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HEREDITARY DISEASE FOUNDATION

Audited Financial Statements

December 31, 2019

Independent Auditor's Report

To the Board of Directors of
Hereditary Disease Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Hereditary Disease Foundation ("HDF"), which comprise the statement of financial position as of December 31, 2019, 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 organization'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 organization'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.

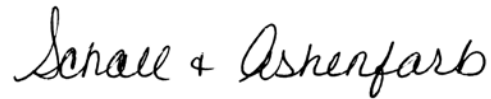
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hereditary Disease Foundation as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Hereditary Disease Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived



Schall & Ashenfarb
Certified Public Accountants, LLC

July 9, 2020

**HEREDITARY DISEASE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019**

(With comparative totals at December 31, 2018)

	<u>12/31/19</u>	<u>12/31/18*</u>
Assets		
Cash and cash equivalents	\$1,150,492	\$1,127,648
Pledges receivable	24,309	257,108
Investments (Note 3)	11,198,150	9,434,335
Prepaid expenses and other assets	20,343	19,789
Property and equipment, net (Note 4)	<u>64,422</u>	<u>84,026</u>
 Total assets	 <u><u>\$12,457,716</u></u>	 <u><u>\$10,922,906</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$17,500	\$18,766
Grants payable	<u>1,123,506</u>	<u>825,949</u>
Total liabilities	<u><u>1,141,006</u></u>	<u><u>844,715</u></u>
Net assets:		
Without donor restrictions	<u>1,513,539</u>	<u>1,078,721</u>
With donor restrictions:		
For future programs and time periods (Note 5)	100,000	465,135
Endowment (Notes 5 and 6)	<u>9,703,171</u>	<u>8,534,335</u>
Total net assets with donor restrictions	<u><u>9,803,171</u></u>	<u><u>8,999,470</u></u>
Total net assets	<u><u>11,316,710</u></u>	<u><u>10,078,191</u></u>
Total liabilities and net assets	<u><u>\$12,457,716</u></u>	<u><u>\$10,922,906</u></u>

* - Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

HEREDITARY DISEASE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	With Donor Restrictions			Total 12/31/19	Total 12/31/18
	Without Donor Restrictions	Future Programs and Time Periods	Endowment		
Support and revenue, gains and (losses):					
Contributions	\$1,204,383	\$4,000		\$4,000	\$1,208,383
Special event income (net of expenses with a direct benefit to donor (Note 7))	441,707			0	441,707
In-kind contributions (Note 2i)	100,000			0	100,000
Other income	47,508			0	47,508
Investment return (Note 3)	168,262		\$1,595,553	1,595,553	1,763,815
Interest income - other	16,622			0	16,622
Net assets released from restriction	795,852	(\$369,135)	(426,717)	(795,852)	0
Total revenue, gains and (losses)	<u>2,774,334</u>	<u>(365,135)</u>	<u>1,168,836</u>	<u>803,701</u>	<u>3,578,035</u>
Expenses:					
Program services	1,948,695			0	1,948,695
Supporting services:					
Management and general	151,433			0	151,433
Fundraising	134,806			0	134,806
Special events	104,582			0	104,582
Total supporting services	<u>390,821</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>390,821</u>
Total expenses	<u>2,339,516</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,339,516</u>
Change in net assets	434,818	(365,135)	1,168,836	803,701	1,238,519
Net assets - beginning of year	<u>1,078,721</u>	<u>465,135</u>	<u>8,534,335</u>	<u>8,999,470</u>	<u>10,078,191</u>
Net assets - end of year	<u><u>\$1,513,539</u></u>	<u><u>\$100,000</u></u>	<u><u>\$9,703,171</u></u>	<u><u>\$9,803,171</u></u>	<u><u>\$11,316,710</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

**HEREDITARY DISEASE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With comparative totals for the year ended December 31, 2018)

