



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE  
YEAR ENDED DECEMBER 31, 2022)**

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Food Allergy Research & Education, Inc.**

### *Opinion*

We have audited the financial statements of Food Allergy Research & Education, Inc. ("FARE"), 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 accompanying financial statements present fairly, in all material respects, the financial position of FARE 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 ("GAAS"). 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 FARE 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 FARE'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 GAAS 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 GAAS, 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 FARE'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 FARE'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.

### ***Report on Summarized Comparative Information***

We have previously audited FARE's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
July 10, 2024

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,895,240	\$ 8,127,178
Investments	20,467,705	26,622,148
Contributions receivable, net	7,472,230	5,000,572
Other receivables	52,539	111,859
Prepaid expenses and other assets	232,311	331,079
Property and equipment, net	13,200	83,115
Right-of-use assets – operating	<u>235,584</u>	<u>181,190</u>
<b>Total Assets</b>	<u>\$ 31,368,809</u>	<u>\$ 40,457,141</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 294,401	\$ 809,580
Accrued salaries, leave and other benefits	265,149	281,740
Grants payable	1,805,714	6,762,408
Refundable advances	7,500	50,000
Lease liability – operating	<u>256,633</u>	<u>270,952</u>
<b>Total Liabilities</b>	<u>2,629,397</u>	<u>8,174,680</u>
<b>Net Assets</b>		
Without donor restrictions	19,070,485	20,911,084
With donor restrictions		
Purpose and time restrictions	<u>9,668,927</u>	<u>11,371,377</u>
<b>Total Net Assets</b>	<u>28,739,412</u>	<u>32,282,461</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 31,368,809</u>	<u>\$ 40,457,141</u>

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

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>Revenue and Support</b>				
Contributions	\$ 6,756,971	\$ 5,330,146	\$ 12,087,117	\$ 11,289,568
Program service fees	773,410	--	773,410	459,981
Special events, net	684,777	--	684,777	4,282
Other revenue	--	--	--	22,370
Employee retention tax credit	1,537,610	--	1,537,610	--
Interest income	7,636	--	7,636	29,262
Net assets released from restrictions:				
Satisfaction of program restrictions	5,961,022	(5,961,022)	--	--
Satisfaction of time restrictions	1,071,574	(1,071,574)	--	--
<b>Total Revenue and Support</b>	<u>16,793,000</u>	<u>(1,702,450)</u>	<u>15,090,550</u>	<u>11,805,463</u>
<b>Expenses</b>				
Program services	14,307,883	--	14,307,883	21,525,101
Supporting services	5,419,549	--	5,419,549	4,789,328
<b>Total Expenses</b>	<u>19,727,432</u>	<u>--</u>	<u>19,727,432</u>	<u>26,314,429</u>
<b>Change in Net Assets Before Non-Operating Activities</b>	(2,934,432)	(1,702,450)	(4,636,882)	(14,508,966)
<b>Non-Operating Activities</b>				
Loss on restructured pledge	--	--	--	(700,000)
Loss on disposal of fixed assets	--	--	--	(251,980)
Net investment income	1,093,833	--	1,093,833	336,081
<b>Change in Net Assets</b>	(1,840,599)	(1,702,450)	(3,543,049)	(15,124,865)
<b>Net Assets – Beginning of Year</b>	<u>20,911,084</u>	<u>11,371,377</u>	<u>32,282,461</u>	<u>47,407,326</u>
<b>Net Assets – End of Year</b>	<u>\$ 19,070,485</u>	<u>\$ 9,668,927</u>	<u>\$ 28,739,412</u>	<u>\$ 32,282,461</u>

