

# **EB Research Partnership, Inc.**

Financial Statements

December 31, 2019 and 2018

# **EB Research Partnership, Inc.**

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December 31, 2019 and 2018

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## Independent Auditors' Report

To the Board of Directors of  
EB Research Partnership, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of EB Research Partnership, Inc. which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 EB Research Partnership, Inc. as of December 31, 2019 and 2018, 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.

*Baker Tilly Virchow Krause, LLP*

New York, New York  
June 8, 2020

**EB Research Partnership, Inc.**

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,165,345	\$ 8,402,121
Investments	34,838	700,999
Contributions receivable	1,581,432	1,654,088
Other assets	31,178	34,903
	<u>9,812,793</u>	<u>10,792,111</u>
<b>Long-Term Assets</b>		
Investments	4,195,132	38,882
Contributions receivable, net	2,084,929	339,457
Trademarks	15,231	15,231
	<u>6,295,292</u>	<u>393,570</u>
Total long-term assets	<u>6,295,292</u>	<u>393,570</u>
Total assets	<u>\$ 16,108,085</u>	<u>\$ 11,185,681</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,235	\$ 15,193
Grants payable	1,433,440	774,004
Other liabilities	35,167	41,649
	<u>1,475,842</u>	<u>830,846</u>
Total current liabilities	<u>1,475,842</u>	<u>830,846</u>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Net assets without donor restrictions	11,258,381	8,896,101
Net assets with donor restrictions	3,373,862	1,458,734
	<u>14,632,243</u>	<u>10,354,835</u>
Total net assets	<u>14,632,243</u>	<u>10,354,835</u>
Total liabilities and net assets	<u>\$ 16,108,085</u>	<u>\$ 11,185,681</u>

See notes to financial statements

**EB Research Partnership, Inc.**

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 2,543,076	\$ 3,221,052	\$ 5,764,128
Fundraising events	2,377,484	-	2,377,484
Less direct expenses of fundraising events	(709,942)	-	(709,942)
Investment gain, net	379,187	-	379,187
In-kind contributions	1,122,027	-	1,122,027
Other	9,981	-	9,981
Net assets released from donor restrictions	1,305,924	(1,305,924)	-
	<u>7,027,737</u>	<u>1,915,128</u>	<u>8,942,865</u>
Total support and revenue			
	<u>7,027,737</u>	<u>1,915,128</u>	<u>8,942,865</u>
<b>Expenses</b>			
Program and research	3,056,209	-	3,056,209
Management and general	1,055,419	-	1,055,419
Fundraising	553,829	-	553,829
	<u>4,665,457</u>	<u>-</u>	<u>4,665,457</u>
Total expenses			
	<u>4,665,457</u>	<u>-</u>	<u>4,665,457</u>
Changes in net assets	2,362,280	1,915,128	4,277,408
<b>Net Assets, Beginning</b>	<u>8,896,101</u>	<u>1,458,734</u>	<u>10,354,835</u>
<b>Net Assets, Ending</b>	<u>\$ 11,258,381</u>	<u>\$ 3,373,862</u>	<u>\$ 14,632,243</u>

See notes to financial statements

**EB Research Partnership, Inc.**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,882,095	\$ 1,314,668	\$ 3,196,763
Fundraising events	2,119,090	144,066	2,263,156
Less direct expenses of fundraising events	(318,678)	-	(318,678)
Investment loss, net	(346,946)	-	(346,946)
In-kind contributions	597,318	-	597,318
Other	1,602	-	1,602
Net assets released from donor restrictions	-	-	-
	<u>3,934,481</u>	<u>1,458,734</u>	<u>5,393,215</u>
<b>Expenses</b>			
Program and research	2,830,073	-	2,830,073
Management and general	761,392	-	761,392
Fundraising	394,439	-	394,439
	<u>3,985,904</u>	<u>-</u>	<u>3,985,904</u>
Changes in net assets before loss on write-off of stock	(51,423)	1,458,734	1,407,311
Loss on write-off of stock	(3,071,250)	-	(3,071,250)
Changes in net assets	(3,122,673)	1,458,734	(1,663,939)
<b>Net Assets, Beginning</b>	<u>12,018,774</u>	<u>-</u>	<u>12,018,774</u>
<b>Net Assets, Ending</b>	<u>\$ 8,896,101</u>	<u>\$ 1,458,734</u>	<u>\$ 10,354,835</u>

