



THE FOUNDATION TO ADVANCE VASCULAR CURES

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Foundation to Advance Vascular Cures:

Opinion

We have audited the accompanying financial statements of The Foundation to Advance Vascular Cures (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 The Foundation to Advance Vascular Cures as of June 30, 2023, and the changes in net assets and its cash flows for the fiscal 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Foundation to Advance Vascular Cures 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 The Foundation to Advance Vascular Cures' 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 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 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 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 responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Foundation to Advance Vascular Cures' 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 The Foundation to Advance Vascular Cures' 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.



Los Alamitos, California
July 16, 2024

THE FOUNDATION TO ADVANCE VASCULAR CURES
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 759,851
Contributions receivable	240,578
Other receivables	3,431
Investments	<u>2,283,404</u>
Total Current Assets	3,287,264

PROPERTY AND EQUIPMENT, NET	1,604
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NON-CURRENT ASSETS

Intangible asset, net	<u>285,167</u>
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TOTAL ASSETS	<u><u>\$ 3,574,035</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 21,979
Accrued employee related expenses	35,888
Grants payable, current portion	180,442
Grant payable to former fiscal sponsee	<u>33,000</u>
Total Current Liabilities	271,309

NON-CURRENT LIABILITIES

Grants payable, net of current portion	<u>50,000</u>
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TOTAL LIABILITIES	321,309
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NET ASSETS

Without donor restrictions	582,414
With donor restrictions	<u>2,670,312</u>

TOTAL NET ASSETS	<u>3,252,726</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,574,035</u></u>
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The accompanying notes are an integral part of these financial statements.

THE FOUNDATION TO ADVANCE VASCULAR CURES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 60,583	\$ 391,759	\$ 452,342
Grants and contributions - ALPS	--	400,747	400,747
Contributions - in-kind	17,815	--	17,815
Employee retention credit	129,930	--	129,930
Conference sponsorships	468,000	--	468,000
Contract services	16,751	--	16,751
Investment income, net	42,264	150,853	193,117
Net assets released from restrictions	<u>1,019,812</u>	<u>(1,019,812)</u>	<u>--</u>
	1,755,155	(76,453)	1,678,702
SPECIAL EVENTS			
Revenue	91,425	--	91,425
Revenue - in-kind	18,241	--	18,241
Expenses	<u>(40,707)</u>	<u>--</u>	<u>(40,707)</u>
Total Special Events, Net	<u>68,959</u>	<u>--</u>	<u>68,959</u>
TOTAL REVENUE AND SUPPORT	1,824,114	(76,453)	1,747,661
EXPENSES			
Program services	1,521,211	--	1,521,211
Supporting services:			
Management and general	230,101	--	230,101
Fundraising	<u>77,793</u>	<u>--</u>	<u>77,793</u>
TOTAL EXPENSES	<u>1,829,105</u>	<u>--</u>	<u>1,829,105</u>
CHANGE IN NET ASSETS	<u>(4,991)</u>	<u>(76,453)</u>	<u>(81,444)</u>
BEGINNING NET ASSETS, AS PREVIOUSLY STATED	557,205	2,746,765	3,303,970
CORRECTION OF ERRORS (NOTE 15)	<u>30,200</u>	<u>--</u>	<u>30,200</u>
BEGINNING NET ASSETS, AS RESTATED	<u>587,405</u>	<u>2,746,765</u>	<u>3,334,170</u>
ENDING NET ASSETS	<u>\$ 582,414</u>	<u>\$ 2,670,312</u>	<u>\$ 3,252,726</u>

