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CPAs and Business Advisors

Progeria Research Foundation

FOR THE CHILDREN ♥ FOR THE CURE

Financial Statements

For the Year Ended

December 31, 2022

The Progeria Research Foundation, Inc.

Financial Statements

For the Year Ended December 31, 2022

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Independent Auditors' Report

To the Board of Directors
The Progeria Research Foundation, Inc.
Peabody, Massachusetts

Opinion

We have audited the accompanying financial statements of The Progeria Research Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, 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 The Progeria Research Foundation, Inc. as of December 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Progeria Research Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Progeria Research Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 The Progeria Research Foundation, Inc.'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 The Progeria Research Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Litman Gerson Associates, LLP

Woburn, Massachusetts
October 23, 2023

The Progeria Research Foundation, Inc.

Statement of Financial Position
December 31, 2022

Assets	
Current assets:	
Cash and cash equivalents	$ 2,171,619
Certificates of deposit	5,777,973
Contributions receivable, net	110,283
Investments	39,138,818
Prepaid expenses and other current assets	46,854
Total current assets	47,245,547
Property and equipment, net	19,192
Other assets:	
Patents, net	62,908
Security deposit	3,000
Operating right-of-use asset, net	266,086
Total other assets	331,994
Total assets	$ 47,596,733
Liabilities and Net Assets	
Current liabilities:	
Current portion of operating lease liability	$ 48,713
Accounts payable and other current liabilities	506,883
Total current liabilities	555,596
Long term liabilities:	
Operating lease liability, net of current portion	216,753
Total liabilities	772,349
Net assets:	
Without donor restrictions	46,824,384
Total liabilities and net assets	$ 47,596,733

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

The Progeria Research Foundation, Inc.

Statement of Activities

For the Year Ended December 31, 2022

Support and Revenue	
Contributions	$ 1,174,825
Employee Retention Credit	190,052
Government grant	50,000
Investment loss, net	(5,773,600)
	(4,358,723)
Special events - contribution element	703,665
Special events - exchange element	224,459
Less: costs of direct benefits to donors	(187,049)
	741,075
Total support and revenue before in-kind contributions	(3,617,648)
In-kind contributions	1,327,400
Total support and revenue	(2,290,248)
Expenses	
Program services	2,328,258
Supporting services	432,775
Fundraising	150,695
Total expenses before in-kind services	2,911,728
In-kind services	1,327,400
Total expenses	4,239,128
Change in net assets without donor restrictions	(6,529,376)
Net assets without donor restrictions at beginning of year	53,353,760
Net assets without donor restrictions at end of year	$ 46,824,384

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

The Progeria Research Foundation, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses:				
Salaries and wages	$ 457,927	$ 192,484	$ 108,350	$ 758,761
Payroll taxes	38,720	15,523	8,879	63,122
Employee benefits	31,369	2,670	7,738	41,777
Total salaries and related expenses	528,016	210,677	124,967	863,660
Other expenses:				
Professional fees	1,219,031	73,747	-	1,292,778
Drug trial	695,775	-	-	695,775
Future trial efforts	403,796	-	-	403,796
Research grants	293,447	-	-	293,447
Special events - costs of direct benefits to donors	-	-	187,049	187,049
Scientific workshop	142,603	-	-	142,603
Cell and tissue bank	111,146	-	-	111,146
Diagnostic testing	96,729	-	-	96,729
Medical and research database	79,101	-	-	79,101
Occupancy	11,036	41,871	2,273	55,180
Printing	24,251	-	9,296	33,547
Computer expenses	-	26,196	-	26,196
Media expense	23,268	-	-	23,268
Office expenses	-	18,946	4,109	23,055
Depreciation and amortization	8,981	8,748	-	17,729
Communications	7,581	10,109	-	17,690
Insurance	-	14,342	-	14,342
Online processing fees	-	13,304	-	13,304
Postage and shipping	5,557	4,958	2,312	12,827
Consulting	-	-	6,075	6,075
Research activities	4,015	-	-	4,015
Dues and subscriptions	-	3,766	-	3,766
Travel	690	1,294	1,663	3,647
Life insurance	-	2,784	-	2,784
Professional development	-	1,666	-	1,666
Patient handbooks	635	-	-	635
Strategic planning meetings	-	367	-	367
Total other expenses	3,127,642	222,098	212,777	3,562,517
Total expenses by function	3,655,658	432,775	337,744	4,426,177
Less items included within support and revenue:				
Special events - costs of direct benefits to donors	-	-	(187,049)	(187,049)
Total expenses as presented on the statement of activities	3,655,658	432,775	150,695	4,239,128
Less items separately stated on statement of activities:				
In-kind expense	(1,327,400)	-	-	(1,327,400)
Total expenses included in the functional categories on the Statement of Activities	$ 2,328,258	$ 432,775	$ 150,695	$ 2,911,728

