

**PROJECT ALIVE  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees  
Project Alive  
PO Box 23182  
Knoxville, TN 37933

We have reviewed the accompanying financial statements of Project Alive (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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 the internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Project Alive and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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### **Report on December 31, 2021 Financial Statements**

The December 31, 2021 financial statements were audited by other auditors, and they expressed an unmodified opinion on them in their report dated November 14, 2022. They have not performed any auditing procedures since that date.

### **Supplementary Information**

The accompanying supplementary information included in the statements of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*Gray & Gray and Associates CPAs, P.C.*

Gray & Gray and Associates CPAs, P.C.  
Canton, NY

October 27, 2023

**PROJECT ALIVE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022 AND 2021**

	2022	2021
<b><u>Assets</u></b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,661,436	\$ 2,574,930
Accounts Receivable	17,620	-
Prepaid Expenses	-	4,896
<b>Total Current Assets</b>	<b>2,679,056</b>	<b>2,579,826</b>
<b>Total Assets</b>	<b>\$ 2,679,056</b>	<b>\$ 2,579,826</b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 6,194	\$ 6,454
PPP Loan Payable	-	17,690
<b>Total Current Liabilities</b>	<b>6,194</b>	<b>24,144</b>
<b>Total Liabilities</b>	<b>6,194</b>	<b>24,144</b>
<b>Net Assets</b>		
Assets without Donor Restrictions	2,672,862	2,555,682
<b>Total Net Assets</b>	<b>2,672,862</b>	<b>2,555,682</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,679,056</b>	<b>\$ 2,579,826</b>

See accompanying notes and independent accountants' review report.

**PROJECT ALIVE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Public Support	\$ 259,867	\$ 1,155,936
Forgiveness of Debt Income	17,690	-
Special Event Revenue		
Revenue	119,663	194,183
Less: Direct Costs	(33,042)	(19,899)
Net Revenue from Special Events	<u>86,621</u>	<u>174,284</u>
<b>Total Revenue</b>	<u><b>364,178</b></u>	<u><b>1,330,220</b></u>
<b>Functional Expenses</b>		
Program Services	170,932	104,250
Support Services	42,134	33,664
Fundraising Services	33,932	24,063
<b>Total Functional Expenses</b>	<u><b>246,998</b></u>	<u><b>161,977</b></u>
<b>Changes in Net Assets</b>	<b>117,180</b>	<b>1,168,243</b>
<b>Net Assets - Beginning of Years</b>	<u><b>2,555,682</b></u>	<u><b>1,387,439</b></u>
<b>Net Assets - End of Years</b>	<u><u><b>\$ 2,672,862</b></u></u>	<u><u><b>\$ 2,555,682</b></u></u>

See accompanying notes and independent accountants' review report.

**PROJECT ALIVE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
<b>Changes in Net Assets</b>	<b>\$ 117,180</b>	<b>\$ 1,168,243</b>
Adjustments to reconcile Change in Net Assets to net Cash provided by/(used in) operating activities		
<b>(Increase)/Decrease in</b>		
Accounts Receivable	(17,620)	-
Prepaid Expenses	4,896	765
<b>Increase/(Decrease) in</b>		
Accounts Payable	(260)	6,454
PPP Loan Payable	(17,690)	17,690
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>86,506</u></b>	<b><u>1,193,152</u></b>
<b>Net Increase/(Decrease) in Cash</b>	<b>86,506</b>	<b>1,193,152</b>
<b>Cash and Cash Equivalents at Beginning of Years</b>	<b><u>2,574,930</u></b>	<b><u>1,381,778</u></b>
<b>Cash and Cash Equivalents at End of Years</b>	<b><u><u>\$ 2,661,436</u></u></b>	<b><u><u>\$ 2,574,930</u></u></b>

See accompanying notes and independent accountants' review report.

**PROJECT ALIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

Project Alive (the “Organization”) is a not-for-profit organization located in Knoxville, Tennessee. The Organization’s purpose is to be a powerful voice for children and adults with Hunter Syndrome, bringing together families and advocates with researchers, industry, and regulators. Project Alive funds promising curative research, assist researchers and industry with designing research studies for their community, and advocates for the most effective and efficient system of clinical research, evaluation and approval. The Organization is supported primarily through individual and company contributions.

**Basis of Accounting**

The Company prepares the financial statements in accordance with principles generally accepted in the United States (GAAP). Transactions are recorded on the accrual basis of accounting. Accrual accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash.

**Use of 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 these estimates.

**Contributions, Legacies and Bequests**

Contributions, legacies and bequests are recognized as revenue at the date received and are considered to be available for unrestricted use unless specifically restricted by the contributor. Noncash legacies and bequests are recorded at fair value at the date of beneficial ownership.

Long-term unconditional promises to give are recorded as contributions at the net present value of the amounts expected to be collected. The discounts on these amounts are computed using the risk-free interest rates applied to expected cash flows after any allowance for doubtful accounts applicable to the years in which the promises are received.

Conditional contributions and promises to give are not recognized until they become unconditional, that is when the future or uncertain event on which they depend has occurred.

Contribution of assets other than cash are recorded at their estimated fair value at the date of the gift. Many volunteers have made significant contributions of time in furtherance of the Organization’s programs. The value of this contributed time does not meet the criteria of recognition and therefore is not reflected in the accompanying financial statements.



