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***INTERNATIONAL F.O.P.  
ASSOCIATION, INC.***  
*FINANCIAL STATEMENTS  
DECEMBER 31, 2021*

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## **Contents**

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### **Page**

<b>Independent Auditors' Report.....</b>	<b>1 - 2</b>
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### **Financial Statements**

Statement Of Financial Position.....	3
Statement Of Activities And Changes In Net Assets.....	4 - 5
Statement Of Functional Expenses .....	6
Statement Of Cash Flows.....	7
Notes To Financial Statements.....	8 - 19

## **Independent Auditors' Report**

Board of Directors  
International F.O.P. Association, Inc.  
Kansas City, Missouri

### ***Opinion***

We have audited the financial statements of International F.O.P. Association, Inc., (the Association), which comprise the statement 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 accompanying financial statements present fairly, in all material respects, the financial position of International F.O.P. Association, Inc. as of December 31, 2021 and 2020 and the results of its operations 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 Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis Of Matter***

As discussed in Note 12 to the financial statements, the Association restated their financial statements for the year ended December 31, 2020 to correct an error in the presentation of net assets by net asset class. This correction had no impact on total change in net assets for the year ended December 31, 2020 or the total net assets at December 31, 2020 or January 1, 2020. Our opinion is not modified with respect to this matter.

### ***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 Association's ability to continue as a going concern for 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Association'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 Association'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.

*RubinBrown LLP*

November 18, 2022

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

## STATEMENT OF FINANCIAL POSITION

Assets	December 31,	
	2021	2020 (As Restated)
<b>Current Assets</b>		
Cash and cash equivalents	\$ 589,513	\$ 687,699
Cash equivalents held in investment portfolio	160,312	186,168
Other receivables	848	22,840
Investments	3,667,473	3,875,999
Promises to give	656,000	227,265
Other current assets	104,955	96,763
<b>Total Current Assets</b>	<b>5,179,101</b>	<b>5,096,734</b>
<b>Property And Equipment, Net</b>	<b>666</b>	<b>1,278</b>
<b>Promises To Give, Net</b>	<b>388,647</b>	<b>63,647</b>
<b>Other Long-Term Assets, Net</b>	<b>262,169</b>	<b>294,414</b>
<b>Total Assets</b>	<b>\$ 5,830,583</b>	<b>\$ 5,456,073</b>
<b>Liabilities And Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 135,694	\$ 114,707
Grants payable	52,825	426,459
<b>Total Current Liabilities</b>	<b>188,519</b>	<b>541,166</b>
<b>Net Assets</b>		
Without donor restrictions	2,848,634	2,952,693
With donor restrictions	2,793,430	1,962,214
<b>Total Net Assets</b>	<b>5,642,064</b>	<b>4,914,907</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 5,830,583</b>	<b>\$ 5,456,073</b>

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For The Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains And Other Support</b>			
Support:			
Contributions	\$ 1,264,217	\$ 1,544,550	\$ 2,808,767
Noncash contributions	114,561	—	114,561
Special Events			
Special events revenue	175,433	197,884	373,317
Less: costs of direct benefits to donors	(95,262)	—	(95,262)
Investment income, net	216,371	—	216,371
Other revenue	38,387	—	38,387
Net assets released from restrictions	911,218	(911,218)	—
<b>Total Revenues, Gains And Other Support</b>	<b>2,624,925</b>	<b>831,216</b>	<b>3,456,141</b>
<b>Expenses</b>			
Program services	2,226,649	—	2,226,649
Management and general	307,768	—	307,768
Fundraising	194,567	—	194,567
<b>Total Expenses</b>	<b>2,728,984</b>	<b>—</b>	<b>2,728,984</b>
<b>Change In Net Assets</b>	<b>(104,059)</b>	<b>831,216</b>	<b>727,157</b>
<b>Net Assets - Beginning Of Year (As Restated)</b>	<b>2,952,693</b>	<b>1,962,214</b>	<b>4,914,907</b>
<b>Net Assets - End Of Year</b>	<b>\$ 2,848,634</b>	<b>\$ 2,793,430</b>	<b>\$ 5,642,064</b>

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For The Year Ended December 31, 2020