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

THE FOUNDATION TO ADVANCE VASCULAR CURES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Services:						Supporting Services:				
	Impact	Patient	Working	Wylie	Education	ALPS	Total	Management		Total	
	Network	Partners	Groups	Scholar	and	Fiscal	Program	and	Fundraising	Supporting	Total
				Program	Community	Sponsorship	Services	General		Services	
PERSONNEL EXPENSES											
Salaries and wages	\$ 58,834	\$ 49,400	\$ 96,311	\$ 19,180	\$ 171,941	\$ 185,849	\$ 581,515	\$ 68,403	\$ 52,093	\$ 120,496	\$ 702,011
Employee benefits and taxes	8,440	12,011	21,599	2,461	40,712	9,844	95,067	28,122	13,172	40,294	136,361
TOTAL PERSONNEL EXPENSES	<u>67,274</u>	<u>61,411</u>	<u>117,910</u>	<u>21,641</u>	<u>212,653</u>	<u>195,693</u>	<u>676,582</u>	<u>96,525</u>	<u>65,265</u>	<u>161,790</u>	<u>838,372</u>
OTHER EXPENSES											
Bank and merchant fees	--	--	--	--	--	--	--	4,518	--	4,518	4,518
Bank and merchant fees - ALPS	--	--	--	--	--	--	--	2,001	--	2,001	2,001
Depreciation and amortization	--	--	--	--	9,833	--	9,833	1,090	--	1,090	10,923
Grant to former fiscal sponsee	--	--	--	--	--	577,181	577,181	--	--	--	577,181
Honorariums and related travel	--	100	300	--	9,850	31,735	41,985	--	--	--	41,985
Information technology	260	362	739	86	5,619	--	7,066	1,505	884	2,389	9,455
Insurance	--	--	--	--	--	--	--	2,880	--	2,880	2,880
Marketing and outreach	--	--	--	--	3,534	--	3,534	62	3,020	3,082	6,616
Office expenses	--	--	40	--	5,370	1,098	6,508	2,677	1,192	3,869	10,377
Other	3,825	--	816	--	1,965	9,055	15,661	--	--	--	15,661
Professional services:											
Accounting	--	--	--	--	--	--	--	73,040	--	73,040	73,040
Accounting - ALPS	--	--	--	--	--	--	--	14,767	--	14,767	14,767
Communications	--	--	1,800	400	4,350	2,988	9,538	1,575	1,100	2,675	12,213
Legal	--	--	--	--	--	--	--	8,994	--	8,994	8,994
Legal in-kind	--	--	--	--	--	--	--	17,815	--	17,815	17,815
Patient outreach and education	--	--	5,956	--	40,730	16,200	62,886	--	--	--	62,886
Other	--	--	--	--	--	--	--	--	5,481	5,481	5,481
Research grants	50,000	--	--	--	--	--	50,000	--	--	--	50,000
Travel and meetings	74	--	32,484	2,041	861	24,977	60,437	2,652	851	3,503	63,940
TOTAL OTHER EXPENSES	<u>54,159</u>	<u>462</u>	<u>42,135</u>	<u>2,527</u>	<u>82,112</u>	<u>663,234</u>	<u>844,629</u>	<u>133,576</u>	<u>12,528</u>	<u>146,104</u>	<u>990,733</u>
TOTAL EXPENSES	<u>\$ 121,433</u>	<u>\$ 61,873</u>	<u>\$ 160,045</u>	<u>\$ 24,168</u>	<u>\$ 294,765</u>	<u>\$ 858,927</u>	<u>\$ 1,521,211</u>	<u>\$ 230,101</u>	<u>\$ 77,793</u>	<u>\$ 307,894</u>	<u>\$ 1,829,105</u>

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

THE FOUNDATION TO ADVANCE VASCULAR CURES
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$ 81,444)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized gain on investments	(134,962)
Depreciation and amortization	10,923
Change in operating assets and liabilities:	
Contributions receivable	16,969
Other receivables	(3,431)
Accounts payable and accrued expenses	(130,886)
Accrued employee related expenses	18,454
Grants payable	19,442
Grant payable to former fiscal sponsee	33,000
Deferred revenue	(138,500)
Net Cash Used In Operating Activities	(390,435)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(9,380)
Purchases of property and equipment	(1,539)
Purchases of intangible asset	(118,000)
Net Cash Used In Investing Activities	(128,919)

**NET CHANGE IN CASH AND
CASH EQUIVALENTS**

(519,354)

