

HANDWERGER, CARDEGNA, FUNKHOUSER & LURMAN, P.A.
Certified Public Accountants • Business Consultants

**IMMUNE DEFICIENCY
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

H|C|F|L
CERTIFIED PUBLIC ACCOUNTANTS

IMMUNE DEFICIENCY FOUNDATION

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**HANDWERGER, CARDEGNA,
FUNKHOUSER & LURMAN, P.A.**

To the Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Immune Deficiency Foundation (the "Foundation"), a non-profit organization, which comprise the statement of financial position as of December 31, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Foundation'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 Foundation'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.

To the Board of Trustees
Immune Deficiency Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of the Foundation as of December 31, 2019 were audited by other auditors whose report dated September 21, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Handwerger, Cardigan, Funkhouser & Lurman, P.A.

Handwerger, Cardigan, Funkhouser & Lurman, P.A.
Towson, Maryland
July 23, 2021

IMMUNE DEFICIENCY FOUNDATION

Statements of Financial Position
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Current Assets | | |
| Cash and cash equivalents | \$ 905,660 | \$ 760,444 |
| Investments | | |
| Board designated program | 4,117,192 | 3,795,076 |
| Other | 1,336,459 | 924,484 |
| Accounts receivable | 198,385 | 539,616 |
| Prepaid expenses and other assets | <u>224,068</u> | <u>219,057</u> |
| Total Current Assets | <u>6,781,764</u> | <u>6,238,677</u> |
| Long-Term Assets | | |
| Investments | | |
| Board designated endowment | 5,483,828 | 4,962,050 |
| Property and equipment, net of accumulated depreciation and amortization | <u>124,269</u> | <u>182,162</u> |
| Total Long-Term Assets | <u>5,608,097</u> | <u>5,144,212</u> |
| Total Assets | <u>\$ 12,389,861</u> | <u>\$ 11,382,889</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 336,979 | \$ 678,337 |
| Deferred rent | 38,633 | 49,867 |
| Paycheck Protection Program loan | 531,049 | - |
| Current portion of capital leases | <u>16,372</u> | <u>14,033</u> |
| Total Current Liabilities | <u>923,033</u> | <u>742,237</u> |
| Long-Term Liabilities | | |
| Long-term portion of capital leases | <u>20,830</u> | <u>37,202</u> |
| Total Long-Term Liabilities | <u>20,830</u> | <u>37,202</u> |
| Total Liabilities | <u>943,863</u> | <u>779,439</u> |
| Net Assets | | |
| Without Donor Restrictions | | |
| Operating | 1,102,614 | 1,212,636 |
| Board designated | <u>9,693,069</u> | <u>8,849,543</u> |
| Total Net Assets Without Donor Restriction | <u>10,795,683</u> | <u>10,062,179</u> |
| With Donor Restrictions | <u>650,315</u> | <u>541,271</u> |
| Total Net Assets | <u>11,445,998</u> | <u>10,603,450</u> |
| Total Liabilities and Net Assets | <u>\$ 12,389,861</u> | <u>\$ 11,382,889</u> |

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

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities
Year Ended December 31, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|---------------------------------------|-----------------------------------|----------------------|
| Support and Revenue | | | |
| Contributions and grants | \$ 4,246,672 | \$ 668,168 | \$ 4,914,840 |
| Government grants and other contract revenue | 1,255,835 | - | 1,255,835 |
| Investment income, net | 882,451 | - | 882,451 |
| Other income | 8,586 | - | 8,586 |
| Special events | 313,377 | - | 313,377 |
| Net Assets Released from Restrictions | <u>559,124</u> | <u>(559,124)</u> | <u>-</u> |
| Total Support and Revenue | <u>7,266,045</u> | <u>109,044</u> | <u>7,375,089</u> |
| Expenses | | | |
| Program Services | | | |
| Medical and scientific | 754,445 | - | 754,445 |
| Services to patients and families | <u>4,259,764</u> | <u>-</u> | <u>4,259,764</u> |
| Total Program Services | <u>5,014,209</u> | <u>-</u> | <u>5,014,209</u> |
| Supporting Services | | | |
| Administration and finance | 706,192 | - | 706,192 |
| Marketing and fundraising | <u>812,140</u> | <u>-</u> | <u>812,140</u> |
| Total Supporting Expenses | <u>1,518,332</u> | <u>-</u> | <u>1,518,332</u> |
| Total Expenses | <u>6,532,541</u> | <u>-</u> | <u>6,532,541</u> |
| Change in Net Assets | 733,504 | 109,044 | 842,548 |
| Net Assets - Beginning of Year | <u>10,062,179</u> | <u>541,271</u> | <u>10,603,450</u> |
| Net Assets - End of Year | <u>\$ 10,795,683</u> | <u>\$ 650,315</u> | <u>\$ 11,445,998</u> |