See notes to financial statements

**EB Research Partnership, Inc.**

## Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 4,277,408	\$ (1,663,939)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Donated investments	-	(10,524)
Net realized and unrealized (gain) loss on investments	(263,358)	378,375
Change in amortization of pledge receivable discount	39,310	(1,039)
Loss on write-off of stock	-	3,071,250
Changes in operating assets and liabilities:		
Contributions receivable	(1,712,126)	(1,655,724)
Other assets	3,725	48,976
Accounts payable	(7,958)	4,574
Grants payable	659,436	431,834
Other liabilities	(6,482)	13,166
	<u>2,989,955</u>	<u>616,949</u>
Net cash flows from operating activities		
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(4,156,250)	(450,000)
Sale of investments	929,519	466,774
Trademarks	-	(15,231)
	<u>(3,226,731)</u>	<u>1,543</u>
Net cash flows from investing activities		
Net change in cash and cash equivalents	(236,776)	618,492
<b>Cash and Cash Equivalents, Beginning</b>	<u>8,402,121</u>	<u>7,783,629</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 8,165,345</u>	<u>\$ 8,402,121</u>

See notes to financial statements

**EB Research Partnership, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2019

	<b>Program and Research</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ 2,854,322	\$ -	\$ -	\$ 2,854,322
Salaries and benefits	69,622	42,179	308,831	420,632
Payroll taxes	4,274	2,665	18,671	25,610
Professional fees	58,627	126,828	32,041	217,496
Office expense	37,606	23,292	48,849	109,747
Payment processor fees	-	-	53,754	53,754
Information technology	-	75	20,356	20,431
Insurance	-	4,122	-	4,122
Travel	9,140	67	28,885	38,092
Meetings	14,370	637	4,677	19,684
Occupancy	8,248	6,077	37,765	52,090
Subtotal	3,056,209	205,942	553,829	3,815,980
Donated legal fees	-	849,477	-	849,477
Total expenses	<u>\$ 3,056,209</u>	<u>\$ 1,055,419</u>	<u>\$ 553,829</u>	<u>\$ 4,665,457</u>

*See notes to financial statements*



**EB Research Partnership, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2018

	<b>Program and Research</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ 2,723,513	\$ -	\$ -	\$ 2,723,513
Salaries and benefits	61,757	36,196	238,424	336,377
Payroll taxes	4,447	2,786	14,332	21,565
Professional fees	15,783	106,456	15,788	138,027
Office expense	4,912	16,029	37,495	58,436
Payment processor fees	-	-	39,357	39,357
Information technology	-	1,775	11,061	12,836
Insurance	-	3,918	253	4,171
Travel	5,287	1,340	14,065	20,692
Meetings	4,156	2,129	1,184	7,469
Occupancy	10,218	8,175	22,480	40,873
Subtotal	2,830,073	178,804	394,439	3,403,316
Donated legal fees	-	582,588	-	582,588
Total expenses	<u>\$ 2,830,073</u>	<u>\$ 761,392</u>	<u>\$ 394,439</u>	<u>\$ 3,985,904</u>

*See notes to financial statements*

# EB Research Partnership, Inc.

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Notes to Financial Statements

December 31, 2019 and 2018

## 1. Organization and Nature of Activities

EB Research Partnership, Inc. (EBRP) is a New York not-for-profit corporation. EBRP's mission is curing and treating Epidermolysis Bullosa (EB) a devastating and rare genetic disease. All funds raised go towards funding research to cure EB. EBRP provides research funding to accelerate research focused on curing and treating EB.

