

# **The Marfan Foundation, Inc.**

Financial Statements

June 30, 2021 and 2020

# The Marfan Foundation, Inc.

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## Independent Auditors' Report

To the Board of Directors of  
The Marfan Foundation, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Marfan Foundation, Inc., which comprise the statements of financial position as of June 30, 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marfan Foundation, Inc. as of June 30, 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.



Melville, New York  
October 29, 2021

# The Marfan Foundation, Inc.

## Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 953,839	\$ 1,237,573
Investments	8,573,681	6,136,199
Pledges receivable, net	554,347	1,706,703
Prepaid expenses and other current assets	309,031	208,691
Property and equipment, net	665,147	668,901
Beneficial interest in charitable remainder trust	1,225,205	1,058,305
Other assets	186,289	130,399
	<u>12,467,539</u>	<u>11,146,771</u>
Total assets	<u>\$ 12,467,539</u>	<u>\$ 11,146,771</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued liabilities	\$ 359,104	\$ 254,451
Deferred income	496,845	509,427
Other payables	189,289	131,950
Line of credit	-	500,000
Grants payable	631,250	662,500
	<u>1,676,488</u>	<u>2,058,328</u>
Total liabilities	<u>1,676,488</u>	<u>2,058,328</u>
<b>Net Assets</b>		
Without donor restrictions:		
General	3,535,983	2,526,611
Board designated	1,548,015	1,128,897
With donor restrictions	5,707,053	5,432,935
	<u>10,791,051</u>	<u>9,088,443</u>
Total net assets	<u>10,791,051</u>	<u>9,088,443</u>
Total liabilities and net assets	<u>\$ 12,467,539</u>	<u>\$ 11,146,771</u>

See notes to financial statements

**The Marfan Foundation, Inc.**

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Revenues and Gains</b>				
Major contributions	\$ 941,524	\$ 216,830	\$ 1,158,354	\$ 879,528
Other contributions	517,828	-	517,828	584,260
Direct response	342,421	-	342,421	247,236
Government grant revenue	491,000	-	491,000	-
Community events	266,384	-	266,384	242,660
Conferences and symposia	32,819	-	32,819	90,758
Net investment income	756,463	-	756,463	140,881
Events, net of direct expenses of \$187,693 and \$101,692, respectively	1,923,708	-	1,923,708	1,503,868
Change in value of beneficial interest in charitable remainder trust	-	166,900	166,900	(29,416)
Gifts in-kind	312,653	-	312,653	270,671
Net assets released from restrictions	1,038,867	(1,038,867)	-	-
<b>Total revenues and gains</b>	<b>6,623,667</b>	<b>(655,137)</b>	<b>5,968,530</b>	<b>3,930,446</b>
<b>Expenses</b>				
Program service expenses:				
Research initiatives and grants	1,836,644	-	1,836,644	2,791,437
Education and public awareness	908,165	-	908,165	886,210
Patient services and annual conference	1,212,699	-	1,212,699	1,511,228
<b>Total program service expenses</b>	<b>3,957,508</b>	<b>-</b>	<b>3,957,508</b>	<b>5,188,875</b>
Supporting service expenses:				
Management and general	484,778	-	484,778	516,693
Fundraising	752,891	-	752,891	728,544
<b>Total supporting service expenses</b>	<b>1,237,669</b>	<b>-</b>	<b>1,237,669</b>	<b>1,245,237</b>
<b>Total expenses</b>	<b>5,195,177</b>	<b>-</b>	<b>5,195,177</b>	<b>6,434,112</b>
Changes in net assets before Loeys Dietz Syndrome Foundation contribution	1,428,490	(655,137)	773,353	(2,503,666)
Loeys Dietz Syndrome Foundation Contribution	-	929,255	929,255	-
<b>Changes in net assets</b>	<b>1,428,490</b>	<b>274,118</b>	<b>1,702,608</b>	<b>(2,503,666)</b>
<b>Net Assets, Beginning</b>	<b>3,655,508</b>	<b>5,432,935</b>	<b>9,088,443</b>	<b>11,592,109</b>
<b>Net Assets, Ending</b>	<b>\$ 5,083,998</b>	<b>\$ 5,707,053</b>	<b>\$ 10,791,051</b>	<b>\$ 9,088,443</b>