	Supporting Services				Total Supporting Services	Total Expenses 12/31/19	Total Expenses 12/31/18
	Program Services	Management and General	Fundraising	Special Events			
Salaries	\$189,874	\$36,701	\$52,017		\$88,718	\$278,592	\$279,000
Payroll taxes and benefits	46,981	12,531	10,410		22,941	69,922	69,578
Total salaries and related costs	<u>236,855</u>	<u>49,232</u>	<u>62,427</u>	0	111,659	348,514	348,578
Grants	1,467,686				0	1,467,686	978,642
Workshops, conferences, and events	61,696	6,003	18,528	59,905	84,436	146,132	349,125
Occupancy	48,087	6,306	10,656	5,000	21,962	70,049	106,867
Professional fees (including in-kind of \$100,000)(Note 2i)	92,000	75,341	16,687	84,040	176,068	268,068	349,968
Office expense	864	7,269	1,311	260	8,840	9,704	22,747
Printing, postage and shipping	460	1,694	14,129	14,598	30,421	30,881	48,045
Insurance	6,916	907	1,532		2,439	9,355	5,419
IT and communications	12,546	1,646	2,780	193	4,619	17,165	10,542
Other	7,093	1,134	3,545		4,679	11,772	4,442
Depreciation	14,492	1,901	3,211		5,112	19,604	13,996
Total expenses	<u>1,948,695</u>	<u>151,433</u>	<u>134,806</u>	163,996	450,235	2,398,930	2,238,371
Less: direct special event expenses netted with revenue				(59,414)	(59,414)	(59,414)	(62,753)
Total expenses for statement of activities	<u>\$1,948,695</u>	<u>\$151,433</u>	<u>\$134,806</u>	<u>\$104,582</u>	<u>\$390,821</u>	<u>\$2,339,516</u>	<u>\$2,175,618</u>

The attached notes and auditor's report are an integral part of these financial statements.

HEREDITARY DISEASE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

(With comparative totals for the year ended December 31, 2018)

	12/31/19	12/31/18*
Cash flows from operating activities:		
Change in net assets	\$1,238,519	(\$394,054)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	19,604	13,996
Net unrealized and realized (gain)/loss on investments	(1,547,201)	790,260
Changes in assets and liabilities:		
Pledges receivable, net	232,799	15,135
Prepaid expenses and other assets	(554)	287
Accounts payable and accrued expenses	(1,266)	17
Grants payable	297,557	(561,640)
Total adjustments	(999,061)	258,055
Net cash provided by/(used for) operating activities	239,458	(135,999)
Cash flows from investing activities:		
Purchases of property and equipment	0	(98,022)
Purchases of investments (including reinvested income)	(2,513,475)	(1,519,234)
Proceeds from sales of investments (including transfers out)	2,296,861	1,272,462
Net cash used for investing activities	(216,614)	(344,794)
Net increase/(decrease) in cash and cash equivalents	22,844	(480,793)
Cash and cash equivalents - beginning of year	1,127,648	1,608,441
Cash and cash equivalents - end of year	\$1,150,492	\$1,127,648
* Reclassified for comparative purposes		
Supplemental disclosure:		
Taxes and interest paid	\$0	\$0

The attached notes and auditor's report are an integral part of these financial statements.

**HEREDITARY DISEASE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Note 1 - Organization

Hereditary Disease Foundation (“HDF”), with executive offices in New York City, was incorporated in California in 1968. HDF aims to support and fund scientific research seeking to further the understanding of, and to develop diagnostics and therapeutics for, neurodegenerative diseases, in particular, Huntington’s disease.

HDF is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of HDF have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

Effective January 1, 2019, HDF adopted the requirements of the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (“ASU”) No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, HDF evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, HDF applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, HDF evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for HDF to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described below, depending on the existence and/or nature of any donor-imposed restriction. When a 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 restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Analysis of the various provisions of this standard resulted in no significant changes in the way HDF recognizes revenue.

b. Basis of Presentation

HDF reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Cash and Cash Equivalents

HDF considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held by the investment manager.

d. Concentration of Credit Risk

Financial instruments that potentially subject HDF to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federal limits. In addition, the market value of investments is subject to fluctuation. However, management believes the investment policy is prudent for the long-term welfare of HDF and has not suffered losses from the default of any financial institution.

e. Pledges Receivable

Pledges that are expected to be received in less than one year are recorded at net realizable value. Those pledges that are due in greater than one year are recorded at fair value which is calculated using a risk-adjusted rate of return. Long-term pledges are treated as time restricted until the period they are due, at which time they will be released from restriction and transferred to net assets without donor restrictions. All pledges receivable at December 31, 2019 are due within one year.

All receivables are assessed for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, no allowance for doubtful accounts has been established.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

f. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that HDF has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

g. Investments

Investments are recorded at fair value as defined in Note 2f. Realized and unrealized gains and losses, interest and dividends, and investment fees are included in investment return on the statement of activities.

h. Property and Equipment

Purchases of furniture, equipment, and other fixed assets that have a useful life of greater than one year are capitalized at cost or, if donated, at their fair value at the date of the gift. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

i. Contributed Services

Donated services are recognized in circumstances when they create or enhance non-financial assets or where those services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Contributed services for the year ended December 31, 2019 amounted to \$100,000 of which \$90,000 was allocated to program services and \$10,000 to fundraising. Contributed services for the year ended December 31, 2018 amounted to \$100,000 of which \$65,000 was allocated to program services, \$25,000 to management and general, and \$10,000 to fundraising.