EBRP holds fundraisers in the forms of local events, receptions and an annual gala, Action for Jackson. EBRP also raises funds via online contributions and participation in various charitable athletic events such as marathons and half-marathons.

EBRP employs a venture philanthropy model with all of its research grant making. EBRP retains legal and beneficial rights to intellectual property developed under certain research grants and will share in that revenue stream when the investment becomes commercially viable.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The financial statements of EBRP have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require EBRP to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of EBRP's management and the board of directors.

**Net Assets With Donor Restrictions** - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of EBRP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

### Revenue Recognition

All contributions are considered available for EBRP's general programs unless specifically restricted by the donor. Contributions including unconditional promises to give (pledges) are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Fundraising events revenue includes the cost of direct benefits to donors, and contribution revenue for amounts received in excess of the direct benefit to the donor. Income from fundraising events that are not considered contributions in the amount of approximately \$710,000 and \$319,000 for the years ended December 31, 2019 and 2018, respectively, are recognized as contracts with customers. The revenue is recognized at the point in time that the event occurs.

## **EB Research Partnership, Inc.**

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Notes to Financial Statements

December 31, 2019 and 2018

### **Donor-Imposed Restrictions**

EBRP reports gifts of cash and other assets as assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without 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 restriction and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

EBRP reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, EBRP reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### **Contributions Receivable**

Unconditional promises to give by donors (contributions receivable) are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue.

### **In-Kind Contributions and Contributed Services**

EBRP recognizes the fair value of in-kind contributions and contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. EBRP receives services from a large number of volunteers who give significant amounts of their time to EBRP's programs and fundraising campaigns but do not meet the criteria for financial statement recognition.

### **Income Tax Status**

EBRP is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. EBRP has also been classified as a public charity within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

### **Uncertain Tax Positions**

Management evaluated EBRP's tax positions and concluded that EBRP has not taken any uncertain tax positions that would require adjustment to the financial statements to comply with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740.

### **Cash and Cash Equivalents**

EBRP considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. EBRP maintains its cash with a high quality financial institution.

## **EB Research Partnership, Inc.**

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Notes to Financial Statements

December 31, 2019 and 2018

### **Investments**

Investments in marketable securities are recorded on the trade date and are carried at fair value. Realized and unrealized gains and losses are included in the investment income (loss) on the statements of activities and changes in net assets. Investment income (loss) is reported net of investment expenses. Investments acquired by gift are recorded at their fair values at the date of the gift.

In accordance with the FASB Accounting Standards Update (ASU) 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, equity securities without readily determinable fair value are recorded at their cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. As of each reporting period (December 31<sup>st</sup>), EBRP performs a qualitative assessment considering impairment indicators to evaluate whether these investments are impaired. For the year ended December 31, 2019, no impairment loss is deemed necessary.

### **Fair Value**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. EBRP must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets and liabilities), Level 2 (valued based on observable market based inputs or unobservable inputs that are corroborated by market data) or Level 3 (valued based on unobservable inputs that are not corroborated by market data) measurements within the fair value hierarchy.

### **Research Grants and Grants Payable**

EBRP awards medical/scientific grants. Grants payable represent unconditional obligations of EBRP to provide funds in connection with research grant agreements.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, salaries and benefits, a portion of office expense, and occupancy have been allocated among the programs and supporting services benefited. Salary and benefits are allocated based on time and effort. A portion of office expenses and occupancy have been allocated based on full time equivalency. The remaining expenses are directly charged.

### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Allowance for Doubtful Accounts**

Management must make estimates of the uncollectability of contributions receivable. Management considers past payment experience and historical trends when assessing the adequacy of allowance for doubtful accounts. Allowance for doubtful accounts is not considered necessary as of December 31, 2019 and 2018.

