

# **Global Lyme Alliance, Inc.**

Financial Statements

December 31, 2021 and 2020

# Global Lyme Alliance, Inc.

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Table of Contents  
December 31, 2021 and 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Global Lyme Alliance, Inc. (GLA), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GLA as of December 31, 2021 and 2020, and 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 (GAAP).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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 GLA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audits 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 auditors' 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 GLA'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 GLA'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.

*Baker Tilly US, LLP*

New York, New York  
July 26, 2022

**Global Lyme Alliance, Inc.**

## Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,244,233	\$ 3,568,172
Contributions receivable, net	105,000	330,000
Prepaid expenses	81,645	89,376
Other receivables	10,275	76,401
	<u>3,441,153</u>	<u>4,063,949</u>
Total current assets	3,441,153	4,063,949
<b>Contributions Receivable, Long-Term</b>	108,575	99,740
<b>Investments</b>	334,616	334,616
<b>Fixed Assets, Net</b>	83,152	116,233
<b>Other Assets</b>	41,180	41,152
	<u>41,180</u>	<u>41,152</u>
Total assets	<u>\$ 4,008,676</u>	<u>\$ 4,655,690</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 121,185	\$ 64,248
Grants payable	699,574	468,243
Deferred rent and revenue	23,564	30,827
	<u>844,323</u>	<u>563,318</u>
Total liabilities	844,323	563,318
<b>Net Assets</b>		
Without donor restrictions	2,293,587	2,849,893
With donor restrictions	870,766	1,242,479
	<u>3,164,353</u>	<u>4,092,372</u>
Total net assets	3,164,353	4,092,372
Total liabilities and net assets	<u>\$ 4,008,676</u>	<u>\$ 4,655,690</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 1,192,705	\$ 413,000	\$ 1,605,705
Special events income, net of \$161,917 of direct expenses	961,759	-	961,759
Fee for service income	60,525	-	60,525
In-kind contributions	63,092	-	63,092
Investment income	1,206	-	1,206
Net assets released from donor restrictions	784,713	(784,713)	-
	<u>3,064,000</u>	<u>(371,713)</u>	<u>2,692,287</u>
Total support and revenue			
<b>Expenses</b>			
Program	2,716,565	-	2,716,565
Management and general	354,513	-	354,513
Fundraising	549,228	-	549,228
	<u>3,620,306</u>	<u>-</u>	<u>3,620,306</u>
Total expenses			
Changes in net assets	(556,306)	(371,713)	(928,019)
<b>Net Assets, Beginning</b>	<u>2,849,893</u>	<u>1,242,479</u>	<u>4,092,372</u>
<b>Net Assets, Ending</b>	<u>\$ 2,293,587</u>	<u>\$ 870,766</u>	<u>\$ 3,164,353</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 2,050,961	\$ 279,000	\$ 2,329,961
Special events income, net of \$331,199 of direct expenses	531,221	-	531,221
In-kind contributions	112,602	-	112,602
Investment income	13,537	-	13,537
Net assets released from donor restrictions	1,438,763	(1,438,763)	-
	<u>4,147,084</u>	<u>(1,159,763)</u>	<u>2,987,321</u>
Total support and revenue			
<b>Expenses</b>			
Program	2,614,260	-	2,614,260
Management and general	390,840	-	390,840
Fundraising	1,153,145	-	1,153,145
	<u>4,158,245</u>	<u>-</u>	<u>4,158,245</u>
Total expenses			
Changes in net assets	(11,161)	(1,159,763)	(1,170,924)
<b>Net Assets, Beginning</b>	<u>2,861,054</u>	<u>2,402,242</u>	<u>5,263,296</u>
<b>Net Assets, Ending</b>	<u>\$ 2,849,893</u>	<u>\$ 1,242,479</u>	<u>\$ 4,092,372</u>