See notes to financial statements

**The Marfan Foundation, Inc.**

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Gains</b>			
Major contributions	\$ 634,724	\$ 244,804	\$ 879,528
Other contributions	584,260	-	584,260
Direct response	247,236	-	247,236
Community events	239,998	2,662	242,660
Conferences and symposia	65,758	25,000	90,758
Net investment income	140,881	-	140,881
Events, net of direct expenses of \$101,692	1,503,868	-	1,503,868
Change in value of beneficial interest in charitable remainder trust	-	(29,416)	(29,416)
Gifts in-kind	270,671	-	270,671
Net assets released from restrictions	2,064,732	(2,064,732)	-
	<u>5,752,128</u>	<u>(1,821,682)</u>	<u>3,930,446</u>
Total revenues and gains			
<b>Expenses</b>			
Program service expenses:			
Research initiatives and grants	2,791,437	-	2,791,437
Education and public awareness	886,210	-	886,210
Patient services and annual conference	1,511,228	-	1,511,228
	<u>5,188,875</u>	<u>-</u>	<u>5,188,875</u>
Total program service expenses			
Supporting service expenses:			
Management and general	516,693	-	516,693
Fundraising	728,544	-	728,544
	<u>1,245,237</u>	<u>-</u>	<u>1,245,237</u>
Total supporting service expenses			
Total expenses	<u>6,434,112</u>	<u>-</u>	<u>6,434,112</u>
Changes in net assets	(681,984)	(1,821,682)	(2,503,666)
<b>Net Assets, Beginning</b>	<u>4,337,492</u>	<u>7,254,617</u>	<u>11,592,109</u>
<b>Net Assets, Ending</b>	<u>\$ 3,655,508</u>	<u>\$ 5,432,935</u>	<u>\$ 9,088,443</u>

See notes to financial statements

## The Marfan Foundation, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Program Services			Supporting Services		2021	2020
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fundraising	Total Expenses	Total Expenses
Awards and fellowships	\$ 949,904	\$ 107	\$ 107	\$ -	\$ -	\$ 950,118	\$ 1,752,828
Payroll	574,364	530,700	738,383	299,673	296,324	2,439,444	2,621,137
Payroll taxes	35,200	35,278	52,918	23,076	19,180	165,652	172,795
Employee benefits	59,115	65,424	113,338	32,761	25,718	296,356	288,677
Professional fees	66,360	108,762	71,515	70,862	70,662	388,161	277,669
Office expenses	32,394	32,987	38,897	25,820	64,302	194,400	200,907
Occupancy	12,310	12,310	12,310	7,680	7,680	52,290	53,725
Advertising and promotions	50,538	54,031	50,348	808	71,470	227,195	250,003
Information technology	37,824	50,251	39,282	4,785	21,026	153,168	210,221
Travel and lodging	2,970	1,385	3,542	363	15,843	24,103	236,815
Conferences and other travel	-	1,950	12,749	-	36,526	51,225	242,956
Insurance	1,132	1,132	1,132	1,132	1,132	5,660	5,245
Fees and permits	2,414	2,343	2,343	-	-	7,100	7,878
Dues and subscriptions	3,191	2,102	2,102	8,687	8,230	24,312	19,252
Uncollectible account expenses	-	-	62,500	-	94,000	156,500	29,500
Miscellaneous	1,523	1,998	3,828	1,726	13,393	22,468	24,924
<b>Total expenses before depreciation</b>	<b>1,829,239</b>	<b>900,760</b>	<b>1,205,294</b>	<b>477,373</b>	<b>745,486</b>	<b>5,158,152</b>	<b>6,394,532</b>
Depreciation	7,405	7,405	7,405	7,405	7,405	37,025	39,580
<b>Total expenses</b>	<b>\$ 1,836,644</b>	<b>\$ 908,165</b>	<b>\$ 1,212,699</b>	<b>\$ 484,778</b>	<b>\$ 752,891</b>	<b>\$ 5,195,177</b>	<b>\$ 6,434,112</b>
Percent to total program and supporting service, current	35%	18%	23%	9%	15%	100%	
Percent to total program and supporting service, prior	43%	14%	24%	8%	11%		100%