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

The Progeria Research Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities:		
Change in net assets	$	(6,529,376)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		17,729
Reduction in carrying amount of operating right-of-use asset		50,963
Interest and dividends reinvested		(268,074)
Realized and unrealized losses on investments		6,806,090
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable		(110,283)
Prepaid expenses and other current assets		10,320
Increase (decrease) in:		
Accounts payable and other current liabilities		169,841
Operating right-of-use liability		(51,583)
Net cash provided by operating activities		95,627
Cash flows from investing activities:		
Proceeds from sale of investments		10,060,264
Purchases of investments		(10,732,477)
Purchases of property and equipment		(8,335)
Net cash used in investing activities		(680,548)
Net decrease in cash and cash equivalents		(584,921)
Cash and cash equivalents at beginning of year		2,756,540
Cash and cash equivalents at end of year	$	2,171,619
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$	-
Income taxes	$	-
Cash paid during the year for amounts included in the measurement of lease liability:		
Operating cash outflows for operating lease	$	55,800
Supplemental disclosure of non-cash investing activities:		
Operating right-of-use asset obtained as a result of adoption of ASC 842	$	317,049
Operating lease liability incurred as a result of adoption of ASC 842	$	317,049
Investments received and recognized as contribution revenue	$	63,080
Interest and dividends reinvested	$	268,074

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

1. Nature of Business

The Progeria Research Foundation, Inc. (the Organization) is a nonprofit organization established in 1999 in the Commonwealth of Massachusetts to discover treatments and the cure for Hutchinson-Gilford Progeria Syndrome and its aging-related disorders, including heart disease.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) to ensure the statements of financial position, activities, functional expenses and cash flows are consistently reported. References to GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (ASC).

Basis of Accounting
The Organization's financial statements have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation
Financial statement presentation follows FASB ASC Topic No. 958 *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Organization is required to report information regarding its net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions
Net assets without restrictions include amounts available for use in general operations and not subject to donor-imposed restrictions. The Organization's board may designate net assets without restrictions for specific operational purposes from time to time.

With Donor Restrictions
Net assets with restrictions include amounts resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. Some stipulations are temporary in nature that expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. If the stipulation is fulfilled in the same time period in which the contribution is received, the contribution is reported as having no restrictions in the year received. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the Organization considers all highly liquid instruments with original maturities of three months or less, when purchased, to be cash equivalents.

2. Summary of Significant Accounting Policies…continued

Certificates of Deposit
The Organization carries investments in certificates of deposit with readily determinable values at their fair value in the balance sheets. Interest income is included in other income on the statements of income and distribution. Certificates of deposit with original maturities of three months or less when purchased are included in cash and cash equivalents. At December 31, 2022, the Organization had five certificates of deposit with fixed interest rates ranging from 3.44% to 4.40% and 24-month terms, and mature at various times through November 2024.

Contributions Receivable
Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed stipulations, if any, on the contribution. The Organization provides for losses on accounts using the allowance method. The allowance for doubtful accounts is based on experience and other circumstances, which may affect the ability of contributors to meet their obligations. Receivables are considered uncollectible if full payments are not received in accordance with the terms of the pledge.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at fair values in the statement of financial position. Investment income or loss, which consists of interest and dividend income, realized gains and losses, and unrealized gains and losses on those investments, less external and direct internal investment expenses, is included in revenue and support in the statement of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment
Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line and accelerated methods over estimated useful lives ranging between five and fifteen years. The Organization capitalizes expenditures for property and equipment with a cost in excess of $1,000. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures which significantly increase values or extend useful lives are capitalized. Upon the disposition of property and equipment, the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss thereon is reflected in the statement of activities.