**CASH AND CASH EQUIVALENTS AT
BEGINNING OF YEAR**

1,279,205

**CASH AND CASH EQUIVALENTS AT
END OF YEAR**

\$ 759,851

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	NONE
Cash paid for income taxes	NONE
Noncash investing transactions	NONE
Noncash financing transactions	NONE

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

**THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – Organization

The Foundation to Advance Vascular Cures (the Foundation) is a public benefit corporation and was incorporated in California in 1982. The Foundation was originally incorporated under the name The Pacific Vascular Research Foundation, then changed its name to The Foundation for Accelerated Vascular Research in April 2008, then to Vascular Cures – The Foundation for Accelerated Vascular Research in November 2009, then to Vascular Cures to April 2010, and finally to its current name in April 2023.

The Foundation is dedicated to reducing pain, disability, and death from vascular conditions outside of the heart. This is done through the support of innovative patient-centered research, catalyzing breakthrough collaborations and empowering people in their vascular health journeys. The Foundation is working to change vascular healthcare both for the patient and with the patient. This work involves enabling better treatments and care that more closely align with patient needs, ultimately contributing to a world where everyone has the opportunity to enjoy vascular health. As a neutral and trusted member of the vascular health ecosystem, the Foundation facilitates novel collaborations between the most influential parties in healthcare including patients, health systems, payers, biopharma, device manufacturers, and regulatory agencies. Giving vascular patients who otherwise lack the awareness, channels, and opportunities, to be full participants in their own care the mechanism to have their voice consistently included and prioritized in innovation.

The Foundation served as the fiscal sponsor for the American Limb Preservation Society (ALPS). During the fiscal year ended June 30, 2023, ALPS received its tax exempt status and separated from the Foundation in April of 2023 as an independent public benefit corporation, and received a grant for the accumulated unspent funds attributed to ALPS during its time as a fiscal sponsee.

The Foundation receives financial support from the general public, grant-giving institutions and foundations, and supports health programs and medical research in the area of vascular disease by giving grants and contributions.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future fiscal years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Foundation determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible.

Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment income in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

Property and Equipment

Asset additions over \$1,000 are capitalized. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally three to twenty years. Expenditures for repairs and maintenance are expensed as incurred.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Intangible Asset

Intangible asset additions over \$1,000 are capitalized. Intangible assets are stated at cost. Amortization is computed on the straight-line basis over the estimated useful life of the asset, which is currently five years.

Grants Payable

Grants payable are recognized as a liability when approved by the Executive Director and recorded at fair value, which is measured as the present value of future cash outflows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the fiscal years in which the commitments are approved. Grants which are conditional are recorded as liabilities when the conditions to the grants have been substantially met.

Grant Payable to Fiscal Sponsee

Grant payables due to related organizations consist of revenue to be passed on to the successor entity after split, for which The Foundation to Advance Vascular Cures will make a payment.

Classification of 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 grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, or an unconditional promise to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program fees that are received in advance are deferred to the applicable period in which the related services are performed, or the event occurs.

Donated Goods, Facilities and Services

Contributed goods and facilities are recorded at fair value at the date of donation. Contributed services that 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 in the period received. During the fiscal year ended June 30, 2023, the Foundation received \$36,056 of in-kind donations. Refer to Note 11.

Marketing and Outreach

The Foundation uses marketing to promote and bring awareness to its mission. Marketing and outreach expenses are charged to operations when incurred. Total expenses for the fiscal year ended June 30, 2023, were \$6,616.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due organizations and corporate contributors supportive of the mission.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Income Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively. Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes.

The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Accounting Pronouncements Adopted

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 became effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021.