See notes to financial statements

## The Marfan Foundation, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Program Services			Supporting Services		2020
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fundraising	Total Expenses
Awards and fellowships	\$ 1,717,773	\$ 4,984	\$ 30,071	\$ -	\$ -	\$ 1,752,828
Payroll	620,699	538,097	765,675	327,116	369,550	2,621,137
Payroll taxes	36,499	34,994	53,525	23,126	24,651	172,795
Employee benefits	53,308	61,053	99,773	43,373	31,170	288,677
Professional fees	107,687	35,041	37,106	63,126	34,709	277,669
Office expenses	32,966	34,712	52,003	17,946	63,280	200,907
Occupancy	12,711	12,711	12,711	7,796	7,796	53,725
Advertising and promotions	53,013	59,426	59,556	70	77,938	250,003
Information technology	58,208	57,700	72,497	7,630	14,186	210,221
Travel and lodging	82,491	31,407	64,855	9,582	48,480	236,815
Conferences and other travel	-	1,075	237,589	-	4,292	242,956
Insurance	1,049	1,049	1,049	1,049	1,049	5,245
Fees and permits	2,678	2,600	2,600	-	-	7,878
Dues and subscriptions	3,997	3,006	3,006	3,531	5,712	19,252
Uncollectible account expenses	-	-	-	-	29,500	29,500
Miscellaneous	442	439	11,296	4,432	8,315	24,924
<b>Total expenses before depreciation</b>	<b>2,783,521</b>	<b>878,294</b>	<b>1,503,312</b>	<b>508,777</b>	<b>720,628</b>	<b>6,394,532</b>
Depreciation	7,916	7,916	7,916	7,916	7,916	39,580
<b>Total expenses</b>	<b>\$ 2,791,437</b>	<b>\$ 886,210</b>	<b>\$ 1,511,228</b>	<b>\$ 516,693</b>	<b>\$ 728,544</b>	<b>\$ 6,434,112</b>
Percent to total program and supporting service	<u>43%</u>	<u>14%</u>	<u>24%</u>	<u>8%</u>	<u>11%</u>	<u>100%</u>

See notes to financial statements



**The Marfan Foundation, Inc.**

## Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 1,702,608	\$ (2,503,666)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	37,025	39,580
Net realized and unrealized gain on investments	(679,927)	(22,268)
Uncollectible account expenses	156,500	29,500
Change in unamortized discount on pledges receivable	(81,334)	(48,995)
Change in beneficial interest in charitable remainder trust	(166,900)	29,416
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Pledges receivable	1,077,190	1,088,595
Prepaid expenses and other current assets	(100,340)	3,495
Other assets	(55,890)	(25,402)
Increase (decrease) in operating liabilities:		
Accrued liabilities	104,653	2,280
Deferred income	(12,582)	401,397
Grants payable	(31,250)	662,500
Other payables	57,339	26,953
Net cash flows from operating activities	<u>2,007,092</u>	<u>(316,615)</u>
<b>Cash Flows From Investing Activities</b>		
Fixed asset purchases	(33,271)	(6,770)
Purchases of investments	(3,474,675)	(2,012,873)
Proceeds from the sale of investments	<u>1,717,120</u>	<u>2,451,277</u>
Net cash flows from investing activities	<u>(1,790,826)</u>	<u>431,634</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	-	480,754
Repayments on line of credit	<u>(500,000)</u>	<u>-</u>
Net cash flows from financing activities	<u>(500,000)</u>	<u>480,754</u>
Net (decrease) increase in cash and cash equivalents	(283,734)	595,773
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,237,573</u>	<u>641,800</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 953,839</u>	<u>\$ 1,237,573</u>

See notes to financial statements

# The Marfan Foundation, Inc.

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Notes to Financial Statements

June 30, 2021 and 2020

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

### Nature of Operations

The Marfan Foundation, Inc. (the Foundation), based in Port Washington, New York, was incorporated in 1981 in Maryland. It is the only national not-for-profit health organization that supports people with Marfan syndrome, Loeys Dietz Syndrome (LDS), Vascular Ehlers Danlos Syndrome (VEDS) and other genetic aortic conditions. The Foundation provides extensive education and support to patients and family members through its website, webinars, support groups, symposiums, conference and its Information Resource Center that is staffed by a registered nurse. In addition, it offers peer-to-peer connections both on-line and in-person and supports a robust research program that provides grants to scientists, convenes international symposia and encourages young researchers in the field.