Patents
Patents are capitalized and amortized on a straight-line basis over their estimated useful lives of 15-17 years. The Organization capitalizes certain costs to maintain, defend and renew patents as incurred and amortizes those costs over the remaining life of the related patent.

Website Development Costs
The Organization follows FASB ASC Topic No. 350-50 *Website Development Costs* (ASC 350-50). Under ASC 350-50, website development costs incurred in the development phase of a website are capitalized to the extent their estimated useful life exceeds one year. Costs incurred that relate to the planning and post-implementation phases are expensed as incurred. Costs associated with the repair and maintenance of the existing site or development of website content are expensed as incurred. Website development costs of $15,568 at December 31, 2022, were fully amortized after incurring $1,064 of amortization during the year ended December 31, 2022.

2. Summary of Significant Accounting Policies…continued

Fair Value Measurements
The Organization discloses the fair value of investments (see Note 6) in accordance with FASB ASC Topic No. 820 *Fair Value Measurements* (ASC 820). The framework under ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation Techniques
Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2022.

Equity Securities, Mutual Funds
Equity securities and mutual funds are valued based on quoted prices from an active market. These investments are categorized as Level 1 as they are actively traded and no valuation adjustments have been applied.

Debt Securities
Debt securities consist of government and commercial bonds which are valued based upon valuation obtained from third-party pricing sources. These pricing sources utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include market pricing based on real-time trade data for the same or similar securities, issuer credit spreads, benchmark yields, and other observable inputs, which are classified as Level 2.

Annuity Contract
The annuity contract is reported at contract value, which approximates fair value. Contract value represents contributions made under the agreement, plus earnings, less withdrawals and administrative expenses. As this investment is contract-based, observable prices for identical or similar investments do not exist, and accordingly, the investment is valued using unobservable inputs and is classified as Level 3.

2. Summary of Significant Accounting Policies…continued

Leases
Effective January 1, 2022, the Organization accounts for leases under FASB ASC Topic No. 842, *Leases* (ASC 842), which establishes a right-of-use model for lessee accounting, resulting in the recognition of most leased assets and lease liabilities on the statement of financial position of the lessee. The Organization assesses whether an agreement contains a lease at inception. All leases are reviewed for finance or operating classification once control is obtained. Leases with an initial term of 12 months or less are not recorded on the statement of financial position.

All of the Organization's leases are operating leases. Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease ROU asset also includes any lease payments made in advance and is reduced by lease incentives received. As most leases do not provide an implicit rate, the Organization uses the risk-free US Treasury Rate to determine the implicit rate in determining the present value of lease payments. Lease terms include options to extend the lease when it is reasonably certain that the Organization will exercise that option. The Organization assumes options are reasonably certain to be exercised based on management's judgement. Lease expense for lease payments is recognized on a straight-line basis over the lease term unless the related ROU asset has been adjusted for an impairment charge (see Note 9).

Revenue Recognition
<u>Contributions</u>
Contributions, including unconditional promises to give, are recognized as revenues in the period received, pledged, or notification of a beneficial interest is received. Conditional promises to give, which are those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of property and equipment and other long-lived assets are also reported as revenue and net assets without donor restrictions, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions depending upon the condition(s) stipulated by the donor. 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 and are reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the amount is reported as without donor restrictions in the year received.

2. Summary of Significant Accounting Policies…continued

Revenue Recognition…continued
In-Kind Contributions
In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the estimated fair value of contributed services if such services meet the following criteria:

- The services received either create or enhance nonfinancial assets, or
- The services received require special skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not contributed.

Many individuals volunteered their time and performed a variety of tasks to assist the Organization in carrying out its mission during the year ended December 31, 2022. These services did not meet the recognition criteria for contributed services. Accordingly, a value for these services has not been reflected in the accompanying statement of activities.

Special Events
Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the excess a donor pays for those benefits. The Organization recognizes special events revenue for the exchange element equal to the fair value of the direct benefits to donors at the point in time which the event takes place.

