Financial Statements

And

Independent Auditor's Report

As of December 31, 2023
and for the year then ended
with summarized comparative information for December 31, 2022

Pachyonychia Congenita Fund

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BOUNTIFUL PEAK ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pachyonychia Congenita Fund
Holladay, Utah

Opinion

We have audited the accompanying financial statements of Pachyonychia Congenita Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pachyonychia Congenita Fund as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pachyonychia Congenita Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible 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 Pachyonychia Congenita Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pachyonychia Congenita Fund's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Pachyonychia Congenita Fund's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bountiful Peak Advisors

Bountiful, Utah
July 26, 2024

Pachyonychia Congenita Fund

Statement of Financial Position
December 31, 2023
With Comparative Totals for December 31, 2022

	12/31/2023	12/31/2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 354,386	$ 556,088
Prepaids	8,352	28,150
Investments	2,719,639	2,453,587
Right of use asset, current	4,978	4,925
Total current assets	3,087,355	3,042,750
Property and equipment	55,843	21,259
Accumulated depreciation and amortization	(18,859)	(17,746)
Net property and equipment	36,984	3,513
Right of use asset, net of current portion	5,936	10,914
Total assets	$ 3,130,275	$ 3,057,177
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 7,360	$ 18,920
Grants payable	100,000	100,776
Lease liability operating, current	5,168	5,012
Total current liabilities	112,528	124,708
Lease liability operating, net of current portion	6,521	11,690
Total liabilities	119,049	136,398
Net assets		
Without donor restrictions	3,011,226	2,920,779
With donor restrictions	-	-
Total net assets	3,011,226	2,920,779
Total liabilities and net assets	$ 3,130,275	$ 3,057,177

See accompanying notes to financial statements.

Pachyonychia Congenita Fund

Statement of Activities
Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	December 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total	12/31/2022 Total
REVENUES AND SUPPORT				
Support				
Contributions	$ 395,801	$ -	$ 395,801	$ 567,482
Contributed nonfinancial assets	234,600	-	234,600	239,600
Total support	630,401	-	630,401	807,082
Revenues				
Other	2,687	-	2,687	208
Interest	547	-	547	132
Net investment income	266,052	-	266,052	(440,299)
Total revenues	273,021	-	273,021	(439,959)
Total revenues and support	903,422	-	903,422	367,123
EXPENSES				
Program services	697,714	-	697,714	489,411
Management and general	43,326	-	43,326	41,853
Fundraising	71,935	-	71,935	70,263
Total expenses	812,975	-	812,975	601,527
Change in net assets	90,447	-	90,447	(234,404)
Net assets, beginning of year	2,920,779	-	2,920,779	3,155,183
Net assets, end of year	$ 3,011,226	$ -	$ 3,011,226	$ 2,920,779

See accompanying notes to financial statements.

Pachyonychia Congenita Fund

Statement of Functional Expenses
Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	December 31, 2023				
	Program Services	Management and General	Fundraising	Total	12/31/2022 Total
Salaries and wages	$ 72,996	$ 7,976	$ 3,821	$ 84,793	$ 74,410
Payroll taxes	5,593	611	293	6,497	5,682
Professional services	206,030	29,425	51,200	286,655	310,925
Grants	273,320	-	-	273,320	125,776
Travel	55,640	-	-	55,640	16,660
Catering	43,868	-	-	43,868	7,681
Information technology	18,027	363	693	19,083	23,622
Licenses and dues	881	21	10,341	11,243	9,260
Office	5,119	877	3,164	9,160	11,447
Meetings	7,296	-	-	7,296	5,250
Depreciation and amortization	5,060	553	265	5,878	960
Occupancy	3,370	1,330	531	5,231	5,983
Bank and merchant fees	399	194	1,627	2,220	1,895
Insurance	-	1,976	-	1,976	1,976
Contract labor	115	-	-	115	-
Total expenses	$ 697,714	$ 43,326	$ 71,935	$ 812,975	$ 601,527

See accompanying notes to financial statements.

Pachyonychia Congenita Fund

Statement of Cash Flows
Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	12/31/2023	12/31/2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 90,447	$ (234,404)
Items not requiring cash		
Depreciation and amortization	5,878	960
Noncash net investment income	(217,874)	509,381
Amortization of right of use asset	4,956	4,873
Amortization of lease liability operating	(5,013)	(4,861)
Changes in		
Prepaids	19,797	(25,185)
Accounts payable	(11,560)	16,435
Grants payable	(776)	100,776
Net cash provided by (used in) operating activities	(114,145)	367,975
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(39,349)	(1,785)
Purchases of investments	(70,490)	(862,557)
Proceeds from sale of investments	22,313	794,327
Net cash used in investing activities	(87,526)	(70,015)
Net change in cash and cash equivalents	(201,671)	297,960
Cash and cash equivalents, beginning of year	556,088	258,128
Cash and cash equivalents, end of year	$ 354,417	$ 556,088
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

1. ORGANIZATION HISTORY AND NATURE OF ACTIVITIES

Pachyonychia Congenita Fund ("The Organization") was organized under the laws of the State of Utah in 2003 as a nonprofit corporation. The Organization's mission is to fight for a cure for the Pachyonychia Congenita disease, connect and help patients, and empower research. The Organization supports a patient registry and coordinates research to develop and deliver therapeutics to persons afflicted with this disease. The Organization is supported by donations and grants from individuals, businesses, and private organizations. The Organization operates under the dba Pachyonychia Congenita Project. The Organization's significant sources of revenue include contributions, contributed nonfinancial assets, and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. At December 31, 2023, the Organization did not hold cash equivalents.

