

# **Global Lyme Alliance, Inc.**

Financial Statements

December 31, 2019 and 2018

# Global Lyme Alliance, Inc.

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## Independent Auditors' Report

To the Board of Directors of  
Global Lyme Alliance, Inc.

We have audited the accompanying financial statements of Global Lyme Alliance, Inc. (GLA), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 GLA'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 GLA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GLA as of December 31, 2019 and 2018, the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Baker Tilly Virchow Krause, LLP*

New York, New York  
June 18, 2020

**Global Lyme Alliance, Inc.**

## Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,503,307	\$ 3,444,250
Contributions receivable, current	1,408,055	762,894
Loan receivable	150,000	-
Prepaid expenses	65,594	56,446
Accrued interest receivable	3,567	-
	<hr/>	<hr/>
Total current assets	5,130,523	4,263,590
<b>Contributions Receivable, Long-Term</b>	280,672	398,263
<b>Investment in Third Party</b>	178,000	178,000
<b>Fixed Assets, Net</b>	47,806	69,101
<b>Other Assets</b>	40,000	40,000
	<hr/>	<hr/>
Total assets	<u>\$ 5,677,001</u>	<u>\$ 4,948,954</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 255,884	\$ 191,543
Grants payable	123,784	-
Deferred revenue	-	50,000
Deferred rent	34,037	33,192
	<hr/>	<hr/>
Total liabilities	413,705	274,735
<b>Net Assets</b>		
Without donor restrictions	2,861,054	3,129,781
With donor restrictions	2,402,242	1,544,438
	<hr/>	<hr/>
Total net assets	5,263,296	4,674,219
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 5,677,001</u>	<u>\$ 4,948,954</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 1,016,239	\$ 1,551,396	\$ 2,567,635
Special events income, net of \$572,627 of direct expenses	2,392,348	-	2,392,348
In-kind contributions	44,589	-	44,589
Investment income	49,812	-	49,812
Net assets released from donor restrictions	693,592	(693,592)	-
	<u>4,196,580</u>	<u>857,804</u>	<u>5,054,384</u>
<b>Expenses</b>			
Program	3,286,742	-	3,286,742
Management and general	410,740	-	410,740
Fundraising	767,825	-	767,825
	<u>4,465,307</u>	<u>-</u>	<u>4,465,307</u>
Changes in net assets	(268,727)	857,804	589,077
<b>Net Assets, Beginning of Year</b>	<u>3,129,781</u>	<u>1,544,438</u>	<u>4,674,219</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,861,054</u>	<u>\$ 2,402,242</u>	<u>\$ 5,263,296</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 835,709	\$ 1,544,438	\$ 2,380,147
Special events income, net of \$651,567 of direct expenses	2,345,037	-	2,345,037
In-kind contributions	78,783	-	78,783
Investment income	39,469	-	39,469
Net assets released from donor restrictions	<u>610,052</u>	<u>(610,052)</u>	<u>-</u>
Total support and revenue	<u>3,909,050</u>	<u>934,386</u>	<u>4,843,436</u>
<b>Expenses</b>			
Program	3,321,391	-	3,321,391
Management and general	413,887	-	413,887
Fundraising	<u>797,488</u>	<u>-</u>	<u>797,488</u>
Total expenses	<u>4,532,766</u>	<u>-</u>	<u>4,532,766</u>
Changes in net assets	(623,716)	934,386	310,670
<b>Net Assets, Beginning of Year</b>	<u>3,753,497</u>	<u>610,052</u>	<u>4,363,549</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,129,781</u>	<u>\$ 1,544,438</u>	<u>\$ 4,674,219</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,321,483	\$ -	\$ -	\$ 1,321,483
Salaries and fringe benefits	958,711	157,910	389,476	1,506,097
Awareness	523,162	-	83,251	606,413
Legal fees	32,324	123,132	-	155,456
Consulting fees	4,764	-	95,000	99,764
Travel	61,229	10,738	41,987	113,954
Telephone and website	52,381	8,184	21,279	81,844
Printing, copying and postage	8,804	1,376	29,300	39,480
Occupancy	65,151	8,834	36,441	110,426
Conferences and meetings	219,498	-	-	219,498
Credit card fees	-	2,266	41,241	43,507
Depreciation and amortization	18,507	2,509	10,352	31,368
Accounting	-	32,000	-	32,000
Miscellaneous	5,254	50,474	13,212	68,940
Supplies	8,064	1,260	3,276	12,600
Insurance	7,410	1,158	3,010	11,578
License fees and permits	-	10,678	-	10,678
Recruitment	-	221	-	221
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total functional expenses	<u>\$ 3,286,742</u>	<u>\$ 410,740</u>	<u>\$ 767,825</u>	<u>\$ 4,465,307</u>