See notes to financial statements

**Global Lyme Alliance, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,350,820	\$ -	\$ -	\$ 1,350,820
Salaries and fringe benefits	561,027	122,294	250,252	933,573
Awareness	495,955	-	8,578	504,533
Consulting fees	112,501	108,297	165,592	386,390
Occupancy	67,461	13,271	29,860	110,592
Telephone and website	53,357	13,160	36,956	103,473
Legal fees	15,010	28,865	19,217	63,092
Depreciation and amortization	31,871	6,270	14,106	52,247
Accounting	-	34,000	-	34,000
Clinical studies and other initiatives	19,620	-	-	19,620
Miscellaneous	-	11,623	3,067	14,690
Credit card fees	-	1,261	12,217	13,478
Insurance	6,462	1,271	2,860	10,593
License fees and permits	-	9,385	-	9,385
Pledge write-off	-	-	5,000	5,000
Printing, copying and postage	-	4,344	441	4,785
Supplies	1,943	382	860	3,185
Travel	538	90	222	850
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 2,716,565</u>	<u>\$ 354,513</u>	<u>\$ 549,228</u>	<u>\$ 3,620,306</u>

*See notes to financial statements*



**Global Lyme Alliance, Inc.**

## Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 929,345	\$ -	\$ -	\$ 929,345
Salaries and fringe benefits	851,028	180,501	335,667	1,367,196
Awareness	310,455	-	9,659	320,114
Consulting fees	6,738	58,440	-	65,178
Occupancy	68,321	14,325	27,549	110,195
Telephone and website	49,346	10,346	19,897	79,589
Legal fees	17,422	66,380	-	83,802
Depreciation and amortization	27,635	5,793	11,143	44,571
Accounting	-	34,000	-	34,000
Clinical studies and other initiatives	312,263	-	-	312,263
Credit card fees	-	2,391	12,870	15,261
Insurance	12,906	2,706	5,204	20,816
License fees and permits	-	10,335	-	10,335
Pledge write-off	-	-	725,000	725,000
Printing, copying and postage	3,617	759	1,459	5,835
Supplies	6,585	1,381	2,655	10,621
Travel	18,599	3,483	2,042	24,124
	<u>\$ 2,614,260</u>	<u>\$ 390,840</u>	<u>\$ 1,153,145</u>	<u>\$ 4,158,245</u>
Total				

*See notes to financial statements*

## Global Lyme Alliance, Inc.

### Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ (928,019)	\$ (1,170,924)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization expense	52,247	44,571
Pledge write-off	5,000	725,000
Change in discount on long-term pledges	1,165	(9,068)
Change in deferred rent and revenue	(7,263)	(3,210)
Loan interest income converted to investments	-	(3,049)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	210,000	543,055
Prepaid expenses	7,731	(23,782)
Other assets	(28)	(1,152)
Other receivables	66,126	(76,401)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	56,937	(191,636)
Grants payable	231,331	344,459
	<u>(304,773)</u>	<u>177,863</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	<u>(19,166)</u>	<u>(112,998)</u>
	<u>(19,166)</u>	<u>(112,998)</u>
Net (decrease) increase in cash and cash equivalents	(323,939)	64,865
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,568,172</u>	<u>3,503,307</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,244,233</u>	<u>\$ 3,568,172</u>
<b>Noncash Investing Activities</b>		
Conversion of convertible loan receivable and accrued interest receivable into investment in third party	<u>\$ -</u>	<u>\$ 156,616</u>

See notes to financial statements

# Global Lyme Alliance, Inc.

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Notes to Financial Statements  
December 31, 2021 and 2020

## 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 in accordance with principles generally accepted in the United States of America (U.S. GAAP) using 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, 2021 and 2020, 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.

### 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, 2021, the discount rate on long-term pledges was 0.72%. As of December 31, 2020, the discount rate on long-term pledges was 0.13%. Amortization of the discounts is included in contributions revenue, when applicable. Conditional promises to give are not included as support until the conditions have been met. As of December 31, 2021 and 2020, 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, 2021 and 2020, GLA recorded \$0 and \$700,000, respectively, as an allowance for doubtful accounts based on management's analysis.

### **Investments**

Investments consist of equity securities in third parties without readily determinable fair values that are 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 the investments are impaired. For the years ended December 31, 2021 and 2020, 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.