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities
Year Ended December 31, 2019

| | Without Donor Restrictions | With Donor Restriction | Total |
|--|-------------------------------|---------------------------|-------------------|
| Support and Revenue | | | |
| Contributions and grants | \$ 6,086,368 | \$ 248,548 | \$ 6,334,916 |
| Government grants and other contract revenue | 1,928,911 | - | 1,928,911 |
| Investment income, net | 1,398,590 | - | 1,398,590 |
| Other income | 37,061 | - | 37,061 |
| Special events | 829,914 | - | 829,914 |
| | - | - | - |
| Net Assets Released from Restrictions | <u>200,356</u> | <u>(200,356)</u> | <u>-</u> |
| Total Support and Revenue | <u>10,481,200</u> | <u>48,192</u> | <u>10,529,392</u> |
| Expenses | | | |
| Program Services | | | |
| Medical and scientific | 1,402,117 | - | 1,402,117 |
| Services to patients and families | 5,550,548 | - | 5,550,548 |
| | - | - | - |
| Total Program Services | <u>6,952,665</u> | <u>-</u> | <u>6,952,665</u> |
| Supporting Services | | | |
| Administration and finance | 718,401 | - | 718,401 |
| Marketing and fundraising | 930,546 | - | 930,546 |
| | - | - | - |
| Total Supporting Expenses | <u>1,648,947</u> | <u>-</u> | <u>1,648,947</u> |
| Total Expenses | <u>8,601,612</u> | <u>-</u> | <u>8,601,612</u> |
| Change in Net Assets | 1,879,588 | 48,192 | 1,927,780 |
| Net Assets - Beginning of Year | <u>8,182,591</u> | <u>493,079</u> | <u>8,675,670</u> |
| Net Assets - End of Year | <u>\$ 10,062,179</u> | <u>\$ 541,271</u> | <u>10,603,450</u> |

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses Year Ended December 31, 2020

| | 2020 | | | | | | |
|--|------------------------------|---|------------------------------|----------------------------------|---------------------------------|---------------------------------|--|
| | Program Services | | | Supporting Services | | | Total Program and Supporting Services |
| | Medical and Scientific | Services to Patients and Families | Total Program Services | Administrative and Finance | Marketing and Fundraising | Total Supporting Services | |
| Salaries and Related Expenses | | | | | | | |
| Salaries | \$ 316,409 | \$ 1,811,194 | \$ 2,127,603 | \$ 302,163 | \$ 448,092 | \$ 750,255 | \$ 2,877,858 |
| Employee benefits | 26,856 | 285,007 | 311,863 | 68,680 | 75,066 | 143,746 | 455,609 |
| Payroll taxes | 24,857 | 141,848 | 166,705 | 21,938 | 33,291 | 55,229 | 221,934 |
| Total Salaries and Related Expenses | 368,122 | 2,238,049 | 2,606,171 | 392,781 | 556,449 | 949,230 | 3,555,401 |
| Expenses Before Depreciation | | | | | | | |
| Advertising | - | 12,018 | 12,018 | - | 5,979 | 5,979 | 17,997 |
| Awards and grants | 196,197 | 10,000 | 206,197 | - | - | - | 206,197 |
| Bank fees | 5,374 | 31,849 | 37,223 | 9,992 | 25,503 | 35,495 | 72,718 |
| Dues and subscriptions | 5,416 | 23,871 | 29,287 | 9,546 | 2,486 | 12,032 | 41,319 |
| Insurance | 2,949 | 22,832 | 25,781 | 5,483 | 4,658 | 10,141 | 35,922 |
| Interest | - | - | - | 6,980 | - | 6,980 | 6,980 |
| Miscellaneous | - | - | - | - | - | - | - |
| Occupancy | 28,833 | 170,438 | 199,271 | 42,377 | 34,541 | 76,918 | 276,189 |
| Permits and license | - | 157 | 157 | - | 10,410 | 10,410 | 10,567 |
| Postage and shipping | 665 | 86,111 | 86,776 | 1,115 | 35,602 | 36,717 | 123,493 |
| Printing and publications | - | - | - | - | - | - | - |
| Professional fees | 121,789 | 1,289,494 | 1,411,283 | 190,195 | 84,636 | 274,831 | 1,686,114 |
| Rental and maintenance of equipment | 3,620 | 23,301 | 26,921 | 6,017 | 3,877 | 9,894 | 36,815 |
| Repairs and maintenance | 103 | 607 | 710 | 191 | 123 | 314 | 1,024 |
| Staff development | - | 23,869 | 23,869 | 13,710 | 1,569 | 15,279 | 39,148 |
| Supplies | 3,162 | 87,766 | 90,928 | 8,565 | 30,305 | 38,870 | 129,798 |
| Telephone | 4,197 | 58,306 | 62,503 | 5,702 | 4,850 | 10,552 | 73,055 |
| Training, conference, conventions, and meetings | 3,743 | 125,059 | 128,802 | 882 | 3,129 | 4,011 | 132,813 |
| Transportation/travel | 4,468 | 21,706 | 26,174 | 1,857 | 1,066 | 2,923 | 29,097 |
| Total Salaries and Expenses Before Depreciation | 748,638 | 4,225,433 | 4,974,071 | 695,393 | 805,183 | 1,500,576 | 6,474,647 |
| Depreciation and amortization | 5,807 | 34,331 | 40,138 | 10,799 | 6,957 | 17,756 | 57,894 |
| Total Expenses | \$ 754,445 | \$ 4,259,764 | \$ 5,014,209 | \$ 706,192 | \$ 812,140 | \$ 1,518,332 | \$ 6,532,541 |