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

**FOOD ALLERGY RESEARCH & EDUCATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Program Services			Supporting Services			2023 Total	2022 Total	
	Research	Advocacy and Education	Shared Awareness and Outreach	Total Programs	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 1,389,485	\$ 2,255,898	\$ 1,889,533	\$ 5,534,916	\$ 1,525,876	\$ 1,403,477	\$ 2,929,353	\$ 8,464,269	\$ 9,055,037
Other employee benefits	144,939	209,126	206,411	560,476	213,642	132,522	346,164	906,640	930,289
Payroll taxes	81,272	126,379	136,153	343,804	146,736	91,321	238,057	581,861	598,743
Retirement benefits	39,085	78,689	69,511	187,285	60,109	54,802	114,911	302,196	338,453
<b>Total personnel costs</b>	<u>1,654,781</u>	<u>2,670,092</u>	<u>2,301,608</u>	<u>6,626,481</u>	<u>1,946,363</u>	<u>1,682,122</u>	<u>3,628,485</u>	<u>10,254,966</u>	<u>10,922,522</u>
Research grants and sponsorships	3,700,321	22,952	--	3,723,273	--	75,000	75,000	3,798,273	9,103,680
Conferences, events and travel	407,944	1,225,696	90,518	1,724,158	11,575	418,193	429,768	2,153,926	1,128,038
Other professional services	309,238	234,799	154,459	698,496	79,914	369,913	449,827	1,148,323	784,237
Occupancy	76,453	161,394	78,142	315,989	47,190	88,443	135,633	451,622	323,675
Information technology	95,116	108,315	113,486	316,917	43,250	143,440	186,690	503,607	480,920
Advertising and promotions	--	21,924	318,872	340,796	591	108,275	108,866	449,662	1,523,926
Depreciation, amortization and bad debt	--	10,000	--	10,000	69,915	275,147	345,062	355,062	485,872
Office, insurance and other	26,596	83,982	46,250	156,828	30,569	326,266	356,835	513,663	330,470
Educational training and publications	--	187,101	--	187,101	--	--	--	187,101	311,093
Clinical studies and patient registry	171,624	--	--	171,624	--	--	--	171,624	553,169
Legal and audit fees	16,175	20,045	--	36,220	134,706	--	134,706	170,926	265,459
Medical honoraria	--	--	--	--	--	--	--	--	101,368
<b>Total Functional Expenses</b>	<u>\$ 6,458,248</u>	<u>\$ 4,746,300</u>	<u>\$ 3,103,335</u>	<u>\$ 14,307,883</u>	<u>\$ 2,364,073</u>	<u>\$ 3,486,799</u>	<u>\$ 5,850,872</u>	<u>\$ 20,158,755</u>	<u>\$ 26,314,429</u>
Less: Expenses included with revenue in the statement of activities:									
Direct special event expenses	--	--	--	--	--	(431,323)	(431,323)	(431,323)	--
<b>Total Expenses</b>	<u>\$ 6,458,248</u>	<u>\$ 4,746,300</u>	<u>\$ 3,103,335</u>	<u>\$ 14,307,883</u>	<u>\$ 2,364,073</u>	<u>\$ 3,055,476</u>	<u>\$ 5,419,549</u>	<u>\$ 19,727,432</u>	<u>\$ 26,314,429</u>

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

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (3,543,049)	\$ (15,124,865)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in discount on contributions receivable	118,690	117,840
Provision for doubtful contributions receivable	--	85,000
Realized losses (gains) on investments	4,897	(8,476)
Depreciation and amortization	69,915	75,872
Loss on disposal of fixed assets	--	251,980
Amortization of right-of-use assets	200,948	150,634
Changes in assets and liabilities:		
Contributions receivable	(2,590,348)	369,700
Other receivables	59,320	(4,569)
Prepaid expenses and other assets	98,768	(110,994)
Accounts payable and accrued expenses	(515,179)	24,017
Accrued salaries, leave and other benefits	(16,591)	69,209
Grants payable	(4,956,694)	5,612,858
Refundable advances	(42,500)	50,000
Lease liability	(269,661)	(246,245)
<b>Net Cash Used In Operating Activities</b>	<b>(11,381,484)</b>	<b>(8,688,039)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	--	(24,240)
Purchases of investments	(1,484,238)	(1,303,419)
Proceeds from the sale of investments	7,633,784	5,990,083
<b>Net Cash Provided By Investing Activities</b>	<b>6,149,546</b>	<b>4,662,424</b>
<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(5,231,938)</b>	<b>(4,025,615)</b>
<b>Cash and Cash Equivalents – Beginning of Year</b>	<b>8,127,178</b>	<b>12,152,793</b>
<b>Cash and Cash Equivalents – End of Year</b>	<b>\$ 2,895,240</b>	<b>\$ 8,127,178</b>

