



CHARCOT-MARIE-TOOTH ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CHARCOT-MARIE-TOOTH ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

July 30, 2025

To the Board of Directors
Charcot-Marie-Tooth Association
Glenolden, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Charcot-Marie-Tooth Association, which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2024, and the related statements of activities – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present, in all material respects, the assets, liabilities, and net assets of the Charcot-Marie-Tooth Association as of December 31, 2024, and the change in their net assets for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Charcot-Marie-Tooth Association 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.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter

To the Board of Directors
Charcot-Marie-Tooth Association

Other Matter

The financial statements of Charcot-Marie-Tooth Association for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on July 26, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, 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 Charcot-Marie-Tooth Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Charcot-Marie-Tooth Association's internal control. Accordingly, no such opinion is expressed.

To the Board of Directors
Charcot-Marie-Tooth Association

- 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 Charcot-Marie-Tooth Association'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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

CHARCOT-MARIE-TOOTH ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,169,913	\$ 908,308
Investments	8,378,806	8,657,710
TOTAL ASSETS	<u>\$ 9,548,719</u>	<u>\$ 9,566,018</u>
 <u>LIABILITIES AND NET ASSETS</u>		
TOTAL LIABILITIES	\$ -	\$ -
NET ASSETS:		
Without donor restrictions:		
Board-designated	110,995	50,174
Undesignated	7,396,715	6,409,888
Total Without Donor Restrictions	<u>7,507,710</u>	<u>6,460,062</u>
With donor restrictions	2,041,009	3,105,956
TOTAL NET ASSETS	<u>9,548,719</u>	<u>9,566,018</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 9,548,719</u>	 <u>\$ 9,566,018</u>

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

CHARCOT-MARIE-TOOTH ASSOCIATION
STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND OTHER SUPPORT:						
Contributions and grants	\$ 2,476,879	\$ 1,024,000	\$ 3,500,879	\$ 1,731,208	\$ 676,010	\$ 2,407,218
Bequests	333,192	-	333,192	1,365,744	-	1,365,744
Research Alliance revenue	1,282,115	-	1,282,115	1,308,834	-	1,308,834
Community events revenue	536,518	-	536,518	428,913	-	428,913
Special events income	-	-	-	242,230	-	242,230
Investment income (loss)	417,544	-	417,544	233,894	79,431	313,325
Other revenue	-	-	-	17,630	-	17,630
Net assets released from restrictions	2,088,947	(2,088,947)	-	2,098,308	(2,098,308)	-
TOTAL REVENUE AND OTHER SUPPORT	7,135,195	(1,064,947)	6,070,248	7,426,761	(1,342,867)	6,083,894
EXPENSES:						
Program services:						
Research, education and other	5,441,276	-	5,441,276	5,707,468	-	5,707,468
Support services:						
Management and general	320,057	-	320,057	369,088	-	369,088
Fundraising	326,214	-	326,214	302,343	-	302,343
TOTAL EXPENSES	6,087,547	-	6,087,547	6,378,899	-	6,378,899
CHANGE IN NET ASSETS	1,047,648	(1,064,947)	(17,299)	1,047,862	(1,342,867)	(295,005)
NET ASSETS, BEGINNING OF YEAR	6,460,062	3,105,956	9,566,018	5,412,200	4,448,823	9,861,023
NET ASSETS, END OF YEAR	<u>\$ 7,507,710</u>	<u>\$ 2,041,009</u>	<u>\$ 9,548,719</u>	<u>\$ 6,460,062</u>	<u>\$ 3,105,956</u>	<u>\$ 9,566,018</u>

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

CHARCOT-MARIE-TOOTH ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Research, Education and Other	Management and General	Fundraising	Totals	Research, Education and Other	Management and General	Fundraising	Totals
Salaries and benefits	\$ 1,059,183	\$ 125,988	\$ 166,437	\$ 1,351,608	\$ 875,460	\$ 104,135	\$ 137,567	\$ 1,117,162
Advertising and promotion	53,218	5,317	5,366	63,901	100,308	10,022	10,144	120,474
Camp fees	344,939	-	-	344,939	303,956	-	-	303,956
Community events cost	595,977	-	45,164	641,141	305,599	-	23,159	328,758
Research grants	2,339,962	-	-	2,339,962	2,963,560	-	-	2,963,560
Information technology	207,847	24,723	32,661	265,231	69,173	8,228	10,870	88,271
Meetings and travel	95,489	36,831	4,092	136,412	109,058	72,862	5,677	187,597
General and administrative	156,595	21,574	37,444	215,613	169,561	23,360	40,544	233,465
Professional fees	560,801	105,150	35,050	701,001	792,679	150,166	74,412	1,017,257
Miscellaneous	27,265	474	-	27,739	18,114	315	-	18,429
TOTAL EXPENSES	\$ 5,441,276	\$ 320,057	\$ 326,214	\$ 6,087,547	\$ 5,707,468	\$ 369,088	\$ 302,373	\$ 6,378,929