**PROJECT ALIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor or legally imposed restrictions. Accordingly, net assets of the Organization and changes therein are reported to two classes of net assets: assets with donor restrictions and assets without donor restrictions.

The two classes of net assets are as follows:

Net assets without donor restrictions – net assets that are not subject to donor or legally imposed stipulations.

Net assets with restrictions – net assets subject to donor or legally imposed stipulations that will be met either by the actions of the Organization and/or the passage of time. Net assets also include assets subject to legally imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organizations' Board of Trustees. For the years ended December 31, 2022 and 2021, the Organization did not have any net assets with restrictions.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Fair Value**

Investments are reported at fair value or estimated fair value. Any interest-bearing assets and liabilities with below market interest rates are discounted based upon prevailing market rates and thus reported at fair value. The carrying value of all other financial instruments approximates fair value.

**Contributions Receivable**

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. There are no contributions receivable as for December 31, 2022 and 2021.

**Contributions**

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor.

Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

**PROJECT ALIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Endowment**

The organization has adopted ASC 958-205, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.” ASC 958-205 requires an organization subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA) to classify a portion of perpetual donor-restricted endowment fund as assets with donor restrictions. ASC 958-205 also requires all not-for-profit organizations with donor-restricted or board-restricted endowment funds to make extensive new disclosures about such funds regardless of whether an organization is subject to an enacted version of UPMIFA.

**Contracts with Customers**

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligation(s) are satisfied

**Advertising**

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2022 and 2021, was \$10,164 and \$0, respectively.

**Expense Recognition and Allocation**

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and payroll taxes are allocated based on activity reports prepared by key personnel.
- Professional fees, office supplies, travel and meetings, and insurance expenses are allocated on the basis of time spent by the Board President and key personnel for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising cost are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

**PROJECT ALIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and therefore the organization is tax-exempt under Section 501(a) of the Code. The Organization had no material unrelated business income during the year ended December 31, 2022 and 2021. Consequently, there is no provision for income taxes.

The Organization's information returns are subject to examination by taxing authorities for a period of three years from the date of their filing. As of December 31, 2022 all federal returns for the years 2020 through 2022 are open to examinations.

The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2022, the Organization does not believe it has taken any positions that would require the recording of any tax liability or tax benefit.

It is the Organization's policy to classify income tax related interest and penalties in interest expense and miscellaneous expenses, respectively.

**Date of Management's Review**

Management has reviewed and evaluated all events and transactions from January 1, 2023 through October 27, 2023, the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

**NOTE B – LIQUIDITY**

The Organization monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its cash and investments. The Organization generally operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization has \$2,679,056 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,661,436, and accounts receivable of \$17,620. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 120 days of normal operating expenses, which are on average, approximately \$93,346. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

**PROJECT ALIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE C – FUNCTIONAL EXPENSES**

The costs of providing the various programs, supporting, and fundraising services has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services, supporting services, and fundraising activities benefited. For the year ended December 31, 2022, approximately 69.20% of the organization's expenses relate to program services, 17.06% to supporting services, and 13.74% to fundraising activities.

**NOTE D – RECEIVABLES**

Effective December 19, 2017, the Organization entered into a contract with The Research Institute at Nationwide Children's Hospital for production of product to be used in a clinical trial. Funding committed by the Organization under this contract amounted to approximately \$1.43 million dollars and was terminated in October 2021. During 2021 the Organization entered into an agreement to receive \$750,000 back from Nationwide Children's Hospital which was received on December 16, 2021.

**NOTE E – LONG-TERM DEBT**

The Organization received a loan in the amount of \$17,690 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated January 28, 2021. The Organization applied for and has been notified that \$17,690 in eligible expenditures for payroll and other expense described in the CARES Act has been forgiven. Loan forgiveness is reflected in revenue in the accompanying statements of activities and changes in net assets.

**NOTE F – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 and 2021 the Organization had uninsured cash balances at banks totaling \$2,161,436 and \$2,324,930, respectively. The Organization deposits its cash with high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.

**NOTE G – RECLASSIFICATIONS**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with presentation in the current-year financial statements.

**SUPPLEMENTARY INFORMATION**

**PROJECT ALIVE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**WITH SUMMARIZED TOTALS FOR 2021**

	<u>2022</u>			<u>2021</u>	
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising Activities</u>	<u>Total</u>	<u>Total</u>
Advertising	\$ 7,490	\$ -	\$ 2,674	\$ 10,164	\$ -
Annual State Renewals	7,352	-	-	7,352	-
Salaries	91,952	30,507	21,442	143,901	104,749
Payroll Taxes	7,533	2,499	1,756	11,788	8,013
Travel and Meetings	14,014	753	2,202	16,969	2,013
Insurance	2,118	703	494	3,315	5,316
Office Supplies	18,479	6,042	4,246	28,767	339
Subscriptions and Software	-	-	-	-	7,373
Direct Program Expenses	708	-	-	708	52
Fundraising	-	-	-	-	1,620
Bank Charges and Fees	1,026	-	-	1,026	469
Professional Fees	4,792	1,590	1,118	7,500	15,469
Consulting Services	14,035	-	-	14,035	14,773
Miscellaneous	1,433	40	-	1,473	1,791
<b>Total Expenses</b>	<b><u>\$ 170,932</u></b>	<b><u>\$ 42,134</u></b>	<b><u>\$ 33,932</u></b>	<b><u>\$ 246,998</u></b>	<b><u>\$ 161,977</u></b>

See independent accountants' review report.