Board members and other individuals volunteer their time and perform a variety of tasks that assist HDF. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

j. Grants Payable

Grants that have been approved but not distributed by year end are reflected as grants payable and are due to be paid in the following periods:

	<u>12/31/19</u>	<u>12/31/18</u>
Within 1 year	\$960,979	\$645,454
2 to 5 years	<u>162,527</u>	<u>180,495</u>
Total grants payable	<u>\$1,123,506</u>	<u>\$825,949</u>

Due to its immaterial nature, no discount to present value has been taken.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of HDF.

Salaries and professional fees were allocated using time and effort as the basis. The following expenses were allocated using salaries as the basis:

- Payroll taxes and benefits
- Occupancy
- Insurance
- IT and communications
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

m. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the HDF's audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

HDF does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2016 and later are subject to examination by applicable taxing authorities.

o. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Investments

Investments can be summarized as follows:

	<u>12/31/19</u>	<u>12/31/18</u>
Cash and cash equivalents	\$ 187,710	\$156,788
Fixed income:		
Government	2,176,803	1,970,472
Other	1,030,053	816,409
Common stock:		
U.S. equity	1,629,480	1,266,869
Non-U.S. equity	70,297	27,240
Mutual fund equities:		
U.S. equity	3,168,000	2,531,306
Non-U.S. equity	2,008,169	1,711,349
Other	<u>927,638</u>	<u>953,902</u>
Total	<u>\$ 11,198,150</u>	<u>\$9,434,335</u>

All funds are invested in Level 1 securities which are valued at the closing price reported on the active market that they are traded on.

The following summarizes the investment return:

	<u>12/31/19</u>	<u>12/31/18</u>
Unrealized gain/(loss) on investments	\$1,512,365	(\$947,752)
Realized gain on sales of investments	<u>34,836</u>	<u>157,492</u>
Total investment gain/(loss)	1,547,201	(790,260)
Interest and dividends	278,929	308,813
Investment fees	<u>(62,315)</u>	<u>(62,041)</u>
Total investment return	<u>\$1,763,815</u>	<u>(\$543,488)</u>

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>12/31/19</u>	<u>12/31/18</u>
Leasehold improvements	\$98,022	\$98,022
Less: accumulated depreciation	<u>(33,600)</u>	<u>(13,996)</u>
Net: property and equipment	<u>\$64,422</u>	<u>\$84,026</u>

Note 5 - Net Assets With Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	<u>12/31/19</u>	<u>12/31/18</u>
Endowment:		
Corpus	\$8,525,000	\$8,525,000
Accumulated earnings available for appropriation	<u>1,178,171</u>	<u>9,335</u>
Total endowment (See Note 6)	<u>9,703,171</u>	<u>8,534,335</u>

Net assets restricted for future programs and periods:

Program restricted	100,000	208,027
Time restricted	<u>0</u>	<u>257,108</u>
Total net assets restricted for future programs and periods	<u>100,000</u>	<u>465,135</u>
Total net assets with donor restrictions	<u>\$9,803,171</u>	<u>\$8,999,470</u>

The following summarizes net assets released from restrictions:

Program restricted	\$108,027	\$247,709
Time restricted	<u>261,108</u>	<u>15,135</u>
Total net assets released for future programs and periods	369,135	262,844
Endowment appropriations	<u>426,717</u>	<u>0</u>
Total released from restriction	<u>\$795,852</u>	<u>\$262,844</u>

Note 6 - Endowment

HDF's endowment, held in investments on the statement of financial position, was created on September 30, 2003 pursuant to a Science Endowment Agreement under which HDF agreed to segregate \$8,525,000 of its assets as endowment corpus.

Interpretation of Relevant Law

HDF follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which HDF has interpreted as requiring certain amounts to be retained in perpetuity. Absent explicit donor stipulations to the contrary, HDF will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, HDF has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence.

As a result of this interpretation, HDF classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor's intention.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure, therefore, they are reflected in the class of net assets with donor restrictions.

Spending Policies

HDF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of HDF and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of HDF
- (7) The investment policies of HDF
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on HDF

In accordance with the Science Endowment Agreement, each year HDF has the discretion to expend 5% of the balance of the endowment related investment accounts at the beginning of the year. Expenditures should be used for the purpose of furthering the activities of HDF.