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



# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *ORGANIZATION*

Food Allergy Research & Education, Inc. (“FARE”) is a 501(c)(3) public charity incorporated under the laws of New York. FARE is the nation’s leading organization working on behalf of the 32 million Americans who have food allergies, including all those at risk for life-threatening anaphylaxis. FARE’s mission is to improve the quality of life and the health of individuals with food allergies and to provide them hope through the promise of new treatments. FARE is a trusted source of information, programs and resources related to food allergy and anaphylaxis and the world’s largest private source of funding for food allergy research. FARE’s activities are funded primarily through grants and contributions.

#### *CASH AND CASH EQUIVALENTS*

FARE considers all money market funds to be cash equivalents except that any such cash and cash equivalents held by external investment managers as part of FARE’s designated investment portfolio are classified as investments.

#### *INVESTMENTS*

Investments consist of a bond mutual fund and cash equivalents considered to be part of FARE’s investment portfolio. These investments and cash equivalents are recorded in the accompanying financial statements at their fair value as of December 31<sup>st</sup>.

The change in unrealized appreciation or depreciation of investments is included in net investment income in the accompanying statement of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in net investment income in the accompanying statement of activities.

#### *CONTRIBUTIONS AND OTHER RECEIVABLES*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. FARE uses the allowance method to determine uncollectible receivables. The allowance is based on prior years’ experience and management’s analysis of specific contributions and other receivables. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

#### *PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION*

Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the respective assets, which range from three to seven years. Leasehold improvements are amortized over the shorter of the lease period or useful life of the improvements. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred.

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION AND AMORTIZATION (CONTINUED)*

FARE's policy is to capitalize purchases of furniture, equipment and major repairs and improvements of \$5,000 or more. Software costs incurred during the development phase are capitalized as incurred and software purchases off-the-shelf are capitalized at cost and amortized over 5 years. On-going costs related to maintenance and training are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in non-operating activities.

#### *FAIR VALUE MEASUREMENT*

In accordance with accounting principles generally accepted in the United States of America (GAAP), applicable financial assets and liabilities are categorized based on inputs to valuation techniques as follows:

##### *Level 1*

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that FARE has the ability to access.

##### *Level 2*

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets.

##### *Level 3*

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended December 31, 2023, only FARE's investments, as described in Note 4 of these financial statements, were measured at fair value on a recurring basis.

#### *CLASSIFICATION OF NET ASSETS*

Net assets without donor restrictions represent the portion of expendable funds that are available for support of FARE's operations or that have been designated by the Board for a particular purpose. Net assets with donor restrictions represent amounts that are specifically restricted by donors for various programs or future periods.

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *REVENUE RECOGNITION*

Contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made. Conditional contributions – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. FARE reports gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets as increases in net assets with donor restrictions. 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 accompanying statement of activities as net assets released from restrictions.

FARE considers its special events to be incidental to its operations and fundraising program. As such, FARE has elected to report its special event revenue net of direct special event costs in the accompanying statement of activities.

Program services fees consists of patient registry fees and educational courses. FARE recognizes the fees at the point in time in which the services are provided. Amounts earned but not received as of year-end are included in other receivables in the accompanying statement of financial position.