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

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses Year Ended December 31, 2019

| | 2019 | | | | | | |
|--|------------------------------|---|------------------------------|----------------------------------|---------------------------------|---------------------------------|--|
| | Program Services | | | Supporting Services | | | Total Program and Supporting Services |
| | Medical and Scientific | Services to Patients and Families | Total Program Services | Administrative and Finance | Marketing and Fundraising | Total Supporting Services | |
| Salaries and Related Expenses | | | | | | | |
| Salaries | \$ 452,241 | \$ 1,482,859 | \$ 1,935,100 | \$ 346,569 | \$ 418,477 | \$ 765,046 | \$ 2,700,146 |
| Employee benefits | 73,533 | 258,221 | 331,754 | 74,447 | 71,280 | 145,727 | 477,481 |
| Payroll taxes | 34,823 | 116,107 | 150,930 | 24,879 | 33,514 | 58,393 | 209,323 |
| Total Salaries and Related Expenses | 560,597 | 1,857,187 | 2,417,784 | 445,895 | 523,271 | 969,166 | 3,386,950 |
| Expenses Before Depreciation | | | | | | | |
| Advertising | 1,581 | 16,682 | 18,263 | - | 29,401 | 29,401 | 47,664 |
| Awards and grants | 177,596 | 41,295 | 218,891 | - | - | - | 218,891 |
| Bank fees | - | - | - | - | - | - | - |
| Dues and subscriptions | 13,825 | 14,583 | 28,408 | 10,255 | 3,288 | 13,543 | 41,951 |
| Insurance | 10,091 | 19,050 | 29,141 | 4,202 | 3,512 | 7,714 | 36,855 |
| Interest | - | - | - | - | - | - | - |
| Miscellaneous | 780 | - | 780 | 9,419 | 10,646 | 20,065 | 20,845 |
| Occupancy | 42,832 | 173,949 | 216,781 | 34,458 | 23,885 | 58,343 | 275,124 |
| Permits and license | - | - | - | - | - | - | - |
| Postage and shipping | 10,540 | 109,531 | 120,071 | 4,159 | 59,589 | 63,748 | 183,819 |
| Printing and publications | 4,256 | 137,970 | 142,226 | 1,076 | 25,782 | 26,858 | 169,084 |
| Professional fees | 466,405 | 1,549,751 | 2,016,156 | 174,207 | 50,686 | 224,893 | 2,241,049 |
| Rental and maintenance of equipment | 5,765 | 45,041 | 50,806 | 5,882 | 3,215 | 9,097 | 59,903 |
| Repairs and maintenance | - | - | - | - | - | - | - |
| Staff development | - | - | - | - | - | - | - |
| Supplies | 10,024 | 56,273 | 66,297 | 10,653 | 13,497 | 24,150 | 90,447 |
| Telephone | 7,872 | 25,756 | 33,628 | 5,603 | 4,766 | 10,369 | 43,997 |
| Training, conference, conventions, and meetings | 53,589 | 1,326,996 | 1,380,585 | 1,612 | 150,993 | 152,605 | 1,533,190 |
| Transportation/travel | 27,072 | 138,746 | 165,818 | 2,656 | 22,833 | 25,489 | 191,307 |
| Total Salaries and Expenses Before Depreciation | 1,392,825 | 5,512,810 | 6,905,635 | 710,077 | 925,364 | 1,635,441 | 8,541,076 |
| Depreciation and amortization | 9,292 | 37,738 | 47,030 | 8,324 | 5,182 | 13,506 | 60,536 |
| Total Expenses | \$ 1,402,117 | \$ 5,550,548 | \$ 6,952,665 | \$ 718,401 | \$ 930,546 | \$ 1,648,947 | \$ 8,601,612 |