*See notes to financial statements*

**Global Lyme Alliance, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2018

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ 1,627,714	\$ -	\$ -	\$ 1,627,714
Salaries and fringe benefits	980,955	155,194	407,367	1,543,516
Awareness	454,231	-	77,112	531,343
Legal fees	45,707	174,113	-	219,820
Consulting fees	3,439	-	115,703	119,142
Travel	41,122	8,389	31,307	80,818
Telephone and website	39,116	8,997	23,746	71,859
Printing, copying and postage	2,933	8,221	51,767	62,921
Occupancy	32,487	4,325	18,170	54,982
Conferences and meetings	46,231	-	-	46,231
Credit card fees	-	1,108	38,206	39,314
Depreciation and amortization	22,839	3,041	12,774	38,654
Accounting	-	28,500	-	28,500
Miscellaneous	5,260	8,605	13,729	27,594
Supplies	10,077	1,400	3,837	15,314
Insurance	9,280	1,450	3,770	14,500
License fees and permits	-	10,544	-	10,544
	<u>\$ 3,321,391</u>	<u>\$ 413,887</u>	<u>\$ 797,488</u>	<u>\$ 4,532,766</u>
Total functional expenses	<u>\$ 3,321,391</u>	<u>\$ 413,887</u>	<u>\$ 797,488</u>	<u>\$ 4,532,766</u>

*See notes to financial statements*



**Global Lyme Alliance, Inc.**

## Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 589,077	\$ 310,670
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization expense	31,368	38,654
Change in deferred rent	845	33,192
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable, current	(645,161)	(399,829)
Prepaid expenses	(9,148)	(10,489)
Accrued interest receivable	(3,567)	-
Other assets	-	(24,324)
Contributions receivable, long-term	117,591	(398,263)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	64,341	78,440
Grants payable	123,784	(49,884)
Deferred revenue	(50,000)	-
Net cash flows from operating activities	<u>219,130</u>	<u>(421,833)</u>
<b>Cash Flows From Investing Activities</b>		
Investment in third party	-	(92,976)
Loan receivable	(150,000)	-
Capital expenditures	<u>(10,073)</u>	<u>(42,036)</u>
Net cash flows from investing activities	<u>(160,073)</u>	<u>(135,012)</u>
Net increase (decrease) in cash and cash equivalents	59,057	(556,845)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,444,250</u>	<u>4,001,095</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 3,503,307</u></u>	<u><u>\$ 3,444,250</u></u>

See notes to financial statements

# Global Lyme Alliance, Inc.

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Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Description of Organization and Summary of Significant Accounting Policies

### Nature of Operations

Global Lyme Alliance, Inc. (GLA) is a public charity formed in 2015 by way of a merger between two leading tick-borne disease charities with decades of success in research and outreach initiatives. Today, GLA continues to be dedicated to conquering Lyme and other tick-borne diseases through research, education and awareness. GLA has gained national prominence for funding some of the most urgent and promising research in the field to improve diagnostics and treatment. Additionally, through its expanding programs around education and awareness, including a national Ambassador program, comprehensive educational curriculum and accredited CME programming, GLA supports both physicians and the general public around the globe needing information about tick-borne diseases.