	Without Donor Restrictions (As Restated)	With Donor Restrictions (As Restated)	Total
<b>Revenues, Gains And Other Support</b>			
Support:			
Contributions	\$ 774,345	\$ 581,497	\$ 1,355,842
Noncash contributions	117,811	—	117,811
Special Events			
Special events revenue	165,888	605,234	771,122
Less: costs of direct benefits to donors	(53,079)	—	(53,079)
Investment income, net	336,279	—	336,279
Other revenue	20,242	—	20,242
Net assets released from restrictions	1,714,091	(1,714,091)	—
<b>Total Revenues, Gains And Other Support</b>	<b>3,075,577</b>	<b>(527,360)</b>	<b>2,548,217</b>
<b>Expenses</b>			
Program services	2,533,988	—	2,533,988
Management and general	414,700	—	414,700
Fundraising	185,545	—	185,545
<b>Total Expenses</b>	<b>3,134,233</b>	<b>—</b>	<b>3,134,233</b>
<b>Change In Net Assets</b>	<b>(58,656)</b>	<b>(527,360)</b>	<b>(586,016)</b>
<b>Net Assets - Beginning Of Year</b>	<b>3,011,349</b>	<b>2,489,574</b>	<b>5,500,923</b>
<b>Net Assets - End Of Year</b>	<b>\$ 2,952,693</b>	<b>\$ 1,962,214</b>	<b>\$ 4,914,907</b>

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2021				
	Program Services	Management And General	Fundraising	Total
Personnel expenses	\$ 506,409	\$ 92,890	\$ 125,025	\$ 724,324
Office and general	54,783	53,913	20,262	128,958
Professional fees	459,953	66,395	41,745	568,093
Website and software subscriptions	103,946	24,422	1,202	129,570
Travel, conferences, and meetings	185,435	5,450	613	191,498
Grants to organizations and individual awards	907,671	—	—	907,671
Event costs	—	—	95,262	95,262
Other	8,452	1,351	5,720	15,523
	2,226,649	244,421	289,829	2,760,899
Depreciation and amortization	—	63,347	—	63,347
Total expenses by function	2,226,649	307,768	289,829	2,824,246
Less: Cost of direct benefit to donors	—	—	(95,262)	(95,262)
Total expenses included in expenses section of Statement Of Activities And Changes In Net Assets	\$ 2,226,649	\$ 307,768	\$ 194,567	\$ 2,728,984

  

For The Year Ended December 31, 2020				
	Program Services	Management And General	Fundraising	Total
Personnel expenses	\$ 590,692	\$ 157,864	\$ 121,061	\$ 869,617
Office and general	43,526	57,432	18,343	119,301
Professional fees	514,811	115,561	30,857	661,229
Website and software subscriptions	162,026	13,715	6,960	182,701
Travel, conferences, and meetings	109,863	27,824	2,497	140,184
Grants to organizations and individual awards	1,111,070	—	—	1,111,070
Event costs	—	—	53,079	53,079
Other	2,000	(2,915)	5,827	4,912
	2,533,988	369,481	238,624	3,142,093
Depreciation and amortization	—	45,219	—	45,219
Total expenses by function	2,533,988	414,700	238,624	3,187,312
Less: Cost of direct benefit to donors	—	—	(53,079)	(53,079)
Total expenses included in expenses section of Statement Of Activities And Changes In Net Assets	\$ 2,533,988	\$ 414,700	\$ 185,545	\$ 3,134,233

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

## STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 727,157	\$ (586,016)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	63,347	45,219
Net realized and unrealized gain on investments	(157,285)	(254,934)
Changes in assets and liabilities:		
Other receivables	21,992	(13,903)
Promises to give	(753,735)	449,735
Other current assets	(8,192)	(67,604)
Accounts payable and accrued expenses	(9,503)	(127,931)
Grants payable	(373,634)	394,459
<b>Net Cash Used In Operating Activities</b>	<b>(489,853)</b>	<b>(160,975)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	—	(1,110)
Purchases of other long-term assets	—	(149,742)
Purchases of investments	(284,644)	(552,253)
Proceeds from sale of investments	650,455	1,059,815
<b>Net Cash Provided By Investing Activities</b>	<b>365,811</b>	<b>356,710</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(124,042)</b>	<b>195,735</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>873,867</b>	<b>678,132</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 749,825</b>	<b>\$ 873,867</b>
<b>Cash And Cash Equivalents Are Included Within The Following Captions On The Statement Of Financial Position</b>		
Cash and cash equivalents	\$ 589,513	\$ 687,699
Cash equivalents held in investment portfolio	160,312	186,168
<b>Total Cash And Cash Equivalents Included Within The Statement Of Financial Position</b>	<b>\$ 749,825</b>	<b>\$ 873,867</b>
<b>Supplemental Cash Flow Information</b>		
Other long-term assets acquisitions included in accounts payable and accrued expenses	\$ 30,490	\$ —

# INTERNATIONAL F.O.P. ASSOCIATION, INC.

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

### 1. Nature Of Association

International F.O.P. Association, Inc. (the Association) is a not-for-profit Florida corporation incorporated in June 1988. The Association was established to fund medical research, education, and communication for those afflicted by the rare genetic condition, Fibrodysplasia Ossificans Progressiva (F.O.P.). The Association's mission is to fund research to find a cure for F.O.P. while supporting, connecting and advocating for individuals with F.O.P. and their families, and raising awareness worldwide.