**Adopted Accounting Pronouncements**

In 2019, EBRP adopted the FASB ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* using the modified retrospective approach. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which EBRP expects to be entitled in exchange for those goods or services. Additionally, ASU 2014-09 requires enhanced disclosures of revenue arrangements. Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing a cumulative effect of the adoption change as an adjustment to beginning net assets without donor restrictions. EBRP has determined that there is no change to the timing of revenue recognition under ASU 2014-09.

In accordance with ASC 606-10-50-13, EBRP is required to include disclosure of the remaining performance obligations. Due to the nature of EBRP's contracts, these reporting requirements are not applicable. EBRP's contracts meet the exemption as defined in ASC 606-10-50-14 because the performance obligations are part of a contract that has an original expected duration of one year or less. Performance obligations are satisfied as services are rendered. Payments are due upon receipt of related billing.

In 2019, EBRP adopted the FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. EBRP has determined that there is no change to the timing of revenue recognition or timing of grant expense under ASU 2018-08.

In 2019, EBRP adopted the FASB ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income. An entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Organizations may use a qualitative approach to identify impairment. EBRP implemented the provisions of ASU 2016-01 prospectively, there was no impact to EBRP's financial statements.

In 2018, EBRP adopted the FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption standard changed the following aspects of EBRP's financial statements:

- The unrestricted net asset class was renamed Net Assets Without Donor Restrictions and the temporarily restricted net asset class was renamed Net Assets With Donor Restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 11).
- The financial statements include a disclosure of specific methodologies used to allocate costs among program and support functions.

**Reclassifications**

Certain 2018 amounts have been reclassified to conform with the 2019 presentation.

## EB Research Partnership, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 3. Investments

A summary of investments held is as follows as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Marketable securities:		
Public company stock	\$ 34,838	\$ 700,999
Private company stock	38,882	38,882
Equity securities without readily determinable fair values (a)	<u>4,156,250</u>	<u>-</u>
Total	<u>\$ 4,229,970</u>	<u>\$ 739,881</u>

(a) Investments in equity securities without readily determinable fair value are programmatic investments made during the year ended December 31, 2019, which consist of preferred stock in three privately held companies with voting rights ranging approximately 13 percent - 38 percent. EBRP does not have the ability to exercise significant influence over operating and financial policies of these companies.

During the year ended December 31, 2018, EBRP held 225,000 shares of stock in Abeona Therapeutics, Inc. (Abeona). There was a restriction on selling, transferring or otherwise disposing of the shares. The restriction was to lapse on the second anniversary of the issue date of the stock.

The restriction was not lifted on the second anniversary, which was August 2018, and in October 2018 EBRP entered into arbitration to resolve the matter. On May 15, 2019 the arbitration was decided in favor of Abeona, and subsequently the 225,000 shares held by EBRP were cancelled and returned to Abeona. As a result, EBRP recorded a loss on write-off of the stock in the amount of \$3,071,250.

#### Fair Value Hierarchy

Accounting guidance requires disclosures about assets and liabilities carried at fair value and defines fair value as the prices 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 (exit price). It also establishes a hierarchy which requires an entity to maximize the use of observable inputs and minimized the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value.

#### Valuation Techniques and Inputs

For the public company stock whose values are based on quoted market prices in active markets, the market price of the investment is used to report fair value. For the private company stock, the fair value has been estimated using the market approach under the precedent transaction method by considering the sale price of shares in a recent financing.

Assets measured at fair value on a recurring basis are summarized below as of December 31:

	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities:				
Stocks	\$ 34,838	\$ 38,882	\$ -	\$ 73,720
	<u>2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities:				
Stocks	\$ 700,999	\$ 38,882	\$ -	\$ 739,881

## EB Research Partnership, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 4. Grants Payable

EBRP awards grants to research institutions to find treatments and a cure for EB. Grants awarded but unpaid were approximately \$1,433,000 and \$774,000 as of December 31, 2019 and 2018, respectively.

