals by providing research support, physician education, and patient/family support and advocacy. Funds raised by the Organization will support both basic science and clinical research of RYR-1 muscle disease. The Organization is supported by foundation grants as well as individual and business contributions. The Organization does not contemplate pecuniary gain or profit, incidental or otherwise, to its members, directors, or other persons.

Financial Statement Presentation - The Organization 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 without donor restrictions are the net assets that are not restricted by donor imposed stipulations. Net assets with donor restrictions are subject to donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

The Board designated net assets that have been set aside for mice research.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all monies available for current use in checking, savings and certificates of deposit with initial maturities of three months or less to be cash equivalents. The Organization maintains, at financial institutions, cash which at times may exceed federally insured limits and which may at times exceed statement of financial position amounts due to outstanding checks.

Availability of Financial Assets - The Organization's financial assets available for general expenditures within one year of the statements of financial position at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 292,850	\$ 374,175
Pledge receivables	116,290	13,000
Investments	1,827,719	1,564,331

Less: Board designated - research	\$ (14,300)	\$ (57,500)
Less: Donor restrictions	<u>(788,737)</u>	<u>(545,027)</u>
Total	<u>\$ 1,433,822</u>	<u>\$ 1,348,979</u>

The Organization hosts a large family conference every two years which generates a significant amount of contributions leading up to the conference. The Organization also funds various research grants to further medical advancements for RYR-1. The Organization's policy related to managing assets is to fund research grant payments, operational costs, liabilities and other obligations as they come due. Funds received specifically for research grants, clinical care guidelines and the family conferences are utilized to fund those respective expenses.

Pledges Receivable - Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The pledges as of December 31, 2021 and 2020 are expected to be collected within one year. The Organization provides an allowance for uncollectible pledges based on management's evaluation of the receivable. No allowance was considered necessary at December 31, 2021 and 2020.

Investments - Investments in marketable securities are reflected at fair value using quoted market prices in active markets. Investments in treasury bills are reflected at fair value. Interest (net of fees), dividends and unrealized gains and losses are included in the statements of activities.

Contributions - Contributions received are recorded as support with donor restrictions or support without donor restriction depending on the existence and/or nature of any donor restrictions. Donor-restricted income is classified as income without donor restrictions if restrictions are satisfied in the same fiscal year in which the income is received. For the year ended December 31, 2021, approximately 30% of total support and revenue was contributed by two donors. For the year ended December 31, 2020, approximately 13% of total support and revenue was contributed by one donor.

Revenue Recognition - Family Conference registration fees are recognized once the Family Conference has occurred. When these fees are received in advance of the period to which they apply, they are classified as deferred revenue on the statements of financial position.

Deferred Revenue - Deferred revenue at December 31, 2021 resulted primarily from advance registration fees associated with the 2022 Family Conference. There was no deferred revenue at December 31, 2020.

Functional Expenses - Expenses are allocated based upon their functional classification as either program or supporting services. Expenses that are attributable to both program and supporting services require allocation on a reasonable basis that is consistently applied. Allocable expenses including payroll, payroll taxes, administrative support and legal are primarily allocated based on an estimate of time and effort in performing the services.

Donated Services - RYR-1 is highly dependent upon the time and effort of volunteers through fundraising and management activities. These donated services are not reflected in the financial statements since the services do not require specialized skills.

Advertising - Advertising costs are expensed as incurred. Advertising expenses were \$3,996 and \$6,373 for the years ended December 31, 2021 and 2020, respectively.

Fair Value Measurements - The Organization has adopted the guidance included in U.S. generally accepted accounting principles which establish a framework for measuring fair value of financial assets and expands disclosures about fair value measurements. The fair value hierarchy for disclosure of fair value measurements is as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs that reflect the reporting entity's own assumptions.

The Organization's assets measured at fair value consist of mutual funds based on their quoted prices (level 1 inputs); and money market funds, based on estimated redemption value (level 2 inputs).

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Income Taxes - The Organization meets the requirements to be treated as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

Management believes there is no liability related to uncertain tax positions at December 31, 2021 or 2020. The Organization is no longer subject to tax examinations for the years before December 31, 2018.

Subsequent Events - The Organization has analyzed subsequent events for recognition and disclosure purposes through November 11, 2022, the date the financial statements were available to be issued.

2. INVESTMENTS

Investments, at fair value, consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 761,686	\$ 561,471
Money market funds	896,844	970,292
Mutual funds	<u>169,189</u>	<u>32,568</u>
Total	<u>\$ 1,827,719</u>	<u>\$ 1,564,331</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions all of which are restricted for purpose consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research	\$ 292,539	\$ 336,564
Prevalence Study	150,000	-
Family Conference	139,969	140,349
Dr. Nicol Voerman's research	69,446	-
Research on doubly heterozygous mice	51,600	51,600
International Research Workshop	50,000	-
Restricted salaries	35,000	-
Fundraising dinner	183	183
Clinical Care Guidelines: What Parents and Families Need to Know	<u>-</u>	<u>16,331</u>
Total	<u>\$ 788,737</u>	<u>\$ 545,027</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purposes or by occurrence of other events specified by donors, consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research	\$ 57,026	\$ 165,079
Family Conference	679	4,572
Clinical Care Guidelines: What Parents and Families Need to Know	<u>16,331</u>	<u>33,669</u>
Total	<u>\$ 74,036</u>	<u>\$ 203,320</u>

5. PAYCHECK PROTECTION PROGRAM

On February 1, 2021, the Organization received a Paycheck Protection Program ("PPP") loan of \$14,130. The full amount of the loan is reflected as PPP loan forgiveness income as of December 31, 2021, as the loan was fully forgiven by the Small Business Administration on September 24, 2021.
