PROJECT ALIVE

Financial Statements
December 31, 2021

Vance CPA, LLC

Certified Public Accountants
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PROJECT ALIVE

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Project Alive

Opinion

We have audited the accompanying financial statements of Project Alive (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements 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 Project Alive as of December 31, 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.

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 Project Alive 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 Project Alive'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 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 Project Alive'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 Project Alive’s ability to continue as a going concern for a reasonable period of time.

Vance CPA LLC

Knoxville, TN
November 14, 2022

Vance CPA LLC

PROJECT ALIVE
STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2021

ASSETS	
Cash and cash equivalents	$ 2,574,930
Prepaid expenses	4,896
Total Assets	$ 2,579,826
LIABILITIES AND NET ASSETS	
Accounts payable	6,454
PPP Loan Payable	17,690
Total Liabilities	24,144
NET ASSETS	
Without donor restrictions	2,555,682
Total Net Assets	2,555,682
Total Liabilities and Net Assets	**$ 2,579,826**

The accompanying notes are an integral part of these financial statements.

PROJECT ALIVE
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions
REVENUE	
Public Support	
Contributions	$ 1,155,936
Forgiveness of debt income	—
Special event revenue:	
Revenue	194,183
Less direct costs	(19,899)
Net revenue from special events	174,284
Total Revenue	1,330,220
EXPENSES	
Program services	104,250
Management and general	33,664
Fundraising	24,063
Total Expenses	161,977
Change in Net Assets	1,168,243
Net Assets, Beginning	1,387,439
Net Assets, Ending	**$ 2,555,682**

PROJECT ALIVE
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Program				
Salaries	$ 68,087	$ 21,997	$ 14,665	$ 104,749
Payroll taxes	5,208	1,683	1,122	8,013
Total compensation	73,295	23,680	15,787	112,762
Research	—	—	—	—
Travel and meetings	1,308	423	282	2,013
Insurance	3,456	1,116	744	5,316
Office supplies	221	71	47	339
Subscriptions and software	4,792	1,549	1,032	7,373
Direct program expenses	52	—	—	52
Fundraising	—	—	1,620	1,620
Bank charges and fees	305	98	66	469
Professional fees	10,055	3,248	2,166	15,469
Consulting services	9,602	3,103	2,068	14,773
Miscellaneous	1,164	376	251	1,791
Total expenses by function	**$ 104,250**	**$ 33,664**	**$ 24,063**	**$ 161,977**
Current year's percentages	64.4%	21.2%	14.9%	100.0%

The accompanying notes are an integral part of these financial statements.

PROJECT ALIVE
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets .	$ 1,168,243
Changes in operating assets and liabilities:	
Prepaid expenses	765
Contributions receivable	—
Accounts payable	6,454
PPP Loan payable	17,690
Net Cash Provided by Operating Activities	1,193,152
Net Increase (Decrease) in Cash and Cash Equivalents	1,193,152
Cash and Cash Equivalents, Beginning	1,381,778
Cash and Cash Equivalents, Ending	$ 2,574,930

The accompanying notes are an integral part of these financial statements.

PROJECT ALIVE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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, assists 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 Presentation

The accompanying financial statement shave been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly. net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions -Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status. and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
>
> Net assets with donor restrictions -Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature. and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature: the organization must continue to use the resources in accordance with the donor's instructions.

Restrictions that are fulfilled in the same accounting period in which the contributions are received are repo1ted in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds. cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Contributions Receivable

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section l 70 of the IRC. The Organization is not classified as a private foundation.

PROJECT ALIVE accounts for uncertain tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure and recognize in the financial statements the largest amount of benefit that is greater than 50% likely of being realized upon the ultimate settlement. PROJECT ALIVE had no uncertain tax positions that required significant adjustments to the financial statements as of December 31, 2021.

Fair Value – Investments will be 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.

Recently Issued Accounting Standards – Effective 2018, the FASB issued Accounting Standard Update (ASU or standard) 2016-02, "*Leases*" *(Topic 842)*. The standard requires lessees to recognize leases on-balance sheet (Statement of Financial Position) and disclose key information about leasing arrangements. The ASU establishes a right-of-use model (ROU) that requires a lease to recognize a

PROJECT ALIVE
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern of expense recognition in the income statement (Statement of Activities). The new standard is effective January 1, 2020 with early adoption permitted. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before the year of adoption, December 31, 2020.

Measurement of Operations – PROJECT ALIVE operating revenues in excess of expenses and transfers includes; (1) all operating revenues and expenses that are an integral part of its programs and supporting activities; (2) net assets released from donor restrictions to support operating expenditures; and (3) any transfers from board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions.

Subsequent Events - The management of PROJECT ALIVE has evaluated subsequent events for potential recognition and disclosure through November 14, 2022, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contribution revenue. Other financial impact could occur though such potential impact is unknown at this time. Management has evaluated the activity of the organization through November 14, 2022 and has concluded that no events have occurred after December 31, 2021 that would require recognition in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has $2,579,826 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $2,574,930, and prepaid expenses of $4,896. 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 $53,992. 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

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 – COMMITMENTS AND CONTINGENCIES

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 and was terminated in October of 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 4 – CONCENTRATION OF CREDIT RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.