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

IMMUNE DEFICIENCY FOUNDATION

Statements of Cash Flows Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 842,548 | \$ 1,927,780 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization expense | 57,894 | 60,536 |
| Realized gain on investments | (95,243) | (40,902) |
| Unrealized gain on investments | (643,282) | (1,098,086) |
| Decrease (increase) in | | |
| Accounts receivable | 341,231 | (248,511) |
| Prepaid expenses and other assets | (5,008) | (73,217) |
| (Decrease) increase in | | |
| Accounts payable | (341,358) | 275,240 |
| Accrued expenses | (11,234) | - |
| | <u>145,548</u> | <u>802,840</u> |
| Net Cash Provided by Operating Activities | | |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | - | (38,687) |
| Proceeds from sales of investments | 5,070,193 | 5,275,790 |
| Purchases of investments | (5,587,541) | (5,833,520) |
| | <u>(517,348)</u> | <u>(596,417)</u> |
| Net Cash Used in Investing Activities | | |
| Cash Flows from Financing Activities | | |
| Principal payments on capital leases | (14,033) | (12,028) |
| Proceeds from Paycheck Protection Program loan | 531,049 | - |
| | <u>517,016</u> | <u>(12,028)</u> |
| Net Cash Provided by (Used in) Financing Activities | | |
| Net Change in Cash and Cash Equivalents | <u>145,216</u> | <u>194,395</u> |
| Cash and Cash Equivalents - Beginning of Year | <u>760,444</u> | <u>566,049</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 905,660</u> | <u>\$ 760,444</u> |
| Supplemental Cash Flow Information | | |
| Interest expense paid | <u>\$ 6,980</u> | <u>\$ 8,985</u> |

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Immune Deficiency Foundation (the "Foundation") is a Maryland non-profit organization dedicated to improving the diagnosis, treatment, and quality of life of persons with primary immunodeficiency diseases through advocacy, education, and research. The Foundation gathers, coordinates, and disseminates information and conducts educational campaigns in order to increase family and public awareness concerning the diseases. The Foundation also engages in fundraising activities in support of its goal, primarily sources of support and revenues are from government grants and contracts, foundation grants, and individual and corporate donations and contributions.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Functional Expense Allocations

The costs of providing the various programs have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Expenses that are directly identifiable with a particular function are charged to program and support services. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The primary expenses that are allocated are salaries, payroll taxes, and employee benefits, which are allocated based on estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Operating – Represents resources available for support of operations.

Board Designated – The Foundation has designated certain amounts to function as endowment funds. These funds, together with accumulated earnings thereon, are to be spent for purposes approved by the Foundation's Board. Additionally, the Foundation's Board of Trustees has designated certain amounts to be used for specific operational purposes approved by the Foundation's Board.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recognition of Donor Restrictions

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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 and reported in the Statements of Activities as net assets released from restrictions.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all unrestricted cash and highly liquid investments with a maturity of three months or less to be cash and cash equivalents. Certificates of deposits and money market funds held for investment purposes are excluded from this classification.

Accounts Receivable

Accounts receivables are carried at original invoice less an estimate made for doubtful receivables on a review of all outstanding amounts. Unbilled receivables are expenses incurred and revenues earned for particular grants and contracts that have not yet been billed. Unbilled receivables of approximately \$49,000 and \$154,000 are included in accounts receivable in the Statements of Financial Position as of December 31, 2020 and 2019, respectively. Management has determined that there is no allowance for doubtful accounts as of December 31, 2020 and 2019.

Investments

Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Net investment return is recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment

Fixed assets are reported at cost, if purchased, or at fair value, if donated. Donations are reported as contributions without donor restrictions unless the donor restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire fixed assets, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets, which range from three to 40 years. The Foundation generally capitalizes property and equipment, which provide benefits that have a cost, if purchased, or fair value, if donated, of greater than \$5,000.

Amortization

Software and website costs are amortized over the estimated useful life of the asset, which is three years.

