

# **THE EHE FOUNDATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**THE EHE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

April 18, 2024

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The EHE Foundation  
Hobart, Wisconsin

### ***Opinion***

We have audited the accompanying financial statements of **The EHE Foundation** (an Alaska nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 EHE Foundation as of December 31, 2023, and the changes in 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 The EHE Foundation 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 EHE Foundation'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***

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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, including omissions, 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 EHE Foundation'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 EHE Foundation'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.

#### ***Report on Summarized Comparative Information***

We have previously audited The EHE Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER COLORADO

**THE EHE FOUNDATION**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 970,974	\$ 1,095,140
Contributions receivable	28,579	116
Grant receivable - multi-year (Note 3)	50,000	125,000
Investments (Note 4)	852,868	778,499
Investment fund - board designated (Note 5)	-	100,323
Total assets	\$ 1,902,421	\$ 2,099,078
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 76,830	\$ 12,882
Grants payable - multi-year (Note 3)	100,000	275,000
	176,830	287,882
<u>Net assets</u>		
Without donor restrictions		
Undesignated	1,478,491	1,388,773
Board designated (Note 5)	-	100,323
	1,478,491	1,489,096
With donor restrictions (Note 6)	247,100	322,100
Total net assets	1,725,591	1,811,196
Total liabilities and net assets	\$ 1,902,421	\$ 2,099,078

The accompanying notes are an integral part of these financial statements

**THE EHE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 298,978	\$ -	\$ 298,978	\$ 496,647
Investment income	110,378	-	110,378	(149,065)
Foundations	40,494	15,000	55,494	370,446
Corporations	4,939	-	4,939	3,000
Reimbursements	-	-	-	1,333
Net assets released from restrictions (Note 7)	90,000	(90,000)	-	-
Total revenue and other support	544,789	(75,000)	469,789	722,361
<u>Expense</u>				
Program services	485,379	-	485,379	814,787
Supporting services				
Management and general	34,759	-	34,759	54,802
Fundraising	35,256	-	35,256	65,971
Total expense	555,394	-	555,394	935,560
Change in net assets	(10,605)	(75,000)	(85,605)	(213,199)
Net assets, beginning of year	1,489,096	322,100	1,811,196	2,024,395
Net assets, end of year	\$ 1,478,491	\$ 247,100	\$ 1,725,591	\$ 1,811,196

The accompanying notes are an integral part of these financial statements

**THE EHE FOUNDATION**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022	
	Supporting Services				
	Management and General		Fund- raising	Total	Total
	Program	General	Fund- raising	Total	Total
Salaries	\$ 12,099	\$ 1,180	\$ 1,475	\$ 14,754	\$ -
Payroll taxes and benefits	3,304	322	403	4,029	-
Contract personnel	211,513	20,635	25,794	257,942	573,012
Grants to others	217,320	-	-	217,320	275,000
Website/social media consultant	12,060	-	5,940	18,000	23,300
Shipping	10,414	1,016	1,270	12,700	504
Travel	9,507	2,087	-	11,594	8,275
Accounting	-	8,856	-	8,856	6,500
Equipment and software	5,418	-	-	5,418	7,718
Insurance	1,197	299	-	1,496	1,491
Supplies	1,000	-	-	1,000	5,288
Bank charges and fees	264	351	264	879	2,326
Telephone and internet	454	-	50	504	486
Dues and subscriptions	500	-	-	500	400
Marketing	194	-	43	237	1,007
EHE 360 conference production	-	-	-	-	30,223
All other	135	13	17	165	30
	\$ 485,379	\$ 34,759	\$ 35,256	\$ 555,394	\$ 935,560
Total expenses					

The accompanying notes are an integral part of these financial statements

**THE EHE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (85,605)	\$ (213,199)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gains and reinvested dividends and interest on investments	45,653	149,065
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in contributions receivable	(28,463)	34,884
Decrease(increase) in grants receivable - multi-year	75,000	(125,000)
Decrease(increase) in prepaid expense	-	33,038
Increase(decrease) in accounts payable	63,948	(1,219)
Increase(decrease) in grants payable - multi-year	<u>(175,000)</u>	<u>275,000</u>
Net cash provided(used) by operating activities	<u>(104,467)</u>	<u>152,569</u>
<u>Cash flows from investing activities</u>		
(Purchases) of investments	-	(100,000)
(Purchases) of investments	<u>(19,700)</u>	<u>-</u>
Net cash provided(used) by financing activities	<u>(19,700)</u>	<u>(100,000)</u>
Net increase(decrease) in cash and cash equivalents	(124,166)	52,569
Cash and cash equivalents, beginning of year	<u>1,095,140</u>	<u>1,042,571</u>
Cash and cash equivalents, end of year	<u><u>\$ 970,974</u></u>	<u><u>\$ 1,095,140</u></u>