### Basis of Accounting

The accompanying financial statements of GLA have been prepared on the accrual basis of accounting.

### Net Assets

The net assets of GLA are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of GLA.

**Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of GLA and/or the passage of time. 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. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities and changes in net assets as net assets released from donor restrictions. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, GLA reports the support as contribution without donor restrictions.

As of December 31, 2019 and 2018, GLA has no assets with donor restrictions that are perpetual in nature.

### Expiration of Capital Restrictions

GLA reports gifts of land, buildings and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to net assets with donor restrictions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

### Revenue

GLA receives substantially all of its revenue from grants and contributions from direct public support and income derived from fundraising events. Income from fundraising events that are not considered contributions in the amount of approximately \$573,000 and \$652,000 for the years ended December 31, 2019 and 2018, respectively, are recognized as contracts with customers.

## **Global Lyme Alliance, Inc.**

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Notes to Financial Statements

December 31, 2019 and 2018

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits and money market funds with financial institutions. GLA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Unconditional Promises to Give (Contributions Receivable)**

Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future periods are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates, which is the two-year Treasury rate, applicable to the periods in which the promises are received. As of December 31, 2019 the discount rate on long-term pledges ranges between 1.58 percent and 2.48 percent. As of December 31, 2018, the discount rate on long-term pledges is 2.48 percent. Amortization of the discounts is included in contribution revenue, when applicable. Conditional promises to give are not included as support until the conditions have been met. As of December 31, 2019 and 2018, contributions expected to be received in future periods are included in contributions receivable, long term.

### **Allowance for Doubtful Pledges**

Management must make estimates of the uncollectability of all contributions receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts. As of December 31, 2019 and 2018, no allowance for doubtful accounts was necessary based on management's analysis.

### **Investment in Third Party**

Investment in third party represents an equity security without readily determinable fair value that is recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. As of each reporting period (December 31<sup>st</sup>), GLA performs a qualitative assessment considering impairment indicators to evaluate whether this investment is impaired. For the years ended December 31, 2019 and 2018, no impairment loss is deemed necessary.

### **Fixed Assets**

Fixed assets are stated at cost when acquired. Donated fixed assets are recorded at fair value at the date of donation. GLA capitalizes fixed asset acquisitions in excess of \$5,000. Leasehold improvements are amortized over the lesser of the estimated useful life of the improvement or remaining life of the lease. Computer equipment and furniture and fixtures are depreciated over periods ranging from three to five years on a straight-line basis.

### **Deferred Rent**

GLA records rent expense on a straight-line basis on its office lease which contains fixed annual rental increases. The difference between rent expense and payments made under the lease are reflected as deferred rent.

### **Deferred Revenue**

Deferred revenue represents advance payments for special events scheduled to take place in the subsequent year.

## Global Lyme Alliance, Inc.

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Notes to Financial Statements

December 31, 2019 and 2018

### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are related to program or supporting functions. These expenses include occupancy, depreciation and amortization, salaries and fringe benefits, insurance, supplies, telephone and website. Occupancy and depreciation and amortization expenses are allocated based on square footage. Costs of other categories are allocated based on estimates of time and effort.

### In-Kind Contributions

During the years ended December 31, 2019 and 2018, GLA received in-kind contributions of professional services in the amount of approximately \$45,000 and \$79,000, respectively. We record donated professional services at the respective fair values of the services received. These amounts were recorded as in-kind contributions revenue in the statements of activities and changes in net assets. For the year ended December 31, 2019, corresponding in-kind expenses were recorded to legal fees and special events direct expenses. For the year ended December 31, 2018, corresponding in-kind expenses were recorded to legal fees, leasehold improvements and special events direct expenses.

### Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Tax-Exempt Status

GLA qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of Connecticut. Accordingly, no provision for federal or state income taxes is required.

### Uncertain Tax Positions

Management has evaluated GLA's tax positions and concluded that GLA had not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740.

### Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts With Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. GLA has implemented Topic 606 retrospectively to all periods presented but there was no impact on GLA's revenue recognition methodology.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The core principle of ASU 2018-08 requires evaluation of whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. GLA implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no impact to GLA's financial statements.

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income. An entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Organizations may use a qualitative approach to identify impairment. GLA implemented the provisions of ASU 2016-01 prospectively, there was no impact to GLA's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of ASU 2016-02 on GLA's financial statements.

### 2. Contributions Receivable

Contributions receivable, reported within current assets and contributions receivable, long term in the statements of financial position, include the following unconditional promises to give as of December 31:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 1,408,055	\$ 762,894
Due in one to five years	290,000	415,000
Less unamortized discount on long term pledges	<u>(9,328)</u>	<u>(16,737)</u>
Net contributions receivable	<u>\$ 1,688,727</u>	<u>\$ 1,161,157</u>

### 3. Loan Receivable

On August 30, 2019, GLA entered into a note agreement with Manus Bio, Inc. for a principal amount of \$150,000, which is recorded as a loan receivable on the statements of financial position. The note matures on December 31, 2020. GLA will receive 7.00 percent interest per annum on the outstanding principal balance. The purpose of the agreement with Manus Bio, Inc. is for GLA to support the development of its environmentally friendly tick repellent product.

### 4. Investment in Third Party

On December 31, 2016, GLA entered into an agreement with Ionica Sciences, Inc. (Ionica) to acquire 15 percent of Ionica's capital stock over time for a total purchase price of \$178,000. The purchase amount will be used for completion of Phase 1, Phase 2 and Phase 3 of the Lyme Disease Diagnostic Test Development Program and to fund all or a portion of the required Directors & Officers insurance levels. GLA's investment in Ionica was \$178,000 as of December 31, 2019 and 2018. GLA holds a 15.0 percent interest in the company as of December 31, 2019 and 2018. This amount is recorded at cost, minus impairment, as an investment in third party in the accompanying financial statements.

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 5. Fixed Assets, Net

Fixed assets, net, consists of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 23,840	\$ 23,840
Computer equipment	42,065	31,992
Furniture and fixtures	35,357	35,357
Website	117,839	117,839
	<u>219,101</u>	<u>209,028</u>
Less accumulated depreciation and amortization	<u>171,295</u>	<u>139,927</u>
Total fixed assets, net	<u>\$ 47,806</u>	<u>\$ 69,101</u>

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Time and purpose restrictions:		
Research	\$ 215,672	\$ 333,263
Purpose restriction:		
Research	2,186,570	1,205,052
Personnel	-	-
Fellowship	-	-
Educational program	-	6,123
Total	<u>\$ 2,402,242</u>	<u>\$ 1,544,438</u>

During 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors or release of time restrictions, as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restriction:		
Research	\$ 687,469	\$ 135,052
Personnel	-	100,000
Fellowship	-	375,000
Educational Program	6,123	-
Total net assets released from restrictions	<u>\$ 693,592</u>	<u>\$ 610,052</u>

## Global Lyme Alliance, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

### 7. Fiscal Sponsorship

During 2019, GLA entered into an agreement with CNY Institute for Lyme and Tick-borne Diseases (grantee) to act as the grantee's fiscal sponsor for the purposes of receiving contributions and distributing funds on behalf of the grantee. During 2019, GLA received \$174,000 in contributions with donor restrictions on behalf of the grantee but was given variance power by the donors. For the year ended December 31, 2019, GLA incurred approximately \$16,000 as grant expense.