Functional Allocation of Expenses
The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification, while other expenses are allocated based on management's systematic and rational policy as follows:

Expense	Method of Allocation
Salaries and wages, payroll taxes and employee benefits	Time and effort
Occupancy	Square footage

Income Taxes
The Organization is a nonprofit organization, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and is a public charity according to Section 509(a)(1) of the IRC. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for the uncertainty in income taxes in accordance with the provisions of FASB ASC Topic No. 740 *Income Taxes* (ASC 740), which prescribes a recognition threshold of more likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements.

When necessary, the Organization accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes. The Organization does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next 12 months.

2. Summary of Significant Accounting Policies…continued

Recently Adopted Accounting Pronouncements
In-Kind Contributions
During the year ended December 31, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Leases
In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which establishes a right-of-use model for lessee accounting that results in the recognition of most leased assets and lease liabilities on the statement of financial position of the lessee. The ASU is effective for annual periods beginning after December 15, 2021, by applying either a modified retrospective approach or the transition alternative prescribed in ASU 2018-11, *Leases*. The Organization opted to apply the transition alternative.

Under this transition method, an entity initially applies ASC 842 to all leases existing at the effective date (adoption date) and recognizes a cumulative effect adjustment to the opening balance of retained earnings, if any, as of that date. The adoption date therefore represents the "application date" under this transition method.

ASC 842 includes several optional practical expedients that entities may elect to apply. Three of these practical expedients, if elected, must be applied as a package consistently to all of an entity's leases that commenced before the effective date of this ASU. The Organization applied this practical expedient package, the components of which provide that an entity does not reassess whether any expired or existing contracts are or contain leases, does not reevaluate lease classification for any expired or existing leases, and does not reassess initial direct costs for existing leases. The Organization also utilizes the short-term lease exemption, which allows lessees not to capitalize leases with a term of twelve months or less at the commencement date.

The initial ROU assets were calculated as the present value of the remaining operating lease payments using the US Treasury's risk-free rate as of January 1, 2022, reduced by accrued and deferred rent (including accruals to expense operating lease payments on a straight-line basis), unamortized lease incentives, and any unamortized sale-leaseback gains that resulted from off-market terms and increased by unamortized lease acquisition costs. Upon the adoption of ASC 842, ROU lease assets are reviewed for impairment with the Organization's long-lived assets.

As a result of adopting ASC 842 on January 1, 2022, the Organization recorded a right-of use lease asset and lease liability of $317,049, respectively. The opening balance of net assets was not affected by the adoption of ASC 842.

3. Liquidity and Availability

Financial assets available for general expenditures within one year of the statement of financial position date at December 31, 2022 consisted of the following:

Cash and cash equivalents	$ 2,171,619
Certificates of deposit	5,777,973
Contributions receivable, net	110,283
Investments	39,138,818
Total financial assets	47,198,693
Less: certificates of deposit	(1,381,421)
Total financial assets available for general use	$ 45,817,272

The Organization's financial assets generally are reduced by amounts not available for general use because of donor imposed restrictions for a specified purpose within one year of the statement of financial position date. However, there were no donor restricted net assets at December 31, 2022. Assets available for general expenditures within one year of the statement of financial position date at December 31, 2022 excludes certificates of deposit with stated maturity dates in excess of one year. Certificates of deposit with stated maturity dates in excess of one year of the statement of financial position date totaled $1,381,421 at December 31, 2022. However, these certificates of deposit could be liquidated and made available during the year ended December 31, 2023, subject to penalties.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization increases financial assets through annual and semi-annual events, individual and corporate gifts, and foundation and other grants. The Organization has a goal to raise funds equal to the expected general expenditures annually, where surpluses will be utilized for subsequent year program expenditures. It also maintains a balance of liquid assets to support any unanticipated liquidity needs.

4. Annuity Contract

During 2019, the Organization has entered into a fixed annuity contract with The Standard Insurance Company (The Standard) for $500,000. The Organization's contract investment balance is credited with earnings based upon contractually determined interest rates, and is charged for withdrawals and administrative expenses. The Standard establishes an effective annual interest rate. In no event will such effective annual interest rate be less than the minimum interest rate as defined by the contract. The annuity contract is included in the statement of financial position at contract value as reported by The Standard, which approximates fair value. There are no reserves against contract value for credit risk of the issuer or otherwise.