### 5. Contributions Receivable

Contributions receivable are reported at fair value using a discount rate that is appropriate for the expected collection period. The discount rate for pledges due within one to five years ranged from 1.58 percent to 2.48 percent. Contributions receivable, net are summarized as follows as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Amounts due in:		
One year or less	\$ 1,581,432	\$ 1,654,088
Two to five years	2,133,334	348,552
	<u>3,714,766</u>	<u>2,002,640</u>
Gross contributions receivable		
	3,714,766	2,002,640
Less present value adjustment	48,405	9,095
	<u>48,405</u>	<u>9,095</u>
Contributions receivable, net	<u>\$ 3,666,361</u>	<u>\$ 1,993,545</u>

### 6. Net Assets With Donor Restrictions

The following items are included in net assets with donor restrictions as of December 31:

	<u>2019</u>	<u>2018</u>
Donor Stipulated Purposes:		
Time restriction	\$ 3,373,862	\$ 1,335,899
EB Simplex research support	-	122,835
	<u>3,373,862</u>	<u>1,458,734</u>
Total	<u>\$ 3,373,862</u>	<u>\$ 1,458,734</u>

Net assets were released from donor restrictions by satisfying the restricted purposes as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Time restriction	\$ 1,183,089	\$ -
EB Simplex research support	122,835	-
	<u>1,305,924</u>	<u>-</u>
Total	<u>\$ 1,305,924</u>	<u>\$ -</u>

## EB Research Partnership, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

### 7. In-Kind Contributions and Contributed Services

EBRP benefited from in-kind contributions for the years ended December 31, 2019 and 2018. These amounts have been reported as both in-kind revenue and in-kind expense on the statements of activities and changes in net assets. The value of such services for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Occupancy and office expense	\$ -	\$ 8,730
Professional fees	853,477	588,588
Auction items for special events	268,550	-
Total	<u>\$ 1,122,027</u>	<u>\$ 597,318</u>

### 8. Concentrations

EBRP has cash balances in financial institutions in excess of amounts that are federally insured. The uninsured balances totaled approximately \$7,915,000 and \$7,902,000 as of December 31, 2019 and 2018, respectively. EBRP maintains its cash with high quality financial institutions which EBRP believes limits these risks.

As of December 31, 2019, approximately 81 percent of total contributions receivable was due from one donor, which is also a related party. As of December 31, 2018, approximately 60 percent of total contributions receivable was due from two separate donors, with each representing greater than 10 percent of total contributions receivable.

For the year ended December 31, 2019, approximately 50 percent of total revenues was from four separate donors, with each representing greater than three percent of total revenues, of which 3 of these donors were related parties. One donor represented 34 percent of total revenues and is also a related party. For the year ended December 31, 2018, approximately 59 percent of total revenues was from three separate donors, with each representing greater than 10 percent of total revenues.

### 9. Subsequent Events

Management has evaluated subsequent events through June 8, 2020, which is the date the financial statements were available to be issued. There were no subsequent events that require disclosure.

Due to the global viral outbreak caused by Coronavirus Disease 2019 (COVID-19) in 2020, there have been resulting effects in the general economy which could delay the timing and expenditures of EBRP's grantee work activities as the broader economic impact of COVID-19 develops. The ultimate impact of these matters to EBRP and its financial condition is presently unknown.



## EB Research Partnership, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 10. Liquidity and Availability of Resources

The following represents EBRP's financial assets available for general expenditures within one year as of December 31, 2019 and 2018. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 8,165,345	\$ 8,402,121
Contributions receivable, net	3,666,361	1,993,545
Investments available for current use	<u>34,838</u>	<u>700,999</u>
	11,866,544	11,096,665
Less donor restricted amounts included above	<u>2,084,929</u>	<u>339,457</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,781,615</u>	<u>\$ 10,757,208</u>

EBRP's policy is to maintain \$1,150,000 of financial assets available within a ninety-day period of time.