On July 1, 2020, the Loeys Dietz Syndrome Foundation Inc. (LDSF) contributed \$929,255 to the Foundation under an agreement by which the Foundation will provide patient education, support and research and establish an international presence for LDS.

### Basis of Accounting

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

### Contributions

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 years are recorded at the present value of their estimated 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. Conditional promises to give contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation and are recognized when they become unconditional, that is, when the conditions on which they depend are substantially met.

The Foundation reports gifts of cash or other assets as without donor restrictions, unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 that originate in a given year and are released from restrictions in the same year by meeting the donor's restricted purposes are reflected in net assets without donor restrictions.

The Foundation reports gifts of land, buildings and equipment as support without donor restrictions 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 donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### Events Revenue

A portion of events revenue represents a reciprocal transaction equal to the cost of direct expenses with the remainder representing contributions. For the years ended June 30, 2021 and 2020, direct expenses were \$187,693 and \$101,692, respectively, and are netted against special events revenue.

## The Marfan Foundation, Inc.

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Notes to Financial Statements  
June 30, 2021 and 2020

### Donated Services

Donated services requiring specific expertise are recorded as in-kind contributions and expensed or capitalized at their fair values as determined by donors. For the years ended June 30, 2021 and 2020, the Foundation received donated legal services from a board member of approximately \$167,000 and \$146,000, respectively. The Foundation also received donated website and TV advertisements of approximately \$146,000 and \$125,000 for the years ended June 30, 2021 and 2020, respectively.

### Net Assets

The net assets of the Foundation 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 the Foundation. Included in net assets without donor restrictions are:

**Board Designated Without Donor Restrictions** - Net assets without donor restrictions that have been designated for general reserves by the board of directors.

**Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Foundation and/or the passage of time. As the restrictions are satisfied, donor restricted net assets 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 restrictions. Net assets with donor restrictions also includes net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but permit the Foundation to utilize earnings from such donor restricted funds for operations.

### Cash and Cash Equivalents

Cash and cash equivalents includes cash and highly liquid investments with maturities of three months or less, except that cash and cash equivalents held by investment managers is included in investments, as the Foundation considers these balances to be invested for long-term purposes.

### Allowance for Doubtful Accounts and Pledges

Management must make estimates of the uncollectability of all accounts and pledges receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the need for an allowance for doubtful accounts and pledges. As of June 30, 2021 and 2020, no allowance for doubtful accounts and pledges was necessary.

### Property, Equipment and Depreciation

Property and equipment are capitalized at cost when acquired. Individual equipment purchases with an acquisition cost of \$2,000 or more and a useful life of more than three years and group equipment purchases with an acquisition cost of \$5,000 or more and a useful life of more than three years are capitalized. Donated fixed assets are recorded at fair value at the date of donation. Depreciation is computed over periods ranging from 3 to 39 years on a straight-line basis.

## **The Marfan Foundation, Inc.**

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Notes to Financial Statements

June 30, 2021 and 2020

### **Fair Value**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Foundation must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

### **Investments**

Investments are recorded at their estimated fair values.

Gains and losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Investment return is presented net of investment fees. Investments donated to the Foundation are recorded at fair value as of the date of the contribution.

### **Beneficial Interest in Charitable Remainder Trust**

The Foundation's beneficial interest in charitable remainder trust (the Trust) is valued at the fair value of the underlying investments held within the Trust as reported by the third-party trustee and is classified as Level 3 in the fair value hierarchy.

### **Grants Payable**

Grants payable are comprised of unconditional promises to give and are payable in less than one year as of both June 30, 2021 and 2020.

### **Tax-Exempt Status**

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

### **Uncertain Tax Positions**

Management has evaluated the Foundation's tax positions and concluded that the Foundation has 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.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated based on time and effort. Building costs are allocated based on square footage. Information technology, postage and shipping are allocated based on staff usage. Other costs are directly charged based on the nature of the expense.