Changes in endowment net assets were as follows:

	December 31, 2019		
	Without Donor Restriction	Donor Restricted Endowment	Total
Endowment net assets, beginning	\$900,000	\$8,534,335	\$9,434,335
Appropriations	426,717	(426,717)	0
Interest and dividend income	26,609	252,320	278,929
Net gain on investments	147,597	1,399,604	1,547,201
Investment fees	(5,944)	(56,371)	(62,315)
Endowment net assets, end of year	<u>\$1,494,979</u>	<u>\$9,703,171</u>	<u>\$11,198,150</u>
	December 31, 2018		
	Without Donor Restriction	Donor Restricted Endowment	Total
Endowment net assets, beginning	\$951,847	\$9,025,976	\$9,977,823
Interest and dividend income	29,460	279,353	308,813
Net loss on investments	(75,388)	(714,872)	(790,260)
Investment fees	(5,919)	(56,122)	(62,041)
Endowment net assets, end of year	<u>\$900,000</u>	<u>\$8,534,335</u>	<u>\$9,434,335</u>

Funds with Deficiencies

From time to time, the fair market value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor and applicable law requires the HDF to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and December 31, 2018.

Note 7 - Special Events

HDF's special events are summarized as follows:

	<u>12/31/19</u>	<u>12/31/18</u>
Gross revenue	\$501,121	\$626,532
Less: expenses with a direct benefit to donor	<u>(59,414)</u>	<u>(62,753)</u>
	441,707	563,779
Less: other event expenses	<u>(104,582)</u>	<u>(101,555)</u>
Net proceeds from special events	<u>\$ 337,125</u>	<u>\$462,224</u>

Note 8 - Commitment

HDF had a non-cancelable lease agreement for office space which expired on April 30, 2018. On March 28, 2018, HDF entered into new non-cancelable leases that expired on February 2020. Total rent expense for office space under these agreements is \$60,050 and \$96,933 for the years ended December 31, 2019 and 2018, respectively which is included in occupancy in the accompanying statement of functional expenses. The future minimum payment under this lease is \$10,000 for the year ending December 31, 2020. Subsequent to February 2020, HDF rented office space on a month-to-month basis.

HDF also rents space for storage on a month-to-month basis. Total rent expense for storage space is \$3,286 and \$7,705 for the years ended December 31, 2019 and 2018, respectively, which is also included in occupancy in the accompanying statement of functional expenses.

Note 9 - Related Party Transactions

A member of HDF's Board of Directors works in a scientific lab to which HDF awarded a grant of \$79,863 and \$107,000 during the year ended December 31, 2019 and 2018, respectively.

Note 10 - Retirement Plan

HDF has a tax deferred 401(k) retirement plan. All employees may contribute to the plan on a pre-tax basis by designating a percentage of their salaries, subject to regulatory limits. HDF did not make any discretionary contributions to the plan for the years ended December 31, 2019 and 2018.

Note 11 - Significant Concentrations

During the year ended December 31, 2018, HDF received a bequest of \$500,000 and a non-recurring donation of \$250,000. This represents approximately 42% of HDF's total revenue. In addition, the full amount of pledges receivable at December 31, 2018 was provided by one donor. During the year ended December 31, 2019, there were no significant concentrations.

Note 12 - Liquidity and Availability of Financial Resources

HDF's outgoing grant payments and other expenses are funded by contributions and investment income. As part of its liquidity management plan, HDF structures its financial assets to be available as its general expenditures, grants, liabilities, and other obligations come due. Additionally, as indicated in Note 6, HDF's endowment funds are held for long term purposes and are therefore, not considered available for general expenditures with the exception of amounts appropriated for spending. In accordance with HDF's spending policy, HDF can appropriate 5% of endowment funds for spending annually.

The following reflects HDF's financial assets at December 31, 2019:

Cash and cash equivalents	\$1,150,492
Pledges receivable	24,309
Investments	<u>11,198,150</u>
Total financial assets	\$12,372,951
Amounts not available for general expenditures – donor restricted portion of endowment	(9,703,171)
Add back amounts appropriated for spending	<u>485,159</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,154,939</u>

HDF's investments held for endowment are held for long term purposes in accordance with the Science Endowment Agreement described in Note 6. Per the terms of the agreement, HDF has the discretion to expend 5% of the balance of the endowment related investment accounts at the beginning of the year. This portion is considered available for general expenditures and the remaining balance is not considered available for general expenditures within one year.

Note 13 - Subsequent Events

Management has evaluated the impact of all subsequent events through July 9, 2020, which is the date that the financial statements were available to be issued. No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which HDF operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.