### 2. Significant Accounting Policies

#### Basis Of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### Basis Of Presentation

Financial statement presentation follows the requirements of U.S. generally accepted accounting principles. Under these principles, the Association 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.

Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations, as well as net assets designated by the Board for specific purposes.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time, or net assets subject to donor-imposed stipulations that neither expire by the passage of time nor by actions of the Association.

### **Estimates And Assumptions**

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 amounts reported in the financial statements and accompanying notes. 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 differ from those estimates.

### **Cash And Cash Equivalents**

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted of money market accounts. The Association maintains cash balances at banks in excess of federally insured limits at various times during the year and has not experienced any losses in such accounts.

### **Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income (loss) includes dividends, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. Investment income is reported as increase in net assets without donor restrictions unless the use is restricted by explicit donor stipulations or by law.

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## **INTERNATIONAL F.O.P. ASSOCIATION, INC.**

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### Notes To Financial Statements *(Continued)*

#### **Other Receivables**

Other receivables are carried at original amounts less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a regular basis. The Association's management determines the allowance for doubtful accounts by identifying troubled balances and by using historical experience applied to an aging of these balances. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes that substantially all receivables are collectible and therefore, has not established an allowance for doubtful accounts as of December 31, 2021 or 2020.

#### **Promises To Give**

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows, less an allowance for uncollectible promises. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promises are received. Amortization of the discount is included in contribution revenue.

#### **Property And Equipment**

Property and equipment are recorded at cost, if acquired by purchase, or at the estimated fair value at the date of receipt, if acquired by donation. Depreciation of property and equipment are provided over the following estimated useful lives on a straight-line basis:

Furnishings, fixtures and equipment	5 to 7 years
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#### **Other Long-Term Assets**

Other long-term assets of the Association are recorded at cost and amortized over the following estimated useful life on a straight-line basis:

Website and software	5 years
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#### **Contributions And Support**

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions upon which they depend have been met.

## **INTERNATIONAL F.O.P. ASSOCIATION, INC.**

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### Notes To Financial Statements *(Continued)*

The Association reports gifts of cash and other assets as public support without donor restriction or with donor restriction, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 statement of activities and changes in net assets as net assets released from restrictions. The Association has adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

#### **Noncash Contributions And Donated Services**

Donated materials are reflected as noncash contribution revenue in the accompanying statement of activities and changes in net assets at their estimated fair value with an offsetting charge to expense. Only donated services that create or enhance a nonfinancial asset, or require specialized skills and would typically need to be purchased if not provided by donation, are reflected in the financial statements. In 2021 and 2020, \$112,094 and \$117,811, respectively, of donated website services and video production services were reflected in noncash contributions on the statement of activities and changes in net assets.

#### **Special Events**

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place as well as any contributions raised at the event. Amounts received in advance of the event are recorded as deferred revenue (for the fair value of direct benefits to donors) or refundable advances (for contribution income).

#### **Grants**

The Association awards research grants annually to universities, both nationally and throughout the world. Grants are expensed during the year in which they are approved by the Board of Directors and when all required conditions have been met.

**Paycheck Protection Program Loan**

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Association expected to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. If the loan proceeds were fully utilized to pay qualified expenses during the 24-week measurement period, the full principal amount of the PPP loan, along with any accrued interest, may have qualified for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Association.

In April 2020, the Association received a loan totaling \$92,500 under the PPP provided by Commerce Bank. The loan bore interest at 1.0%, with principal and interest payments deferred for the first six months following the measurement period. After that, the loan and interest would be paid back over a period of 18 months, if the loan was not forgiven under the terms of the PPP.

The Association followed the guidance in Accounting Standards Codification Topic 958-605, *Not-for-Profit Entities - Revenue Recognition* (ASC 958-605).

When it applied for the loan, the Association believed it would qualify to have the loan forgiven under the terms of the PPP, and therefore considered the loan to be substantively a conditional contribution by the SBA. The Association performed an initial calculation for PPP loan forgiveness, and expected that the PPP loan would be forgiven in full because (1) the Association had, prior to December 31, 2020, utilized all of the proceeds for payroll and other qualified expenses and (2) the Association believed it would continue to comply with other terms and conditions necessary for forgiveness. Under the provisions of ASC 958-605, a conditional contribution is recognized as revenue when the condition or conditions are substantially met. As such, in 2020, the Association recognized the PPP loan as a contribution for the full amount of \$92,500, which was included in contributions on the statement of activities and changes in net assets.