Grants and Revenue Recognition

The Foundation requests and receives from governmental organizations grants that are specifically designated for program services. The funds are expended in accordance with grant requirements. Grant revenue is earned when the Foundation has incurred expenses related to a specific grant. Grant funds that have been received but not expended are recorded as unearned grant revenue.

The National Institutes of Health (NIH) and Health Resources and Services Administration (HRSA) have both awarded the Foundation grants. The NIH grant is to assist investigation in primary immune deficiency diseases through March 2021. The HRSA grant is for severe combined immunodeficiency screening and education through July 2021. For both of these grants, the Foundation submits expenses for reimbursement and recognizes revenue and expenses on the accrual basis of accounting. These grants have been renewed through 2022.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts relating to donated services have been recognized in the Statements of Activities as contributions because the criteria for recognition have not been satisfied. Contributed professional services are recognized if the services received a) create or enhance long-lived assets, or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising Costs

The Foundation expenses advertising costs as incurred. Advertising costs charged to expenses were \$17,997 and \$47,664 as of December 31, 2020 and 2019, respectively.

Income Taxes

The Foundation was formed as a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and, accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Foundation's tax filings are subject to examination by various taxing authorities. The Foundation's tax years of December 31, 2017 through December 31, 2020, remain subject to examination. There are currently no examinations for any tax periods in progress.

Credit Risk

The Foundation has deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") as of December 31, 2020 and 2019. At times, the balance in the institution may exceed the FDIC insured amount; however, management does not believe that this presents a significant risk to the Foundation.

Estimates

The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through July 23, 2021, the date the financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the statement of financial positions data for the general expenditure as of December 31, 2020 and 2019, consist of the following:

| | December 31, | |
|---------------------------|---------------------|---------------------|
| | 2020 | 2019 |
| Cash and cash equivalents | \$ 905,660 | \$ 760,444 |
| Accounts receivable | 198,385 | 539,616 |
| Total | \$ 1,104,045 | \$ 1,300,060 |

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE C - INVESTMENTS

Cost and fair value of investments at December 31, 2020, are as follows:

| | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------|----------------------------|-----------------------------|
| Cash and cash equivalents | \$ 1,350,135 | \$ 1,350,135 |
| Certificates of deposit | 976,586 | 1,006,469 |
| Hedge funds | 6,761 | 6,464 |
| Equity funds | 3,813,435 | 4,857,580 |
| Fixed income | <u>3,601,038</u> | <u>3,716,831</u> |
| Totals | <u>\$ 9,747,955</u> | <u>\$ 10,937,479</u> |

Cost and fair value of investments at December 31, 2019, are as follows:

| | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 721,964 | \$ 721,964 |
| Certificates of deposit | 984,947 | 1,112,549 |
| Hedge funds | 13,512 | 12,918 |
| Equity funds | 4,248,697 | 4,768,893 |
| Fixed income | <u>3,029,192</u> | <u>3,065,286</u> |
| Totals | <u>\$ 8,998,312</u> | <u>\$ 9,681,610</u> |

The Foundation's investment portfolio reported on the Statement of Financial Position at December 31, 2020 and 2019, is as follows:

| | <u>December 31,</u> | |
|--|-----------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| Investments board designated - program | \$ 4,117,192 | \$ 3,795,076 |
| Investments other | 1,336,459 | 924,484 |
| Investments board designated endowment | <u>5,483,828</u> | <u>4,962,050</u> |
| Total Investments | <u>\$ 10,937,479</u> | <u>\$ 9,681,610</u> |

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE C - INVESTMENTS (CONTINUED)

The following summarizes investment income, net for the years ended December 31, 2020 and 2019:

| | December 31, | |
|--------------------------------|--------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| Interest and dividends | \$ 194,897 | \$ 305,361 |
| Fees | (50,971) | (45,759) |
| Net realized gains | | |
| on sales of investments | 95,243 | 40,902 |
| Net unrealized gains | <u>643,282</u> | <u>1,098,086</u> |
| on investments held | | |
| Total Investment Income | <u>\$ 882,451</u> | <u>\$ 1,398,590</u> |

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy 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 Foundation 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Fair Value Measurements

The fair values of mutual funds are based on quoted market prices.

Level 2 Fair Value Measurements

Hedge fund fair values are based upon estimated fair market value obtained from the issuer of the investment. The certificates of deposits and fixed income investments are based on values of comparable investments.

Level 3 Fair Value Measurements

The Foundation does not have investments measured at Level 3 as of December 31, 2020 and 2019.

