

**GASTRO-INTESTINAL RESEARCH
FOUNDATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED


JUNE 30, 2021

APPROVED 3-31-22



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Anna Nalls CPA PC

INDEPENDENT AUDITORS' REPORT

Board of Directors
Gastro-Intestinal Research Foundation, Inc.
Highland Park, Illinois

We have audited the accompanying financial statements of Gastro-Intestinal Research Foundation, Inc. (a Not-For-Profit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gastro-Intestinal Research Foundation, Inc. as of June 30, 2021, 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.



Evanston, Illinois
February 4, 2022

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GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	739,659
Investments		2,998,124
Due from credit card processor		97,134
Accounts receivable		376,000
Refunds receivable		18,250
Prepaid expenses		27,997
Total current assets		<u>4,257,164</u>

TOTAL ASSETS	\$	<u>4,257,164</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	6,752
Accrued expenses		<u>9,423</u>

TOTAL LIABILITIES		<u>16,175</u>
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NET ASSETS

Without donor restrictions		4,240,989
With donor restrictions		-
Total net assets		<u>4,240,989</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>4,257,164</u>
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See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

REVENUES AND SUPPORT

Fundraising - special events	\$	2,984,341
Donations - unrestricted		219,617
Interest and dividend income		59,448
Realized gain on investments		14
Unrealized gain on investments		709,185
Total revenues and support		<u>3,972,605</u>

EXPENSES

Program services -		
Research grants and contributions		1,239,877
Supporting services -		
Management and administrative		412,191
Fundraising		306,112
Total expenses		<u>1,958,180</u>

CHANGE IN NET ASSETS 2,014,425

NET ASSETS, beginning 2,226,564

NET ASSETS, ending \$ 4,240,989

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

RESEARCH GRANTS AND CONTRIBUTIONS

University of Chicago Medicine	\$	<u>1,239,877</u>
TOTAL	\$	<u>1,239,877</u>

MANAGEMENT AND ADMINISTRATIVE

Bank and credit card fees		815
Insurance		9,617
Meetings		794
Miscellaneous		825
Newsletter and marketing		77,219
Office, computer and postage expense		28,458
Salaries and employee benefits		284,553
Professional fees		5,150
Rent and utilities		2,793
Travel		<u>1,967</u>
TOTAL	\$	<u>412,191</u>

FUNDRAISING

Venue, food and entertainment	\$	224,083
Other		<u>82,029</u>
TOTAL	\$	<u>306,112</u>

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 2,014,425
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Realized gains on investment	(14)
Unrealized gains on investment	(709,185)
Donation of securities	(13,265)
Change in operating assets:	
Accounts receivable	(376,000)
Other receivable	(114,553)
Prepaid expenses	82,477
Change in operating liabilities:	
Accounts payable	6,752
Credit card payable	(4,079)
Accrued expenses	(4,454)
Deferred revenues	(587,164)
Net cash provided by operating activities	<u>294,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sales of investments	213,477
Purchases of investments	<u>(62,357)</u>
Net cash provided by investing activities	<u>151,120</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	446,060
CASH AND CASH EQUIVALENTS, beginning	<u>293,599</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 739,659</u>

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies

Nature of Operations – Gastro-Intestinal Research Foundation, Inc. (the Foundation) was founded in 1961 as a not-for-profit corporation in Illinois. The Foundation is dedicated to raise funds to support physicians and scientists in their efforts to provide outstanding care, train future leaders and perform innovative clinical and laboratory research in order to treat, cure and prevent digestive diseases. The Foundation provides research grants to University of Chicago Medicine. These grants are funded by proceeds from contributions and fundraising events. In the year ended June 30, 2021, approximately 75% of the Foundation's revenues and support came from one special event.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) and the new update issued in August 2016, Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities* (ASU 2016-14S). Under these new provisions, net assets, revenues, expenses, gains, and losses of the Organization are classified and reported as follows:

- **Net assets without donor restrictions** – net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.
- **Net assets with donor restrictions** – net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, these assets are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments – Investments are recorded at fair market value based on quoted market prices. The Foundation's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and materially affect the amounts reported in the statement of activities.

Pledges Receivable – Pledges receivable consist of unconditional promise to give and are recorded at their net realizable value at the time the promises are received. All pledges receivable are due in less than one year. The Foundations uses the allowance method to determine uncollectable pledges. The allowance amount is based on historical collectability and management's analysis of specific pledges made.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment – Property and equipment are recorded at costs or fair market value (donated items) and depreciated over their useful lives using a straight-line method. The Foundation uses the direct expensing method to account for planned and major maintenance activities.

Estimates - Management uses estimates and assumptions in preparing financial statements. 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.

Income Taxes – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from Illinois state taxes.

Informational tax returns filed by the Foundations can be examined by Internal Revenue Service within three years after they are filed.

Contributed Services – Many individuals volunteered their time and performed various tasks in the areas of program assistance. The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses – The costs of providing program, fundraising and administrative services are summarized on a functional basis in the statement of functional expenses. Costs that are attributable to a specific program are charged accordingly. Expenses attributable to a program and/or to the Foundation's supporting functions are allocated on a reasonable basis that is consistently applied.

NOTE 2 - Investments

Investments consist of the following as of June 30, 2021:

Vanguard Value Index Fund	\$ 2,620,664
JP Morgan Managed Income Fund	<u>377,460</u>
	<u>\$ 2,998,124</u>

Dividend income of \$59,448, realized gains of \$14 and unrealized gains in the amounts of \$709,185 were included in investment income for the year ended June 30, 2021.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 3 – Employee Benefits

During the year, the Foundation established a safe harbor 401(k) Profit Sharing Plan covering substantially all employees. Employees who choose to participate can defer a portion of their earnings. The Foundation matches 100% of the first 3% of employee deferral and 50% of the 4-5% deferral. Total of \$4,534 was contributed for the year ended June 30, 2021.

NOTE 4 – Liquidity and Availability

The following reflects the Foundation's financial assets as of the June 30, 2021, reduced by the amounts not available for general use due to donor-imposed restrictions:

Year ending June 30, 2021	\$ 4,240,989
Less net assets with donor restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 4,240,989</u>

The Foundation manages its liquid position by maintaining adequate net assets without donor restrictions in checking and money market accounts.

NOTE 5 – Concentration of Risk

All of the Foundation's cash and cash equivalents are held in one financial institution. The cash balances at times may exceed federally insured limits of \$250,000. As of June 30, 2021, total cash balance held in JP Morgan Chase exceeded federally insured limit by \$536,081. The Foundation has not experienced any losses in such accounts and the Management believes is not exposed to any significant credit risk.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 6 – Fair Value of Financial Instruments

The Foundation adopted Financial Accounting Standard Board ASC 820-10-50-5 and 50-8 (formerly SFAS 157), which clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements.

The following table presents information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2021, and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs are based on unadjusted quoted market prices within active markets.

Fair Values determined by Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are 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.

There were no changes in the valuation techniques during the current year. There were also no transfers of assets between Levels 1, 2 and 3.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 6 – Fair Value of Financial Instruments (continued)

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Cost Approach (Level 3)
Investments	\$ 2,998,124	2,998,124	\$ -	\$ -

NOTE 7 – Commitment, Contingencies and Uncertainties

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The Foundation cannot reasonably estimate the ultimate impact of COVID-19 at this time.

The Foundation had no long-term commitments and contingencies as of June 30, 2021.

NOTE 8 – Subsequent Events

The Foundation's Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 4, 2022, which is the date the financial statements were available to be issued. There were no subsequent events required to be disclosed.