On June 28, 2021, the Association received notice from Commerce Bank and the SBA that the PPP loan was fully forgiven in the amount of \$92,500 and the Association would not be responsible to make additional payments.

## INTERNATIONAL F.O.P. ASSOCIATION, INC.

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### Notes To Financial Statements *(Continued)*

#### **Functional Expenses**

Expenses are charged to programs and support services on the basis of management's estimates. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Salaries and wages are charged to program expense and support expense on the basis of periodic time studies. Other expenses that are common to several programs are allocated on a pro rata basis to the programs they benefit.

#### **Income Taxes**

The Association is exempt from income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code (IRC) as a not-for-profit organization.

#### **Reclassifications**

Certain 2020 balances have been reclassified, where appropriate, to conform with the 2021 financial statement presentation.

#### **Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

### **3. Promises To Give**

Unconditional promises to give are collectible as follows:

	<u>2021</u>	<u>2020</u>
In one year or less	\$ 656,000	\$ 227,265
Between one and two years	400,000	75,000
	<u>1,056,000</u>	<u>302,265</u>
Less: discount to present value	(11,353)	(11,353)
	<u>\$ 1,044,647</u>	<u>\$ 290,912</u>

The promises to give are reported net of a discount rate of 2.0% to the present value of future cash flows.

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**INTERNATIONAL F.O.P. ASSOCIATION, INC.**

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Notes To Financial Statements *(Continued)***4. Property And Equipment**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Furnishings, fixtures and equipment	\$ 6,003	\$ 12,023
Accumulated depreciation	<b>(5,337)</b>	<b>(10,745)</b>
	<u>\$ 666</u>	<u>\$ 1,278</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$612 and \$1,538, respectively.

**5. Other Long-Term Assets**

Other long-term assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Website	\$ 218,405	\$ 218,405
Software	208,049	—
Accumulated amortization	<b>(164,285)</b>	<b>(101,550)</b>
Total amortizable assets	<b>262,169</b>	116,855
Software in progress - donor database	—	22,244
Software in progress - mobile app	—	14,648
Software in progress - PROMPT Tool	—	130,149
Software in progress - Ability Toolbox	—	10,518
	<u>\$ 262,169</u>	<u>\$ 294,414</u>

Amortization expense for the years ended December 31, 2021 and 2020 was \$62,735 and \$43,681, respectively.

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**INTERNATIONAL F.O.P. ASSOCIATION, INC.**

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**Notes To Financial Statements (Continued)****6. Investments**

Investment securities and unrealized appreciation (depreciation) are as follows at December 31:

	<b>2021</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Appreciation</b>
Marketable Securities - Equities	\$ 1,074	\$ 6,183	\$ 5,109
Exchange Traded Funds - Corporate Bonds	2,300,155	2,315,827	15,672
Exchange Traded Funds - U.S. Treasuries	164,637	165,263	626
Exchange Traded Funds - International Equity	503,981	740,460	236,479
Exchange Traded Funds - Other	298,743	439,740	140,997
	<b>\$ 3,268,590</b>	<b>\$ 3,667,473</b>	<b>\$ 398,883</b>

	<b>2020</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Appreciation</b>
Exchange Traded Funds - Corporate Bonds	\$ 2,430,651	\$ 2,522,409	\$ 91,758
Exchange Traded Funds - U.S. Treasuries	164,637	167,018	2,381
Exchange Traded Funds - International Equity	563,384	725,760	162,376
Exchange Traded Funds - Other	389,599	460,812	71,213
	<b>\$ 3,548,271</b>	<b>\$ 3,875,999</b>	<b>\$ 327,728</b>

Investment return is summarized as follows:

	<b>2021</b>	<b>2020</b>
Interest and dividend income	\$ 59,086	\$ 81,345
Realized gain	86,130	36,001
Unrealized gain	71,155	218,933
	<b>\$ 216,371</b>	<b>\$ 336,279</b>

The Association follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under these rules are described below:

*Level 1*      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

*Level 2*      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3*      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology and inputs used for assets measured at fair value:

### **Marketable Securities And Exchange Traded Funds**

Marketable securities and exchange traded funds are reported at fair value as determined based on quoted market prices in actively traded markets for identical assets. Marketable securities and exchange traded funds are classified as level 1 securities.

During 2021 and 2020, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Association's assets.