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

CHARCOT-MARIE-TOOTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE A PURPOSE OF THE ASSOCIATION

The Charcot-Marie-Tooth Association ("the Association") is a nonprofit Association founded in 1983. The Association is the largest philanthropic funder of Charcot-Marie-Tooth (CMT) disease research globally. They provide funding initiatives for CMT researchers, clinicians, and experts. They work actively to improve the quality of life for CMT-affected families.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared on the modified cash basis of accounting, a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when obligation is incurred. The cash basis has been modified by the recording of investments.

Financial Statement Presentation

The Association is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Association and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, support and expenses – modified cash basis as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Association to expend the income generated in accordance with the provisions of the contribution. The Association to expend the income generated in accordance with the provisions of the contribution. The Association had no net assets required to be maintained indefinitely at December 31, 2024.

Fair Value Measurements of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in orderly transaction between market participants at the

CHARCOT-MARIE-TOOTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

measurement date. Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximized the use of observable inputs and minimized the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Association. Unobservable inputs reflect the Association's assumptions about the inputs market participants would use in pricing the assets or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active market, valuation of these assets and liabilities does not require a significant degree of judgement.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Association's own assumptions.

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as support with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Cash Equivalents

For purposes of the financial statements, the Association considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents.

Allocation of Functional Expenses

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 based on activity as determined by management.

CHARCOT-MARIE-TOOTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose may be subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Association's tax returns. Management has determined that the Association does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Association's tax returns will not be challenged by the taxing authorities and that the Association will not be subject to additional tax, penalties, and interest as a result of such challenge.

Concentration of Credit Risk

The Association maintains two cash accounts. At December 31, 2024, these accounts are covered under the Federal Deposit Insurance Corporation ("FDIC") and are insured by the FDIC up to \$250,000. At December 31, 2024, \$277,251 was covered under FDIC insured and \$659,035 was uninsured. The Association had \$8,097,765 in an investment account with Morgan Stanley, a \$231,041 investment in Armatius Bio 1A and \$50,000 promissory note in Elpida Therapeutics.

NOTE C INVESTMENTS

Investments at December 31, 2024 consisted of the following:

	<u>2024</u>
Money market funds	\$ 8,097,765
Promissory note	50,000
Private company stock (a)	<u>231,041</u>
	<u>\$ 8,378,806</u>

(a) Investment in private company stock represent programmatic investments, which consist of preferred stock.

Investments are measured at fair value using Level 1 (quoted priced in active markets) valuation inputs, except for promissory note and private company stock which is measured using Level 3 valuation inputs.

CHARCOT-MARIE-TOOTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE C INVESTMENTS (cont'd)

Investment income (loss) consisted of the following:

	<u>2024</u>
Interest and dividends	\$ 421,917
Net realized and unrealized gain (loss) on investments	<u>(4,373)</u>
	<u>\$ 417,544</u>

NOTE D NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

At December 31, 2024, the Board designated \$110,995 of its net assets without donor restrictions to support the Association's Strategy to Accelerate Research (STAR) initiative.

NOTE E NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>Balance 12/31/2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance 12/31/2024</u>
Subject to expenditure for specific purposes:				
Strategy to Accelerate Research (STAR) initiative	<u>\$ 3,105,956</u>	<u>\$ 870,909</u>	<u>\$ 1,935,856</u>	<u>\$ 2,041,009</u>

NOTE F RETIREMENT PLAN

The Association participates in a 403(b) plan that covers substantially of all employees. Employees can contribute any percentage of their income to the internal Revenue Service limit for the year. The Association can make a discretionary 3% matching contribution. The Association made contributions to the plan of \$28,676 for the year ending December 31, 2024.

NOTE G LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Association's financial assets as of the statement of assets, liabilities and net assets – modified cash basis date, which has been reduced by financial assets not available within one year.

CHARCOT-MARIE-TOOTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE G LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

	<u>2024</u>
Cash	\$ 1,169,913
Investments	<u>8,378,806</u>
Total financial assets	9,548,719
Less: financial assets not available for general operations within one year	
Restricted by donors for specific purposes	(2,041,009)
Designated by Board of Directors	<u>(110,995)</u>
Total financial assets available within one year	<u>\$ 7,396,715</u>

Liquidity Management

As part of the Association's liquidity management, it invests its cash in excess of daily requirements in short-term investments, typically money market funds and U.S. Treasury securities and obligations of U.S. Government Agencies.

NOTE H SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through July 30, 2025, the date the financial statements were available to be issued.