Transfers Between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended December 31, 2020, there were no significant transfers into or out of Level 2 or 3. However, significant investments held in hedge funds were liquidated during 2019, and reinvested in Level 1 investments.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020 and 2019, as measured on a recurring basis.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------------|----------------------------|--------------------|----------------------------|
| Assets in the Fair Value Hierarchy | | | | |
| Certificates of deposit | \$ - | \$ 1,006,469 | \$ - | \$ 1,006,469 |
| Hedge funds | - | 6,464 | - | 6,464 |
| Equity mutual funds | 4,857,580 | - | - | 4,857,580 |
| Fixed income | - | 3,716,831 | - | 3,716,831 |
| Total Assets at Fair Value - December 31, 2020 | <u>\$ 4,857,580</u> | <u>\$ 4,729,764</u> | <u>\$ -</u> | <u>\$ 9,587,344</u> |

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------------|----------------------------|--------------------|----------------------------|
| Assets in the Fair Value Hierarchy | | | | |
| Certificates of deposit | \$ - | \$ 1,112,549 | \$ - | \$ 1,112,549 |
| Hedge funds | - | 12,918 | - | 12,918 |
| Equity mutual funds | 4,768,893 | - | - | 4,768,893 |
| Fixed income | - | 3,065,286 | - | 3,065,286 |
| Total Assets at Fair Value - December 31, 2019 | <u>\$ 4,768,893</u> | <u>\$ 4,190,753</u> | <u>\$ -</u> | <u>\$ 8,959,646</u> |

Note: Cash and cash equivalents totaling \$1,350,135 and \$721,964 at December 31, 2020 and 2019, respectively, are excluded from these tables as they are measured at cost.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment, at cost, consist of the following at December 31, 2020 and 2019.

| | December, 31 | |
|--|--------------------------|--------------------------|
| | <u>2020</u> | <u>2019</u> |
| Equipment | \$ 296,049 | \$ 296,049 |
| Furniture and fixtures | 206,560 | 206,560 |
| Software and website | 61,141 | 61,141 |
| | <u>563,750</u> | <u>563,750</u> |
| Less accumulated depreciation and amortization | <u>(439,481)</u> | <u>(381,588)</u> |
| Total | <u>\$ 124,269</u> | <u>\$ 182,162</u> |

Depreciation and amortization expenses for December 31, 2020 and 2019, were \$57,894 and \$60,536, respectively.

NOTE F - LEASE COMMITMENTS

On November 5, 2014, the Foundation signed a lease for office space. The lease commenced in December 2014 and is for a term of seven years and nine months, set to expire in September 2022. The base rent for the office space is \$238,989 with an escalated rent payment of 2.75 percent beginning the first day of each subsequent lease year. Additionally, the lease agreement stipulates a reduction in lease payments, equal to the amount of a prior office space lease, until the prior office space lease expired on September 30, 2015. Deferred rent of \$38,633 and \$49,867 as of December 31, 2020 and 2019, respectively, reflects the cumulative difference between the straight-line calculation and the rent charged under the terms of the lease. In January of 2015, the Foundation signed a lease for storage space at an annual rate of \$5,184 for a term of seven years and nine months, set to expire in September 2022. On March 10, 2017, the Foundation signed a three-year lease expiring in February 2020 for additional storage space at a rate of \$8,547 a year.

Rent expense was \$276,189 and \$275,124 for the years ended December 31, 2020 and 2019, respectively.

Total minimum annual rental commitments for all leases through the expiration of the leases are as follows:

| <u>Year ending December 31,</u> | |
|---------------------------------|------------|
| 2021 | \$ 287,335 |
| 2022 | 221,427 |

NOTE G - OPERATING LEASE COMMITMENTS FOR EQUIPMENT

The Foundation is obligated under an operating lease for a postage machine. The cost of the lease obligation at December 31, 2020, consists of an operating lease payable in quarterly installments of \$3,225 through September 2022, collateralized by the related office equipment.