The minimum guaranteed interest rate is 3.35% for the Standard Annuity contract. For the year ended December 31, 2022, the average yield was approximately 3.35%.

The Standard Annuity contract does not specify the circumstances under which the issuer may terminate the contract. Currently, management believes that the occurrence of an event that would cause the Organization to receive less than contract value for the Standard Annuity contract is not probable.

5. Investments

A comparison of the actual costs and fair values of investments at December 31, 2022 is as follows:

	Cost	Fair Value	Unrealized Gains (Losses)
Investments held at fair value:			
Equity Securities, mutual funds	$ 23,416,445	$ 21,307,337	$ (2,109,108)
Debt securities	19,509,365	17,267,236	(2,242,129)
Annuity contract	564,245	564,245	-
	$ 43,490,055	$ 39,138,818	$ (4,351,237)

The following schedule summarizes net investment income, including realized and unrealized gains and losses, for the year ended December 31, 2022:

Interest and dividends	$ 1,032,490
Realized and unrealized losses on investments, net of investment fees	(6,806,090)
	$ (5,773,600)

6. Fair Value Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Fixed income securities:				
Equity securities, mutual funds	$21,307,337	$ -	$ -	$21,307,337
Debt securities	-	17,267,236	-	17,267,236
Annuity contract	-		564,245	564,245
	$21,307,337	$17,267,236	$ 564,245	$39,138,818

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2022:

Balance at beginning of year	$ 545,956
Investment income, net	18,289
Balance at end of year	$ 564,245

7. Property and Equipment

Property and equipment at December 31, 2022 consisted of the following:

Furniture and equipment	$ 97,002
Leasehold improvements	7,132
	104,134
Less: accumulated depreciation	(84,942)
	$ 19,192

Depreciation expense totaled $8,748 for the year ended December 31, 2022.

8. Patents

Patent costs for the development of a Farnesyltransferase inhibitors (FTIs) drug treatment for children with Progeria totaled $124,588, net of accumulated amortization of $61,680, at December 31, 2022. Amortization expense totaled $7,917 for the year ended December 31, 2022.

Amortization expense for the years ending December 31st are as follows:

2023	$	7,917
2024		7,917
2025		7,917
2026		7,917
2027		7,917
Thereafter		23,323
	$	62,908

9. Leases

The Organization has an operating lease for an office building that was extended in November 2022. The extended term expires in December 2027 and includes rent escalations.

During the year ended December 31, 2022, lease expense consisted of the following:

Operating lease cost		55,180
Variable lease costs		-
Total lease costs	$	55,180

Supplemental statement of financial position information for leases at December 31, 2022 is as follows:

ROU assets	$	317,049
Reduction in carrying amount of ROU assets		(50,963)
	$	266,086
Weighted average remaining term (in years)		5.00
Weighted average discount rate		1.46%

Maturities of lease liabilities at December 31st are as follows:

2023	$	52,200
2024		54,000
2025		55,800
2026		55,800
2027		57,480
Total lease payments		275,280
Less amounts representing interest		(9,814)
Total discounted lease liabilities		265,466
Less current portion		(48,713)
Long-term portion of lease liabilities	$	216,753

10. Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) (and expanded with the American Rescue Plan Act of 2021) contained provisions for an Employee Retention Credit (ERC) which is a refundable tax credit against certain employment taxes. Eligibility is primarily determined either by the Company experiencing a decline in gross receipts during a calendar quarter above certain thresholds, or if the Company was required to fully or partially shutdown operations due to COVID-19 related health restrictions. For each qualifying quarter in 2020, up to $10,000 in qualified wages per employee could be counted in determining a 50% credit (limited to a maximum of $10,000 in wages per employee for the calendar year), resulting in a maximum potential credit of $5,000 per employee for the year. For each qualifying quarter in 2021, up to $10,000 in qualified wages per employee could be counted in determining a 70% credit, resulting in a maximum potential credit of $7,000 per employee per qualifying quarter through September 30, 2021.