Subsequent Events

The Foundation has evaluated subsequent events through July 16, 2024, which is the date the financial statements were available to be issued, noting no items requiring disclosure.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 – Liquidity and Availability

At June 30, 2023, the Foundation had the following financial assets available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$ 759,851
Contributions receivable	240,578
Other receivables	3,431
Investments	<u>2,283,404</u>
Total financial assets	3,287,264
Less: donor-imposed restrictions on current financial assets	(<u>2,670,312</u>)
Total	<u>\$ 616,952</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, investments, and the future collection of receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing vascular research as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

A significant portion of the support received is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 – Contributions Receivable

Contributions receivable are summarized as follows at June 30, 2023:

Unconditional promises expected to be collected in less than one-year	\$ 240,578
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There was no allowance for doubtful accounts deemed necessary by management at June 30, 2023, as all items were expected to be collected in full.

At June 30, 2023, two donors accounted for 86% of the Foundation's total contributions receivable.

NOTE 5 – Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 – Fair Value Measurements and Disclosures *(continued)*

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2023:

	<u>Fair Value Measurements at Reporting Date Using</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 100,000	\$ --	\$ --
Exchange traded funds	647,825	--	--
Equity funds	835,785	--	--
Bond funds	699,794	--	--
Total	<u>\$ 2,283,404</u>	<u>\$ --</u>	<u>\$ --</u>

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 – Endowment

The Foundation has two endowment funds, the Madden and the Margaret N. Stiegele endowment funds, which were established by respective donors and are to be held in perpetuity, with the earnings spent on research and program support.

The endowment funds are comprised of the following at June 30, 2023:

Original donor-restricted gift amounts	\$ 1,782,500
Accumulated investment gains	<u>85,965</u>
Total	<u><u>\$ \$1,868,465</u></u>

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purpose of the Foundation and of the donor-restricted endowment fund
- The duration and preservation of the various funds
- The possible effect of inflation and deflation on the purchasing power of the fund
- General economic conditions
- The Foundation's investment policies
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 – Endowment (*continued*)

The Foundation has adopted an investment policy with the objective of capital preservation and long-term growth through a diversified asset allocation. The Investment Committee is responsible for establishing the Foundation's return objective and routinely oversees investment performance and reviews cash flows.

The Foundation has a policy of appropriating a portion of the accumulated earnings for distribution to cover certain research and operational costs on an as-needed basis as approved by the Board of Directors. Each endowment fund has a different policy as to the use of the funds and the amounts which can be disbursed. The Madden endowment provides for distributions of 5% for research and other expenses. The Stiegele endowment provides for distributions in excess of contributed principal for research.

The change in endowment net assets for the year ended June 30, 2023, is as follows:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Beginning balance	\$ --	\$ 1,717,612	\$ 1,717,612
Investment return, net	--	150,853	150,853
Contributions	--	--	--
Appropriation of assets pursuant to spending policy	<u>--</u>	<u>--</u>	<u>--</u>
Ending balance	<u><u>\$ --</u></u>	<u><u>\$ 1,868,465</u></u>	<u><u>\$ 1,868,465</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in one donor-restricted endowment fund, which has an original gift value of \$1,000,000, a current fair value of \$961,790, and a deficiency of \$38,210 as of June 30, 2023. This deficiency resulted from unfavorable market fluctuations that occurred and the fund has not yet fully recovered the deficit.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 – Property and Equipment

Property and equipment are summarized as follows at June 30, 2023:

Furniture and equipment	\$ 29,198
Software	<u>12,763</u>
	41,961
Less: accumulated depreciation	(<u>40,357</u>)
Total	<u><u>\$ 1,604</u></u>

Depreciation expense was \$1,090 for the fiscal year ended June 30, 2023.

NOTE 8 – Intangible Asset

Intangible assets are summarized as follows at June 30, 2023:

Website	\$ 295,000
Less: accumulated amortization	(<u>9,833</u>)
Total	<u><u>\$ 285,167</u></u>

Amortization expense was \$9,833 for the fiscal year ended June 30, 2023.

