

**GASTRO-INTESTINAL RESEARCH
FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

JUNE 30, 2023

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INDEPENDENT AUDITOR'S 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 organization), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and cash flows for the year 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 Gastro-Intestinal Research Foundation, Inc. as of June 30, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gastro-Intestinal Research Foundation, Inc. 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 Gastro-Intestinal Research Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, 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 Gastro-Intestinal Research Foundation, Inc. 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 Gastro-Intestinal Research Foundation, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Functional Expenses are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Emma Nells CPA PC

Evanston, Illinois

December 20, 2023

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	339,841
Investments		12,312,866
Accounts receivable		62,486
Prepaid expenses		8,106
Total current assets		<u>12,723,299</u>

TOTAL ASSETS \$ 12,723,299

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	8,782,517
Accrued expenses		20,728
Deferred revenue		<u>62,430</u>

TOTAL LIABILITIES 8,865,675

NET ASSETS

Without donor restrictions		3,857,624
With donor restrictions		<u>-</u>
Total net assets		<u>3,857,624</u>

TOTAL LIABILITIES AND
NET ASSETS \$ 12,723,299

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Fundraising - special events	\$ 1,493,919	-	1,493,919
Donations - unrestricted	461,915	18,621,971	19,083,886
Interest and dividend income	306,598	-	306,598
Realized gain on investments	821,695	-	821,695
Unrealized loss on investments	(584,743)	-	(584,743)
Total revenues and support	2,499,384	18,621,971	21,121,355
EXPENSES			
Program services -			
Research grants and contributions	2,128,416	18,621,971	20,750,387
Supporting services -			
Management and administrative	137,567	-	137,567
Fundraising	540,472	-	540,472
Total expenses	2,806,455	18,621,971	21,428,426
CHANGE IN NET ASSETS	(307,071)	-	(307,071)
NET ASSETS, beginning	4,164,695	-	4,164,695
NET ASSETS, ending	\$ 3,857,624	-	3,857,624

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$	(307,071)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Realized gain on investment		(821,695)
Unrealized loss on investment		584,743
Donation of securities		(37,032)
Change in operating assets:		
Accounts receivable		275,977
Prepaid expenses		15,894
Change in operating liabilities:		
Accounts payable		8,772,874
Accrued expenses		12,331
Deferred revenue		62,430
		<hr/>
Net cash provided by operating activities		8,558,451

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of investments		7,255,494
Purchases of investments		(16,348,057)
		<hr/>
Net cash used by investing activities		(9,092,563)

NET CHANGE IN CASH AND CASH EQUIVALENTS		(534,112)
CASH AND CASH EQUIVALENTS, beginning		873,953
		<hr/>
CASH AND CASH EQUIVALENTS, ending	\$	<u>339,841</u>

See Accompanying Notes to Financial Statements

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies

Nature of Organization – Gastro-Intestinal Research Foundation, Inc. (the Foundation) was founded in 1961 as a not-for-profit corporation in Illinois. The Foundation works to treat, prevent, and cure digestive diseases. In collaboration with the physician and scientists at the University of Chicago Digestive Diseases Center, the Foundation funds innovative clinical and laboratory research leading to groundbreaking discoveries that transform lives. During year ended June 30, 2023, the Foundation provided research grants to the University of Chicago and various other medical research organizations. These grants were funded by proceeds from contributions and fundraising events. Approximately 88% of the Foundation’s revenues and support came from one donor.

Financial Statements Presentation – The Foundation uses accrual basis of accounting in accordance with the United States of America generally accepted accounting principles applicable to nonprofit organizations.

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 restriction – 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 Organization 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 the 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.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

Investments – Investments are recorded at fair 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 promises to give and are recorded at their net realizable value at the time the promises are received. All pledges receivables are due in less than one year. The Foundation uses the allowance method to determine uncollectable pledges. The allowance amount is based on historical collectability and management's analysis of specific pledges made.

Property and Equipment – Property and equipment are recorded at cost 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 Foundation can be examined by Internal Revenue Service within three years after they are filed.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as such. However, if a restriction is fulfilled in the same time period the contribution is received, the Foundation reports the support as unrestricted. Unfunded grant commitments were recorded as a liability and included in accounts payable as of June 30, 2023.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies (continued)

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 programs, 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, 2023:

Vanguard Value Index Fund	\$ 1,424,530
JP Morgan Managed Income Fund	387,940
JP Morgan US Treasury Fund	<u>10,500,396</u>
	<u>\$ 12,312,866</u>

Dividend income of \$306,172, realized gains of \$821,695 and unrealized losses in the amount of \$584,743 were included in investment income for the year ended June 30, 2023.

The Foundation believes it is not exposed to any significant credit risk on investments.

NOTE 3 – Employee Benefits

The Foundation offers 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. A total of \$10,924 was contributed for the year ended June 30, 2023.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 4 – Liquidity and Availability

The following reflects the Foundation's financial assets as of the June 30, 2023, reduced by the amounts not available for general use due to donor-imposed restrictions:

Year ending June 30, 2023	\$	3,857,623
Less net assets with donor restrictions		<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>3,857,623</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, 2022, total cash balance held in JP Morgan Chase exceeded federally insured limit by \$98,416. The Foundation has not experienced any losses in such accounts and Management believes it is not exposed to any significant credit risk.

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 on June 30, 2023, and the valuation techniques used by the Foundation to determine those fair values.

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 6 – Fair Value of Financial Instruments (continued)

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.

Fair values of assets measured on a recurring basis on June 30, 2023, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs Cost Approach (Level 3)</u>
Investments	\$ <u>12,312,866</u>	\$ <u>12,312,866</u>	\$ <u>-</u>	\$ <u>-</u>

GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

NOTE 7 – Commitment, Contingencies and Uncertainties

The Foundation had no long-term commitments and contingencies as of June 30, 2023.

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 December 20, 2023, which is the date the financial statements were available to be issued. There were no subsequent events required to be disclosed.



SUPPLEMENTARY INFORMATION



GASTRO-INTESTINAL RESEARCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 20,219,690	\$ -	\$ -	\$ 20,219,690
Bank and credit card fees	-	-	15,449	15,449
Meeting	-	4,001	-	4,001
Newsletter and marketing	31,450	-	-	31,450
Office, computer and postage	25,444	8,481	8,481	42,406
Salaries and employee benefits	329,105	109,702	109,701	548,508
Professional fees	1,500	12,565	9,800	23,865
Rent and utilities	-	2,818	-	2,818
Travel and meetings	23,236	-	4,101	27,337
Special events	119,962	-	392,940	512,902
Total expenses	<u>\$ 20,750,387</u>	<u>\$ 137,567</u>	<u>\$ 540,472</u>	<u>\$ 21,428,426</u>

See Accompanying Notes to Financial Statements