Although the ERC pertained to wages paid during the years ended December 31, 2021 and 2020, the Organization did not recognize revenue and the associated receivable during those periods due to uncertainty regarding the eligibility and collectability of the credit. During the year ended December 31, 2022, the period in which the uncertainty was removed, the Organization recognized ERC income totaling $190,052, which has been included with support and revenue on the accompanying statement of activities.

11. Revenue from Contracts with Customers

The Organization is a research foundation established to discover treatments and the cure for Hutchinson-Gilford Progeria Syndrome and its aging-related disorders, including heart disease. The Organization's revenue from the exchange element of special events is recognized at a point in time. Revenue from contracts with customers in the current fiscal year totaled $224,459

The Organization evaluated the following economic factors that affect the nature, amount, timing and uncertainty of its revenue and cash flows. Revenue (not including contributions and other support) is generated primarily by special events for fundraising. The special events are not seasonal or cyclical, but occur sporadically over the fiscal year.

Description of the Organization's Performance Obligations with Customers
The Organization's performance obligations are met at a point in time, when the event or sale occurs. The Organization becomes aware that it has met the performance obligation based upon the occurrence of the event or sale. Payment for charity auction items or event ticket sales are due at the point of sale. None of the Organization's contracts contained a significant financing component.

12. Gifts in-kind

The Organization received gifts-in-kind for the year ended December 31, 2022:

Legal services	$ 1,159,650
Consulting	166,750
Graphic work	1,000
	$ 1,327,400

The Organization was provided legal services at no cost in connection with agreements involving Intellectual Property (IP). Based upon current market rates for legal services the Organization would have paid $1,159,650 for the year ended December 31, 2022.

12. Gifts in-kind…continued

The Organization was provided consulting services at no cost for pharmaceutical development. Based on current market rates for consulting services the Organization would have paid $166,750 for the year ended December 31, 2022.

The Organization was provided graphic work at no cost for gala logo concepts, invitation templates, and printer specifications. Based on current market rates for consulting services the Organization would have paid $1,000 for the year ended December 31, 2022.

All gifts in-kind received by the Organization for the year ended December 31, 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

13. Retirement Plan

The Organization established a Savings Incentive Match Plan for Employees (SIMPLE IRA) on June 1, 2022. All employees are eligible to participate. The Organization contributes a matching amount equal to 100% of the employees' contributions, up to a maximum amount of 3% of eligible compensation per annum. During the year ended December 31, 2022, the Organization contributed $10,959 to the plan.

14. Commitments

Research Grants and Other Assistance
The Organization provides research grants and other assistance to qualified doctors and scientists to conduct research for the treatment and cure for Hutchinson-Gilford Progeria Syndrome and its aging-related disorders, including heart disease. These grants are awarded bi-annually and are subject to certain reporting and other requirements in accordance with the specific grant applications, which payment by the Organization may be withheld until the requirements have been met by the researcher. Payments under the grants are accrued quarterly in the accompanying statement of financial position.

Future payments committed to under these research grants for the years ending December 31st are as follows:

2023	$ 311,064
2024	172,491
	$ 483,555

Collaboration and Supply Agreement
During the year ended December 31, 2018, the Organization entered into a ten-year agreement with the option to renew for two years with an unrelated party to aid in the supply of a drug for trials, research, and children with Progeria. The unrelated party is responsible for all costs related to studies up to the first $2,000,000 and all costs thereafter may be allocated between the Organization and the unrelated party. The Organization did not incur any such costs for studies as set forth in this agreement during the year ended December 31, 2022 (see Note 11).

15. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent

The Organization's investments are exposed to market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the Organization's financial position. The Organization mitigates this risk by applying a conservative investing approach and diversifying their investments amongst a wide variety of industries, countries, and types of investments.

16. Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Certain of the U.S. emergency procedures and restrictions for the pandemic have been lifted as of May 11, 2023. The COVID-19 outbreak in the United States and the world has resulted in economic uncertainties that are likely to negatively impact the future financial results of operations, realization of assets, and cash flows. This situation could have a significant adverse effect on the future financial statements and management is unable to quantify the potential impact at this time.

17. Subsequent Events

The Organization has evaluated subsequent events for potential disclosure or recognition through October 23, 2023 the date the financial statements were available to be issued.