NOTE 9 – Grants Payable

Grants payable are summarized as follows at June 30, 2023:

Payable within one year	\$ 180,442
Payable in one to five years	<u>50,000</u>
Total	<u><u>\$ 230,442</u></u>

There was no net present value discount deemed necessary by management at June 30, 2023, as the discount was deemed to be immaterial to the financial statements as a whole.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2023:

Subject to expenditures for specified purpose:

Binkley visiting professor program	\$ 460,203
Wylie scholar program	3,812
Education and awareness	56,713
Patients as partners program	18,716
Project Voice	871
Peripheral artery disease (PAD) working group	22,771
Contributions receivable, the proceeds from which have been restricted by donors for:	
Pilot project in East Bay	<u>151,164</u> 714,250

Subject to the passage of time:

Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	87,597
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Endowments:

Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:	
Research or general program support	906,675
Research	1,000,000
Underwater endowment	<u>(38,210)</u> <u>1,868,465</u>

Total	<u><u>\$ 2,670,312</u></u>
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THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 – Net Assets with Donor Restrictions (*continued*)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows as of the fiscal year ended June 30, 2023:

Expiration of time restrictions	\$ 171,957
Satisfaction of purpose restrictions:	
Binkley visiting professor program	14,123
Wylie scholar program	24,194
Education and awareness	299,237
Patients as partners program	61,993
Project Voice	31,026
Peripheral artery disease (PAD) working group	3,687
Impact Network	117,301
ALPS	<u>296,294</u>
Total	<u>\$ 1,019,812</u>

NOTE 11 – Donated Goods, Facilities and Services

The Foundation's financial statements include the following in-kind contribution revenue for the fiscal year ended June 30, 2023:

Donated goods for special event	\$ 18,241
Donated legal services	<u>17,815</u>
	<u>\$ 36,056</u>

Donated goods received by the Foundation during the fiscal year ended June 30, 2023, were received without donor restrictions in conjunction with the Foundation's fundraising events. The value of donated goods was estimated based on comparable sales of similar goods at retail prices within the local market available to the Foundation.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, depreciation and amortization, honorariums and related travel, information technology, marketing and outreach, office expenses, other, communications, patient outreach and education, and travel and meetings, which are allocated on the basis of estimates of time and effort.

NOTE 13 – Employee Benefits

The Foundation is the sponsor of a 403(b) Roth IRA plan (the Plan). The Plan covers substantially all full-time employees and has a discretionary employer match.

NOTE 14 – Related Party

The Foundation formed the Pacific Vascular Research Institute (the Institute), a nonprofit public benefit corporation, in July 1999. The Institute provides funds to a vascular research laboratory, known as the Laboratory for Accelerated Vascular Research (LAVR), within the Parnassus facilities of the University of California, San Francisco (UCSF). The Institute is managed by the Foundation and is in the process of being dissolved. There was no activity between the Foundation and the Institute during the fiscal year ended June 30, 2023, or immediately preceding fiscal years.

THE FOUNDATION TO ADVANCE VASCULAR CURES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 – Correction of Errors

The financial statements previously issued for the fiscal year ended June 30, 2022, erroneously included contributions receivable and refundable advances that were installments for a conditional grant in which no proceeds had been received in advance of the conditions being met, and the revenue for which conditions had been met was not recognized. Additionally, website development costs were expensed as incurred even though they qualified for capitalization under GAAP. Finally, multi-year research grants were committed to outside organizations, but were not accrued. The change in reporting of such transactions represents prior period accounting errors, which have been accounted for retrospectively via adjustments to the beginning net asset balances on the June 30, 2023, statement of activities. Activities for the fiscal year ended June 30, 2023 are unaffected by the correction of the prior period errors.

The following summarizes the corrected errors:

Contributions receivable	(110,474)
Refundable advance	112,291
Contribution revenue	62,383
Website development	177,000
Research grants	(<u>211,000</u>)
Total	<u>\$ 30,200</u>

NOTE 16 – Employee Retention Credit (ERC)

During the fiscal year ended June 30, 2023, the Foundation received a payroll tax credit in the amount of \$129,930. This credit related to the Employee Retention Credit, which was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). While the Foundation currently believes the qualifications surrounding the ERC were based on meeting the eligibility criteria, the Internal Revenue Service (IRS) reserves the right to review payroll tax filings utilized to request the ERC within three years following the date of filing.