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**INTERNATIONAL F.O.P. ASSOCIATION, INC.**

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**Notes To Financial Statements (Continued)****7. Net Assets With Donor Restrictions**

Net assets include the following donor restrictions:

	<b>2021</b>	<b>2020</b> <b>(As Restated)</b>
Medical research	<b>\$ 1,048,793</b>	<b>\$ 1,239,165</b>
L.I.F.E. Award	<b>47,726</b>	<b>56,627</b>
ACT for FOP Grant program	<b>421,388</b>	<b>448,990</b>
Gene therapy research	<b>210,741</b>	<b>118,364</b>
Patient Registry	<b>962,319</b>	<b>39,615</b>
Awareness: Pediatric Campaign	<b>49,351</b>	<b>49,480</b>
Awareness: Website	<b>50,000</b>	<b>—</b>
Family services	<b>3,112</b>	<b>3,744</b>
Prevalence Project	<b>—</b>	<b>6,229</b>
	<b>\$ 2,793,430</b>	<b>\$ 1,962,214</b>

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the following restricted purposes or by occurrence of events as specified by donors:

	<b>2021</b>	<b>2020</b> <b>(As Restated)</b>
Medical research	<b>\$ 625,419</b>	<b>\$ 667,705</b>
L.I.F.E. Award	<b>11,081</b>	<b>10,407</b>
ACT for FOP Grant program	<b>109,791</b>	<b>151,766</b>
Awareness: Tin Soldiers	<b>—</b>	<b>236,993</b>
Gene therapy research	<b>116,376</b>	<b>—</b>
Patient Registry	<b>39,615</b>	<b>572,843</b>
Awareness: Pediatric Campaign	<b>129</b>	<b>—</b>
Family services	<b>2,578</b>	<b>—</b>
Prevalence Project	<b>6,229</b>	<b>74,377</b>
	<b>\$ 911,218</b>	<b>\$ 1,714,091</b>

**8. Liquidity And Availability Of Resources**

The Association strives to maintain bank account balances sufficient to cover 3 months of general expenditures with an additional 6 months of general expenditures maintained in the form of cash and/or short-term investment grade bonds having a maximum maturity of 5 years. All additional financial assets are invested in a combination of equities and bond index exchange traded funds.

## INTERNATIONAL F.O.P. ASSOCIATION, INC.

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### Notes To Financial Statements *(Continued)*

As of December 31, 2021 and 2020, the Association has the following liquid assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2021</u>	<u>2020</u> (As Restated)
Cash and cash equivalents	\$ 589,513	\$ 687,699
Cash equivalents held in investment portfolio	160,312	186,168
Other receivables	848	22,840
Investments	3,667,473	3,875,999
Promises to give, net	1,044,647	290,912
Total financial assets	5,462,793	5,063,618
Less: Assets subject to donor restrictions	2,793,430	1,962,214
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,669,363	\$ 3,101,404

## 9. Commitments

As of December 31, 2021, the Association had approved the following grants to be paid once stated conditions are met by the grantee:

<u>Year</u>	<u>Amount</u>
2022	\$ 245,255
2023	17,394
	\$ 262,649

## 10. Concentrations

In 2021, approximately 25% of total revenues, gains, and other support was received from one donor. No concentrations noted in 2020.

## **11. Risks And Uncertainties**

In January 2020, a novel strain of coronavirus (COVID-19) spread through China as well as other countries worldwide including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President declared the COVID-19 outbreak in the United States as a national emergency. In compliance with government mandates, since March 2020, the Association has had to modify its operations and programming, which could affect the Organization's support and revenue. The continued outbreak of the COVID-19 virus is also likely to have a further negative impact in 2022 on the economy, which in the future, might impact the Association's ability to fundraise. All of these factors could have a significant impact on the Association's financial results in 2022 and beyond.

The Association has taken steps to strengthen its financial position and maintain liquidity and flexibility, including monitoring investments to minimize losses, revising the budget, conducting events in a virtual format, and reducing operating expenses.

As the COVID-19 pandemic is complex and continues to evolve, it is impossible to predict the effect and ultimate impact of the COVID-19 pandemic on the Association, results of its operations, its financial position, and cash flows.

## **12. Prior Period Restatement**

The Association has restated its previously issued 2020 financial statements to correct an error related to the release of net assets with donor restrictions. As a result, releases from net assets with donor restrictions for the year ended December 31, 2020 increased by \$175,682. At December 31, 2020, net assets with donor restrictions decreased by \$175,682 and net assets without donor restrictions increased by \$175,682. This correction had no effect on the total change in net assets for the year ended December 31, 2020 or on total net assets at December 31, 2020 or January 1, 2020.