Annual equipment lease expense and maintenance contract expense totaled \$32,259 and \$28,592 for the years ended December 31, 2020 and 2019, respectively, and is included in rental and maintenance of equipment expense on the Statements of Functional Expenses.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE G - OPERATING LEASE COMMITMENTS FOR EQUIPMENT (CONTINUED)

Total minimum annual lease payments through the expiration of the lease are as follows:

| <u>Year ending December 31,</u> | |
|---------------------------------|-----------|
| 2021 | \$ 12,900 |
| 2022 | 9,675 |

NOTE H - CAPITAL LEASES

The Foundation is obligated under a capital lease for printers with a term of 63 months. The cost of the lease obligation at December 31, 2020, consists of a capital lease and maintenance agreement, payable in monthly installments of \$2,764, collateralized by the related office equipment. The balance of the capital lease is \$37,202 and \$51,235 at December 31, 2020 and 2019, respectively. This balance includes a current portion of \$16,372 and \$14,033 at December 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

| <u>Year ending December 31</u> | |
|--|------------------|
| 2021 | \$ 33,173 |
| 2022 | 33,173 |
| 2023 | <u>2,764</u> |
| Total minimum lease payments | 69,110 |
| Less: amount representing maintenance contract | (25,333) |
| Less: amount representing interest | (6,575) |
| Present value of net minimum lease payments | <u>\$ 37,202</u> |

The following is a schedule of the carrying value of equipment under the capital leases:

| | |
|--------------------------------|------------------|
| Cost | \$ 75,141 |
| Less: accumulated depreciation | <u>(45,156)</u> |
| Net carrying value | <u>\$ 29,985</u> |

The value of the equipment and related accumulated depreciation is included in property and equipment on the Statement of Financial Position as of December 31, 2020 and 2019. Annual depreciation expense totaled \$13,832 for both of the years ended December 31, 2020 and 2019.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE I - BOARD DESIGNATED NET ASSETS

The board has designated net assets without donor restrictions for the following projects at December 31, 2020 and 2019:

| | December 31, | |
|--|----------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| Board designated endowment | \$ 5,483,828 | \$ 4,962,050 |
| Board designated - program | 3,520,794 | 3,220,090 |
| Board designated research investment | 596,399 | 574,986 |
| PIRC designated | <u>92,048</u> | <u>92,417</u> |
| Total Board Designated Net Assets | <u>\$ 9,693,069</u> | <u>\$ 8,849,543</u> |

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

| | December 31, | |
|--|--------------------------|--------------------------|
| | <u>2020</u> | <u>2019</u> |
| Advocacy | \$ 105,000 | \$ 40,000 |
| CGD Initiative | 101,536 | 779 |
| CGD Research Project | - | 74,614 |
| CGD Website | - | 10,000 |
| Core Services | - | 25,000 |
| CVID Initiative | 79,833 | 73,897 |
| David Salamone Fund | 11,725 | 11,675 |
| E Personal Health | - | 20,000 |
| Education and Mentoring | 12,500 | - |
| Enhanced Medical Support | 230,665 | - |
| Gene Therapy | 3,945 | - |
| Industry, Patient, and Physician Reception | 30,000 | - |
| Life Stages Initiative | 260 | 275 |
| National Patron Sponsorship | - | 36,000 |
| Patient and Family Handbook | - | 159,591 |
| Payer Education | 33,039 | - |
| Regional Conference Sponsorship | - | 10,000 |
| Research Project | 172 | - |
| SCID Initiative | 750 | 260 |
| Transformational Therapy | - | 3,945 |
| USIDNET | 36,722 | 34,567 |
| Walk for Primary Immunodeficiency | - | 31,750 |
| Website | - | 5,000 |
| XLA Initiative | <u>4,168</u> | <u>3,918</u> |
| Total Donor-Restricted Net Assets | <u>\$ 650,315</u> | <u>\$ 541,271</u> |

Net assets released from donor-restricted assets by incurring expenses satisfying the purpose or time restrictions specified by donors were \$559,124 and \$200,356 as of December 31, 2020 and 2019, respectively.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE K - ENDOWMENT FUNDS

Return objective and risk parameters: The board designated endowment fund seeks to achieve long-term capital growth while avoiding excessive risk and achieving preservation of purchasing power. The investment return goal is to generate returns in excess of the rate of inflation over the investment horizon.

Spending policy: Distributions for the board designated endowment may be made at the discretion of the Board. Since the establishment of the endowment, no funds have been appropriated for expenditure. Determination of a spending criteria will be established at a future date.

Changes in board designated endowment net assets for the years ended December 31, 2020 and 2019, are as follows:

| | December, 31 | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| Endowment net assets, beginning of year | \$ 4,962,050 | \$ 4,140,560 |
| Investment return, net | 521,778 | 821,490 |
| Total | \$ 5,483,828 | \$ 4,962,050 |

NOTE L - RETIREMENT PLAN

The Foundation is the sponsor of the Immune Deficiency Foundation 401(k) Plan for all full-time employees older than age 21 having completed more than one year of service. One year of service is defined as at least 1,000 hours of service. The Foundation contributions comply with the Safe Harbor Rules. Under these rules the Foundation matches 100 percent of the first three percent an employee contributes and 50 percent of the next two percent the employee contributes to the Plan. The Foundation's contributions were \$89,789 and \$76,347 for the years ended December 31, 2020 and 2019, respectively and are included in employee benefits expense on the Statements of Functional Expenses.