#### *FUNCTIONAL ALLOCATION OF EXPENSES*

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Certain expenses have been directly applied to functions based upon the nature of the expense. Other expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits have been allocated on the basis of time and effort. Other indirect costs have been allocated based on the salaries and benefits allocation.

#### *ESTIMATES*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *MEASURE OF OPERATIONS*

FARE considers its net investment income, exclusive of the interest income earned on its cash and cash equivalents not considered part of its investment portfolio, gains and losses recognized on disposal of long term assets and losses on pledge restructuring, to be non-operating in nature.

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 2 - DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES

The following programs and supporting services of FARE are included in the accompanying financial statements:

#### Research

FARE is committed to supporting food allergy research progress in a number of ways. The cornerstone of these efforts was the launch of the FARE Clinical Network (“FCN”) in 2015. The FCN sites are changing the face of food allergy research by raising the quality of care for food allergic patients nationwide by reducing discrepancies in care among providers and by making comprehensive care available for all patients with food allergies. FCN sites are helping parents, caregivers and patients identify centers that provide clinical and sub-specialty food allergy services of the highest quality and that are leaders in rapidly applying new evidence-based knowledge.

Additionally, FCN centers are accelerating drug development for food allergy by enhancing infrastructure and capabilities to perform crucial late stage trials and providing the basis for a national food allergy patient registry and bio-repositories.

FARE is driving innovation and advancing breakthroughs in food allergy diagnosis and treatment. FARE provides grants for foundational research that aim to transform the field of food allergy science leading to new therapies and cures. FARE has partnered with major medical centers at research universities to directly fund large scale, multi-million dollar and multi-year clinical studies and trials. These research studies are key steps in the approval of new therapies by the U.S. Food and Drug Administration (“FDA”). Major research study grants provided by FARE includes; oral immunotherapy (“OIT”) which introduces increasing amounts of an allergen, such as peanuts, to allergic individuals with the goal of increasing the threshold triggering a reaction; the FAITH challenge, a multi-million dollar competition designed to promote the development of food allergy diagnosis tools; the Gut-Brain study which maps the interplay of the brain, the gut and the immune system, which scientists expect will lead to therapies in food allergies.

#### Advocacy and Education

These activities cover a broad range of activities in support of FARE’s mission including, but not limited to, national educational conferences, printed and online educational materials, the Community Outreach Awards program and Leaders Summit programs, free educational information disseminated through FARE’s website and blogs, monthly webinar series on a variety of topics related to food allergy management, and FARE’s college program efforts towards creating and training on best practices for identifying and serving the needs of students with food allergies in every aspect of student life. FARE’s advocacy and education efforts include both digital and live campaigns, trainings, materials and other communication vehicles

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 2 - DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES (CONTINUED)

#### Advocacy and Education (continued)

to educate and build awareness among relevant stakeholders of the severity of food allergies and appropriate policy accommodations. FARE also convenes food allergy experts, physicians, educators, policymakers, community leaders, patients, caregivers and advocates to support various mission efforts.

#### Shared Awareness and Outreach

These activities encompass a wide range of efforts including, but not limited to, executing national awareness campaigns to raise the profile of food allergy; distributing external communications including a bi-monthly e-newsletter and a quarterly research newsletter; maintenance and content writing for FARE's digital properties including its website and blogs, media outreach, marketing and promotion, monitoring services and other technology infrastructure support.

#### Management and General

Management and general includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of FARE's program strategy, and manage the financial and budgetary responsibilities of FARE.

#### Fundraising

Fundraising activities include FARE's efforts to solicit contributions from individuals, foundations, corporations and others.

### NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As of December 31, 2023, financial assets and liquidity resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, were as follows:

Cash and cash equivalents	\$ 2,895,240
Investments	20,467,705
Contributions receivable, net, due within one year	3,475,798
Other receivables	<u>52,539</u>
Total financial assets available within one year	26,891,282
Less: Amounts unavailable for general expenditures within one year due to donor restrictions (purpose or time restrictions)	<u>(8,484,760)</u>
<b>Total Financial Assets Available to Meet General Expenditures Within One Year</b>	<b><u>\$ 18,406,522</u></b>

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

As outlined in Note 8 to these financial statements, FARE's Board of Directors has designated a portion of its resources totaling \$19,070,485 as of December 31, 2023 to be set aside as a reserve fund. However, these funds are liquid and remain available to be spent at the discretion of the Board and are therefore included in the total of financial assets available within one year above.

### NOTE 4 - INVESTMENTS AND FAIR VALUE

FARE has used the following fair value measurements as of December 31, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond mutual fund	<u>\$ 20,467,705</u>	<u>\$ 20,467,705</u>	<u>\$ --</u>	<u>\$ --</u>
<b>Total Investments</b>	<u>\$ 20,467,705</u>	<u>\$ 20,467,705</u>	<u>\$ --</u>	<u>\$ --</u>

The mutual fund held by FARE as of December 31, 2023 is listed on major securities exchanges with readily obtainable trading values and has been classified as "level 1" by FARE.

### NOTE 5 - CONTRIBUTIONS RECEIVABLE

As of December 31, 2023, contributions receivable consisted of the following:

Due in less than one year	\$ 4,366,520
Due in one to five years	<u>3,501,071</u>
Total	7,867,591
Less: Present value discount (5.2%)	(295,361)
Less: Allowance for doubtful accounts	<u>(100,000)</u>
<b>Contributions Receivable, Net</b>	<u>\$ 7,472,230</u>

FARE has received conditional grants which require certain milestones and/or the incurrence of other condition to be met prior to revenue recognition. During the year ended December 31, 2023, FARE recognized \$500,000 under these grants. As of December 31, 2023, FARE met all qualifying milestones and/or conditions under these awards.

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 6 - PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION AND AMORTIZATION

FARE held the following property and equipment as of December 31, 2023:

Leasehold improvements	\$ 356,979
Office furniture and equipment	134,509
Software	<u>22,000</u>
Total	513,488
Less: Accumulated depreciation and amortization	<u>(500,288)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 13,200</u></b>

Depreciation expense totaled \$69,916 for the year ended December 31, 2023.

### NOTE 7 - GRANTS PAYABLE

FARE awards grants for research to universities and hospital systems. As of December 31, 2023, all of FARE's unconditional promises to give were due within one year.

FARE has conditional promises to pay which require certain milestones and/or other conditions to meet prior to being paid. During the year ended December 31, 2023, FARE recognized \$2,571,998 in expenses under these grants. As of December 31, 2023, FARE had yet to recognize \$6,073,906 in expense as the milestones and/or other conditions had not yet been met.

### NOTE 8 - NET ASSETS

#### *NET ASSETS WITHOUT DONOR RESTRICTIONS*

The Board of Directors of FARE has designated a portion of net assets without donor restrictions as a reserve fund. The board designated net asset balance at December 31, 2023, was \$19,070,485.

#### *NET ASSETS WITH DONOR RESTRICTIONS*

Net assets with donor restrictions are restricted to the following purposes or time periods as of December 31, 2023:

Research	\$ 4,567,280
Education	790,216
Research & Advocacy	1,776,339

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 8 - NET ASSETS (CONTINUED)

#### *NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)*

*(continued)*

General purposes for future years:

Year ending December 31, 2024	\$ 1,184,166
Year ending December 31, 2025	613,333
Year ending December 31, 2026	537,592
Year ending December 31, 2027	<u>200,000</u>

**Total Net Assets With Donor Restrictions** **\$ 9,668,926**

### NOTE 9 - COMMITMENTS, RISKS AND CONTINGENCIES

#### **OPERATING LEASES**

On January 1, 2022, FARE was required to adopt ASU 2016-02, Leases (Topic 842). The right-of-use (“ROU”) assets represent FARE’s right to use underlying assets for the lease term, and the lease liabilities represent FARE’s obligation to make lease payments arising from these leases.