### 8. Concentrations of Credit Risk

Financial instruments which potentially subject GLA to concentrations of credit risk consist principally of cash and cash equivalents. GLA places its temporary cash investments with high credit quality financial institutions; however, in the event of a financial institution's insolvency, recovery of GLA's assets on deposit may be limited to account insurance by the Federal Deposit Insurance Corporation.

As of December 31, 2019, 73 percent of contributions receivable were from three separate donors, with each individually representing greater than 10 percent of total receivables. The contributions from these three donors are expected to be received before the end of 2021.

As of December 31, 2018, 74 percent of contributions receivable were from two separate donors, with each individually representing greater than 10 percent of total receivables. The contributions from these two donors are expected to be received before the end of 2021.

### 9. Commitments and Contingencies

#### Operating Lease Obligation

During 2018, GLA entered into a noncancellable operating lease for its office space which expires in November 2023. In November 2017, GLA vacated its former office space due to disputes with the landlord about a mold issue in the building. As of June 18, 2020, the date the financial statements are available for issuance, GLA is involved in a legal matter surrounding its early departure from this office space. In the opinion of management, the ultimate liabilities, if any, resulting from this lawsuit or claim, will not materially affect the financial position or results of operations of GLA.

Rent expense is approximately \$98,000 and \$55,000 for the years ended December 31, 2019 and 2018, respectively.

The future minimum payments under the new operating lease are approximately as follows:

Years ending December 31:	
2020	\$ 102,000
2021	106,000
2022	110,000
2023	<u>95,000</u>
Total	<u>\$ 413,000</u>

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 10. Liquidity and Availability

The following table reflects GLA's financial assets available for general expenditure within one year as of December 31, 2019 and 2018. Financial assets are considered unavailable when illiquid or not convertible to cash within one year:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,503,307	\$ 3,444,250
Contributions receivable	1,688,727	1,161,157
Loan receivable	150,000	-
Accrued interest receivable	3,567	-
Less those amounts unavailable for general expenditure within one year due to:		
Net assets with donor restrictions	<u>(2,402,242)</u>	<u>(1,544,438)</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 2,943,359</u>	 <u>\$ 3,060,969</u>

As part of GLA'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. In addition, GLA invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, GLA has a committed line of credit in the amount of \$600,000, which it could draw upon when necessary. Subsequent to year end, the committed line of credit increased to \$750,000 (see Note 11).

### 11. Line of Credit

In 2019 GLA obtained a revolving line of credit in the principal amount of \$600,000 which matures on June 1, 2020. As of December 31, 2019, GLA has not drawn down on the line of credit.

Subsequent to year end, GLA terminated the line of credit in the principal amount of \$600,000 and obtained a new line of credit in the principal amount of \$750,000 which matures on March 18, 2021.

### 12. Subsequent Events

Management has evaluated subsequent events through June 18, 2020, the date the financial statements are available for issuance.

Based on that evaluation, GLA has determined that no subsequent events have occurred, which require disclosure in the financial statements, other than the following:

Due to the global viral outbreak caused by Coronavirus Disease 2019 (COVID-19) in 2020, there have been effects on the general economy which are expected to impact the timing of revenue and expenditures of GLA. In addition, although our employees are able to work remotely, our headquarters is currently closed due to government imposed shutdowns of businesses. Government imposed restrictions on public gatherings will also impact the timing of fundraising activities and events until the Coronavirus crisis ends, which may impact the timing of grant expenditures.



## Global Lyme Alliance, Inc.

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Notes to Financial Statements

December 31, 2019 and 2018

As a result of these recent events, management has developed and implemented a cost reduction program, applied for and received loan proceeds of \$197,800 under the Paycheck Protection Program (PPP), and introduced new revenue generating activities. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, mortgage interest, rent and utilities and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week covered period. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1 percent, with a deferral of payments for the first six months. GLA intends to use the proceeds for purposes consistent with the PPP.

The ultimate impact of these matters to GLA and its financial condition is presently unknown.