NOTE M - LINE OF CREDIT

On October 6, 2014, the Foundation obtained a line of credit from J.P. Morgan Chase Bank for \$1,000,000, which was originally set to expire on September 28, 2015. The line of credit was renewed until October 31, 2020, and was not renewed. The line bore interest at the index which is the LIBOR rate plus 1.9 percent (indexed rate). The line was secured by substantially all of the Foundation's assets. As of December 31, 2019, the Foundation had no outstanding balance on the line of credit, and \$1,000,000 was available.

NOTE N - CONTINGENCIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Foundation for disallowed costs or non-compliance with grantor restrictions. No provision has been made for any liability that may arise from such audits since the amounts, if any, cannot be determined at this date. Management expects such amounts, if any, will not be significant.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements

NOTE O - EFFECTS OF CURRENT ECONOMIC CONDITIONS AND CONTRIBUTIONS

The Foundation depends heavily on contributions and grants for its revenue. The ability of certain Foundation's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Foundation. While the Foundation's Board of Trustees believes the Foundation has the resources to continue programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

NOTE P - RISK AND UNCERTAINTIES

The Foundation may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the Statements of Financial Position.

NOTE Q - PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, the Foundation received loan proceeds in the amount of \$531,049 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT"), provides for loans to primarily cover payroll, mortgage interest, rent, and utilities costs incurred during the COVID-19 pandemic.

The loan, which was in form of a commercial promissory note from J.P. Morgan Chase Bank matures on May 1, 2022, and bears interest at a rate of one percent per annum. Under the term of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Foundation applied for and received forgiveness of the PPP loan subsequent to December 31, 2020.

NOTE R - SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2020, financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the Foundation. Other financial impacts could occur though such potential impact is uncertain at this time. In order to mitigate the financial effects, the Foundation obtained a PPP loan on May 1, 2020, in the amount of \$531,049. The Foundation applied for and received forgiveness of the PPP loan subsequent to December 31, 2020.

**IMMUNE DEFICIENCY
FOUNDATION**

ADDITIONAL REPORTS AND
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2020



HANDWERGER, CARDEGNA,
FUNKHOUSER & LURMAN, P.A.

To the Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Immune Deficiency Foundation (the "Foundation"), a non-profit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified.

To the Board of Trustees
Immune Deficiency Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts; however, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.
Towson, Maryland
July 23, 2021



**HANDWERGER, CARDEGNA,
FUNKHOUSER & LURMAN, P.A.**

To the Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for the Major Federal Program

We have audited Immune Deficiency Foundation's (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2020. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program; however, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on the Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

To the Board of Trustees
Immune Deficiency Foundation

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.

Handwerger, Cardegna, Funkhouser & Lurman, P.A.
Towson, Maryland
July 23, 2021

IMMUNE DEFICIENCY FOUNDATION

Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

| Federal Agency | Federal Program | Cluster Title | Federal CFDA Number | Pass Through Grantor | Funds to Subrecipients | Pass Through Entity Identifying Number | Federal Expenditures |
|---|---|----------------------------------|---------------------|---|------------------------|--|----------------------|
| United States Department of Health and Human Services (HHS) | Allergy and Infectious Diseases Research | Research and Development Cluster | 93.855 | Resources to Assist Investigations in Primary Immunodeficiency Diseases | \$ 61,411 | 5U24AI086037-10 | \$ 302,235 |
| Health Resource and Services Administration (HRSA) | Maternal and Child Health Federal Consolidated Programs | | 93.110 | Severe Combined Immunodeficiency (SCID) Screening and Education | 483,827 | SC1MC31881 | 951,350 |
| Total Expenditures of Federal Awards | | | | | | | \$ 1,253,585 |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal pass-through grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Foundation, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The Foundation has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

IMMUNE DEFICIENCY FOUNDATION

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Immune Deficiency Foundation were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements of Immune Deficiency Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal awards program for the Foundation expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program was Maternal and Child Health Federal Consolidated Programs (CFDA# 93.110).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Immune Deficiency Foundation was determined to be a low-risk auditee.

SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

Findings and Questioned Costs - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

PRIOR YEAR AUDIT FINDINGS

Findings and Questioned Costs - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None