The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. If a lease agreement does not provide an implicit rate, based on the information available at the commencement date, the Association uses the risk-free rate. The Association’s operating leases are described below.

In September 2017, FARE entered into an operating lease agreement for its current office space headquarters in McLean, VA. The lease commenced June 1, 2018 and originally expired November 30, 2023. During 2023, the lease was amended for a sixteen-month period starting July 2023. As a result of the amendment the Organization added \$255,342 to their operating lease right of use asset and lease liability.

Additionally, FARE also has leases for storage space, and two copiers with lease terms expiring between November 2024 and November 2025.

Aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of December 31, 2023 and a reconciliation to operating lease liabilities reported on the statement of financial position:

For the Year Ending	
<u>December 31,</u>	
2024	\$ 250,906
2025	7,790
Total Lease Payments	258,696



# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 9 - COMMITMENTS, RISKS AND CONTINGENCIES (CONTINUED)

#### *OPERATING LEASES (CONTINUED)*

(continued)

Less: Interest \$ (2,063)

Present Value of Lease Liability \$ 256,633

Operating lease expense under the leases was \$189,726 and variable rental expenses incurred totaled \$461,570 for the year end December 31, 2023 which are included in occupancy on the statement of functional expenses. Cash payments for operating leases during the year ended December 31, 2023 totaled \$268,449.

Average operating lease terms and discount rate as of December 31, 2023 were as follows:

Weighted Average Remaining Lease Terms (Years)	1.13
Weighted Average Discount Rate	1.50%

#### *CONCENTRATION OF CREDIT RISK*

FARE's cash is comprised of amounts in accounts at various financial institutions. While the amount at times exceeds the amount guaranteed by federal agencies and, therefore, bears some risk, FARE has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2023, the Federal Deposit Insurance Corporation ("FDIC") insured balances of a depositor, per financial institution, up to \$250,000. The amount held by FARE in excess of the FDIC insured limit was approximately \$23,238,000 as of December 31, 2023.

### NOTE 10 - RETIREMENT SAVINGS PLAN

Effective January 1, 1998, FARE adopted a defined contribution plan under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the plan immediately upon their hire and may elect to contribute up to the Federal tax limitations. Employer contributions under the plan are equal to 4% of an eligible participant's compensation. Additional employer discretionary contributions are permitted.

Employees are immediately vested in the full value of their accounts, including employer contributions. The plan includes a provision allowing loans from the plan.

Retirement plan expense for the year ended December 31, 2023, was \$302,196 and is included in retirement benefits in the accompanying statement of functional expenses.

# FOOD ALLERGY RESEARCH & EDUCATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 11 - JOINT COSTS

During the year ended December 31, 2023, FARE incurred joint costs of approximately \$637,572 from activities including events and digital and print communications that included both educational and fundraising appeals. Of those costs, \$104,581 was allocated to fundraising, \$121,009 was allocated to management and general, \$143,096 was allocated to the Shared Awareness and Outreach program, \$166,005 was allocated to the Advocacy and Education program and \$102,881 was allocated to the Research program.

### NOTE 12 - INCOME TAXES

FARE is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on income other than net unrelated business income. There was no provision for income tax for FARE for the year ended December 31, 2023 as FARE had no unrelated business income.

FARE reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertainty in income tax. For the year ended December 31, 2023, management did not identify any uncertainty in income tax requiring recognition or disclosure in these financial statements.

FARE's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

### NOTE 13 - PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total, but not by net asset class. Accordingly, such information should be read in conjunction with FARE's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

### NOTE 14 - SUBSEQUENT EVENTS

FARE's management has evaluated subsequent events through July 10, 2024, the date the financial statements were available to be issued. There were no subsequent events identified through July 10, 2024, required to be disclosed in these financial statements.