The accompanying notes are an integral part of these financial statements



**THE EHE FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - NATURE OF ACTIVITIES

The EHE Foundation is a 501(c)(3) nonprofit corporation founded in 2015 dedicated to pursuing effective treatment for Epithelioid Hemangioendothelioma (EHE) and supporting EHE patients and their families. EHE is a rare vascular sarcoma cancer that affects all age groups from children to elderly. The Organization's mission is to seek treatments and a cure for Epithelioid Hemangioendothelioma (EHE) by increasing awareness, pursuing scientific research, advocating for and supporting EHE patients, and bridging information between researchers, providers and patients. The Organization is primarily supported by contributions and foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

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

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

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless those being held for long term investment purposes.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$2,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, the Foundation is based remotely, so there are no fixed assets.

6. 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.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Fair Value Measurements

All financial assets and liabilities carried at fair value have been classified for disclosure purposes based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined under methodologies and models with unobservable inputs as follows: Quoted market prices in active markets for identical assets (Level 1); inputs other than quoted market prices that are observable of the asset and liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

9. Functional Reporting of Expenses

For the year ended December 31, 2023, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Other expenses are assigned directly to the program or functional area benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

11. Reclassifications

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

12. Subsequent Events

Management has evaluated subsequent events through April 18, 2024, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE AND GRANTS PAYABLE, MULTI-YEAR

The Organization collaborates with donors and other organizations to fund cancer research. The Organization plays an intricate role in the selection of doctors and the administration of funding. During the year they received a multi-year promise to give and also committed to a multi-year grant payable.

Expected installments are to be received as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ <u>50,000</u>

Expected installments are to be paid as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ <u>100,000</u>

NOTE 4 - INVESTMENTS

At year-end, investments (level 1) consist of:

<u>Description</u>	<u>Fair Value</u>
Cash	\$ 32,354
Equities	<u>820,514</u>
Total	<u>\$ 852,868</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ 778,499
Unrealized gain	54,670
Dividend income	26,122
Less: account fees	<u>(6,423)</u>
Net investment return	<u>74,369</u>
Balance, end of year	<u>\$ 852,868</u>

The Organization also had \$27,684 of operating interest.

NOTE 5 - INVESTMENT FUND – BOARD DESIGNATED

In 2019, the Organization established an investment fund with the Columbus Foundation to provide future long-term support. Under the terms of the fund, all income will be reinvested into principal. The board may request a distribution with a two-thirds majority vote, and may request to withdraw the full balance at any time without penalty. In September of 2023, the donor released the restriction on the endowment and the Organization transferred the funds into their bank account.

At year-end, the fund had a fair value (Level 3) of zero.

Changes in board designated investment fund net assets for the year ended December 31, 2023 are as follows:

	<u>(Level 3 Inputs)</u>
Balance, beginning of year	\$ 100,323
Investment income	1,376
Realized gain	7,481
Less: management fees	<u>(532)</u>
Total investment return	8,325
Less: amounts released for distribution	<u>(108,648)</u>
Balance, end of year	<u>\$ -</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year end, net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Retrospective study	\$ 197,100
Use of Pre-clinical EHE Models to Identify Druggable Pathways to Treat EHE	<u>50,000</u>
Total	<u>\$ 247,100</u>

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Use of Pre-clinical EHE Models to Identify Druggable Pathways to Treat EHE	\$ 75,000
Tanas/U of Iowa	<u>15,000</u>
Total	<u>\$ 90,000</u>

NOTE 8 - CONCENTRATION OF CREDIT RISK

Cash and cash equivalents of approximately \$971,000 have been placed in a single financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. Management and the Board have evaluated their banking needs and have determined that the banking relationship is in the best interest of the Organization. As of December 31, 2023, the Organization had approximately \$865,000 in a sweep account that moves funds into other institutions in order to keep all funds securely invested at or below FDIC levels.

NOTE 9 - RELATED EHE PARTNERS

The Organization is a partner of the EHE group, which includes The EHE Foundation (UK) and the EHE Rare Cancer Foundation (Australia). The Organizations share a newsletter but operate and incorporate separately. Each organization maintains a separate board of directors.

NOTE 10 - RELATED PARTIES

During the year, the Organization paid three board members a total of \$150,700 for research and consulting services. The board reviewed and approved the compensation arrangement in accordance with their conflict-of-interest policy. The Board believes these transactions are in the best interest of the Organization.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets at December 31, 2023:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 970,974
Grants receivable – multi-year	50,000
Contributions receivable	28,579
Investments	<u>852,868</u>
Total financial assets	1,902,421
Less amounts not available to meet cash needs for general expenditures within one year due to:	
Donor purpose restrictions	<u>(247,100)</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,655,321</u>

The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses. Net assets with donor restrictions are expected to be available for expenditure in the next twelve months.