### **Revenue**

#### **Contributions and Special Events Revenue**

GLA receives substantially all of its revenue from grants and contributions from direct public support and income derived from fundraising events. Unconditional contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions or grants, that is, 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. Certain of GLA's federal, state and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

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

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Notes to Financial Statements  
December 31, 2021 and 2020

GLA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Income from fundraising events that are not considered contributions in the amount of approximately \$162,000 and \$331,000 for the years ended December 31, 2021 and 2020, respectively, are recognized as contracts with customers.

### **Fee for Service Revenue**

GLA receives revenue under contracts based on fees for services rendered as defined by the agreements. Revenues from contracts are recognized only after services have been rendered and/or performance milestones deliverables are completed and delivered to the customer. GLA will allocate the transaction price of the contract to the specific performance obligations based on the contract. Payments received in advance of services being rendered will be recorded as deferred revenue on the statements of financial position. Additional conditions for recognition of revenue are that collection of revenue proceeds is reasonably assured and GLA has no further performance obligation.

GLA had one contract during 2021 and no contracts in 2020. There were no contract assets or liabilities as of December 31, 2021 and 2020. At December 31, 2021 and 2020, GLA has remaining revenue to be earned in future years of approximately \$19,000 and \$0, respectively. Substantially all performance obligations from existing contracts that were not met in the year are expected to be earned in the following year.

### **In-Kind Contributions**

For the years ended December 31, 2021 and 2020, GLA received in-kind contributions of professional services in the amount of approximately \$63,000 and \$113,000, respectively. GLA records 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 years ended December 31, 2021 and 2020, corresponding in-kind expenses were recorded to legal fees and rent expenses.

### **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.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 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 February 2016, the FASB issued Accounting Standards Update (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.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Management is currently evaluating the impact of ASU 2020-07 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>2021</u>	<u>2020</u>
Due within one year	\$ 105,000	\$ 1,030,000
Due in one to five years	110,000	100,000
Less allowance for doubtful accounts	-	(700,000)
Less unamortized discount on long-term pledges	<u>(1,425)</u>	<u>(260)</u>
Net contributions receivable	<u>\$ 213,575</u>	<u>\$ 429,740</u>

## 3. Investments

On December 31, 2016, GLA entered into an agreement with Ionica Sciences, Inc. (Ionica) to acquire 15% 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 and Officers insurance levels. GLA's investment in Ionica was \$178,000 as of December 31, 2021 and 2020. GLA holds a 25% interest in the company as of December 31, 2021 and 2020. This amount is recorded at cost, minus impairment, as an investment in the accompanying financial statements.

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

On August 30, 2019, GLA entered into a \$150,000 principal amount 7.00% per annum convertible promissory note agreement with Manus Bio, Inc. (Manus Bio), due December 31, 2020. The purpose of the agreement with Manus Bio is for GLA to support the development of its environmentally friendly tick repellent product. Per the terms of the convertible note agreement, the outstanding principal and unpaid interest of the note were due and payable on the maturity date unless automatically converted into fully paid and nonassessable convertible preferred stock with the closing of the sale of convertible preferred stock of Manus Bio.

On April 16, 2020, as a result of an automatic conversion event pursuant to the terms of the convertible promissory note agreement, GLA's principal amount of \$150,000 as well as \$6,616 in accrued interest converted into 2,938 shares of Series B-3 preferred shares of Manus Bio, and is included in investments on the statements of financial position as of December 31, 2021 and 2020. GLA holds a .05% interest in Manus Bio as of December 31, 2021 and 2020. This amount is recorded at cost, minus impairment, as an investment in the accompanying financial statements.

#### 4. Fixed Assets, Net

Fixed assets, net, consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 23,840	\$ 23,840
Computer equipment	63,178	63,178
Furniture and fixtures	35,357	35,357
Website	228,890	209,724
	<u>351,265</u>	<u>332,099</u>
Less accumulated depreciation and amortization	<u>268,113</u>	<u>215,866</u>
Total fixed assets, net	<u>\$ 83,152</u>	<u>\$ 116,233</u>

#### 5. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions:		
Research	\$ 99,741	\$ 99,741
Purpose restriction:		
Research	771,025	1,137,738
Educational program	-	5,000
Total	<u>\$ 870,766</u>	<u>\$ 1,242,479</u>

## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

During 2021 and 2020, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions:		
Research	\$ -	\$ 215,672
Purpose restriction:		
Research	779,713	1,200,591
Educational program	5,000	22,500
	<u>784,713</u>	<u>1,438,763</u>
Total net assets released from restrictions	<u>\$ 784,713</u>	<u>\$ 1,438,763</u>

### 6. 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. For the years ended December 31, 2021 and 2020, GLA received \$0 and \$4,000, respectively, in contributions with donor restrictions on behalf of the grantee but was given variance power by the donors. For the years ended December 31, 2021 and 2020, GLA incurred approximately \$0 and \$162,000, respectively, as grant expense related to this agreement. As of December 31, 2021, the obligations under the agreement have been fulfilled.

### 7. 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, 2021, contributions receivable from three separate donors approximated 70%, 14% and 12%, respectively, of total receivables. The contributions from these three donors are expected to be received before the end of 2024, 2023 and 2022, respectively.

As of December 31, 2020, contributions receivable from two separate donors approximated 41% and 35%, respectively, of total receivables. The contributions from these two donors are expected to be received before the end of 2021 and 2023, respectively.

### 8. 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 July 26, 2022, 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 \$106,000 and \$102,000 for the years ended December 31, 2021 and 2020, respectively.



## Global Lyme Alliance, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

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

Years ending December 31:		
2022	\$	110,000
2023		<u>95,000</u>
Total	\$	<u><u>205,000</u></u>

### 9. Liquidity and Availability

The following table reflects GLA's financial assets available for general expenditure within one year as of December 31, 2021 and 2020. Financial assets are considered unavailable when illiquid or not convertible to cash within one year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,244,233	\$ 3,568,172
Contributions receivable	105,000	330,000
Other receivables	10,275	76,401
Less those amounts unavailable for general expenditure within one year due to:		
Net assets with donor restrictions	<u>(771,025)</u>	<u>(1,142,739)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,588,483</u>	<u>\$ 2,831,834</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 \$750,000, which it could draw upon when necessary.

### 10. Line of Credit

On March 18, 2020, GLA entered into a line of credit in the principal amount of \$750,000 which expired on March 18, 2022. In April 2022, GLA finalized the renewal of the line of credit which was extended to March 18, 2023. As of December 31, 2021, GLA has not drawn down on the line of credit.

### 11. Paycheck Protection Program Loan

On April 5, 2020, GLA received proceeds in the amount of \$197,800 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA). On February 9, 2021, GLA also received a second draw PPP loan in the amount of \$197,855 (as amended by the American Rescue Plan Act (ARPA) on March 11, 2021). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. GLA initially recorded the funds as a refundable advance and will record forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return on the PPP loan, or when such conditions are explicitly waived.

## Global Lyme Alliance, Inc.

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Notes to Financial Statements  
December 31, 2021 and 2020

On February 17, 2021, and January 6, 2022, GLA received notices from the SBA that it had forgiven \$197,855 and \$197,800 of the PPP proceeds. Therefore, GLA has recorded contribution revenue of \$197,855 and \$197,800 within its statements of activities and changes in net assets for the years ended December 31, 2021 and 2020, respectively, as GLA had expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP loans.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA and the ARPA), all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. GLA does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

### 12. Subsequent Events

Management has evaluated subsequent events through July 26, 2022, the date these financial statements were 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:

On January 6, 2022, GLA received notice from the SBA that it has forgiven \$197,855 of the PPP proceeds (Note 11).

On April 7, 2022, GLA entered into a \$200,000 principal amount 7.00% per annum convertible promissory note agreement with Flightpath Biosciences, Inc. (Flightpath), due December 31, 2022. Per the agreement, the first \$100,000 was paid upon signing the agreement and the second \$100,000 is to be paid upon Flightpath securing additional commitments to fund manufacturing activities. The purpose of the agreement with Flightpath is for GLA to support Flightpath's efforts in advancing new therapies targeting spirochete-driven diseases. Per the terms of the convertible note agreement, the outstanding principal and unpaid interest of the note are due and payable on the maturity date unless automatically converted into fully paid and nonassessable convertible preferred stock with the closing of the sale of convertible preferred stock of Flightpath.