Concentrations of Credit Risks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash, cash equivalents, and investments in various bank accounts that, at times, may exceed federally insured limits. These assets have been placed with high credit quality financial institutions and the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectable amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established at December 31, 2023 because management believes that all accounts receivable will be fully collectable.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for uncollectable promises has not been established at December 31, 2023 because management believes that all promises to give will be fully collectable.

Property and Equipment

Property and equipment are recorded at cost at the date purchased or, if donated, at fair value at the date donated. Depreciation and amortization expense is calculated using the straight-line or double-declining-balance method over the estimated useful lives of the respective assets or lease terms, which are five years. Depreciation and amortization expense for the year ended December 31, 2023 was $5,878. Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Investments

Investments are initially recorded at cost, if purchased, or at fair value if donated. Thereafter, investments are reported at fair value in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and investment management and custodial fees.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions, with highest priority given to quoted prices in active markets and lowest priority to an entity's assumptions. The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1	Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
Level 2	Other observable inputs including quoted prices for similar assets in active or non-active markets, or other observable inputs for the asset.
Level 3	Unobservable inputs that cannot be corroborated by observable market data, such as pricing models, discounted cash flow models, and similar techniques.

Operating Leases

Operating leases are presented as right of use assets and lease liabilities in the statement of financial position. At commencement, right of use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term, discounted using the risk-free rate. Right of use assets decrease as lease expense (rent) is recognized on a straight-line basis over the lease term. Lease liabilities decrease as cash payments are made to the lessor and increase as the discount on the lease is amortized. The Organization does not recognize right of use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as rent expense on a straight-line-basis over the lease term. The Organization determines if an arrangement is or contains a lease at inception. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are considered net assets with donor restrictions until the asset is placed in service.

Revenue Recognition

Contributions – Contributions are recognized as support when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been substantially met. Contributions are considered to be without donor restrictions unless restricted by the donor.

Contributed Nonfinancial Assets – Contributed goods, use of facilities, and services that either create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at fair value at the date of donation.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2020.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, professional services, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

Estimates in the Financial Statements

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

Reclassifications

Certain amounts in the summarized comparative information for 2022 have been reclassified to conform to the 2023 presentation.

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet annual operating needs and other commitments. The following table reflects the Organization's financial assets available as of December 31, 2023 for general expenditure over the next twelve months.

Cash and cash equivalents	$ 354,386
Investments	2,719,639
Total	$ 3,074,025

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization invests cash in excess of daily requirements and maintains credit cards with an aggregate credit limit of $26,000.

4. FAIR VALUE MEASUREMENTS

The following is a summary of investments at December 31, 2023.

	Level 1	Level 2	Level 3	Total
Mutual funds				
Money market	$ 10,384	$ -	$ -	$ 10,384
Foreign equity	298,120	-	-	298,120
U.S. equity	1,046,298	-	-	1,046,298
Corporate bond	606,143	-	-	606,143
Foreign bond	66,953	-	-	66,953
Exchange-traded funds				
U.S. equity	438,951	-	-	438,951
Corporate bond	252,790	-	-	252,790
Totals	$ 2,719,639	$ -	$ -	$ 2,719,639

There have been no changes in valuation techniques and related inputs. Certain of the Organization's investments classified as exchange-traded funds are recorded at net asset value in accordance with U.S. GAAP. Fair value represents the net asset value (NAV) of shares or units held by the Organization at year end. As of December 31, 2023, the Organization had no unfunded commitments to invest in these funds. Redemptions, at NAV, of shares in these investments are immediate with one-day notice.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Website	$ 39,350
Computers and equipment	14,913
Furniture and fixtures	1,580
Property and equipment	55,843
Accumulated depreciation and amortization	(18,859)
Net property and equipment	$ 36,984

Depreciation and amortization expense for the year ended December 31, 2023 was $5,878.

6. OPERATING LEASES

The Organization leases office space under a noncancelable lease expiring September 2026 and requiring monthly payments of $290, which escalate by 3% annually. The Organization also leases office equipment under a noncancelable lease expiring January 2025 and requiring monthly payments of $144. The following is supplemental information related to leases as of December 31, 2023:

Right of use assets	$ 10,914
Lease liabilities	$ 11,689
Weighted average remaining lease term	2.4 years
Weighted average discount rate	.96%

Lease maturity table:

Year ending December 31,	
2024	$ 5,256
2025	3,780
2026	2,795
Thereafter	-
Total lease payments	11,831
Less present value discount	(142)
Total lease liability	$ 11,689

Lease expense during the year ended December 31, 2023 consisted of the following:

Operating lease expense, included in the statement of activities in	
Occupancy	$ 5,261
Office	1,726
Total lease expense	$ 6,987

7. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets received during the year ended December 31, 2023 consisted of the following:

Specialized services		
Physician and scientist	Program	$ 100,400
Certified public accountant	Management & General	3,000
Professional fundraising	Fundraising	31,200
Executive director	Program	60,000
Executive director	Management & General	20,000
Executive director	Fundraising	20,000
Total contributed nonfinancial assets		$ 234,600

Contributed nonfinancial assets were utilized by the Organization. The fair market value of contributed services was estimated based on rates available for comparable services.

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Organization received significant contributions from related parties. The Organization's executive director served on an uncompensated basis during the year ended December 31, 2023, contributing specialized services totaling $100,000 and cash totaling $50,600. A corporation owned by the executive director's spouse contributed $10,000 of support revenue during the year. A foundation significantly influenced by the Organization's former executive director contributed $200,000 of support revenue during the year.

9. CONCENTRATIONS

During the year ended December 31, 2023, support received directly and indirectly from related parties represented 41% of the Organization's total support.

10. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

11. COMPARATIVE FINANCIAL INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through July 26, 2024, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.