# The Marfan Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

## Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Recent Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of ASU 2020-07 on the Foundation's financial statements.

## Evaluation of Subsequent Events

Management has evaluated subsequent events through October 29, 2021, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

## 2. Investments

The composition of investments is as follows as of June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 2,819,610	\$ 2,819,610	\$ 1,965,550	\$ 1,965,550
Corporate bonds	1,158,476	1,162,366	894,880	900,339
Exchange traded funds	650,534	852,426	200,279	253,579
Mutual funds	3,130,940	3,739,279	2,860,821	3,016,731
	<u>\$ 7,759,560</u>	<u>\$ 8,573,681</u>	<u>\$ 5,921,530</u>	<u>\$ 6,136,199</u>

The above assets requiring classification within the fair value hierarchy were classified as follows as of June 30, 2021:

	2021	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Exchange traded funds	\$ 852,426	\$ -
Corporate bonds	-	1,162,366
Mutual funds	3,739,279	-
Total	<u>\$ 4,591,705</u>	<u>\$ 1,162,366</u>

## The Marfan Foundation, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

The above assets requiring classification within the fair value hierarchy were classified as follows as of June 30, 2020:

	<b>2020</b>	
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
Exchange traded funds	\$ 253,579	\$ -
Corporate bonds	-	900,339
Mutual funds	3,016,731	-
Total	<u>\$ 3,270,310</u>	<u>\$ 900,339</u>

Exchange traded funds and mutual funds are valued based on quoted market prices. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

### 3. Pledges Receivable, Net

Pledges receivable are comprised of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Unconditional promises to give before unamortized discount	\$ 569,564	\$ 1,803,254
Less unamortized discount	<u>(15,217)</u>	<u>(96,551)</u>
Net unconditional promises to give	<u>\$ 554,347</u>	<u>\$ 1,706,703</u>
Amounts due in:		
One year	\$ 426,346	\$ 1,391,895
Two to five years	128,001	310,208
More than five years	<u>-</u>	<u>4,600</u>
Net unconditional promises to give	<u>\$ 554,347</u>	<u>\$ 1,706,703</u>

The discount rates utilized to calculate the net present value of multi-year pledges as of June 30, 2021 and 2020 ranged from 0.26 percent to 1.54 percent.

## The Marfan Foundation, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Property and Equipment, Net

Property and equipment, net, consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 107,927	\$ 107,927
Building and improvements	917,564	917,564
Office equipment, furniture and fixtures	298,802	298,802
Website	216,147	182,876
	<u>1,540,440</u>	<u>1,507,169</u>
Less accumulated depreciation	<u>875,293</u>	<u>838,268</u>
	<u>\$ 665,147</u>	<u>\$ 668,901</u>

### 5. Board Designated Net Assets

The Foundation has restricted cash and cash equivalents and certificates of deposit included in the investment portfolio which represent board designated net assets, consisting of general reserve funds.

Board designated net assets consist of board designated cash reserve funds of \$1,548,015 and \$1,128,897 as of June 30, 2021 and 2020, respectively.

The changes in board designated net assets were as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Board designated net assets, beginning	\$ 1,128,897	\$ 1,411,412
Net Investment income	220,263	46,920
Purchases	518,855	2,299
Sales	<u>(320,000)</u>	<u>(331,734)</u>
Board designated net assets, ending	<u>\$ 1,548,015</u>	<u>\$ 1,128,897</u>

## The Marfan Foundation, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted for the following as of June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted:		
Scholarships	\$ 994,976	\$ 1,005,375
Research - valve sparing	2,700	-
Support services	218,035	91,601
Education	-	17,708
General research	1,717,836	2,666,965
Research - VEDS	25,000	-
Research - LDS	214,246	-
General - LDS	695,009	-
Clinical trials	548,995	557,930
Thoracic Aortic Disease (TAD) Coalition	51	51
Conference	15,000	35,000
Conference - LDS	50,000	-
Time restricted:		
Charitable Remainder Trust	1,225,205	1,058,305
	<u>\$ 5,707,053</u>	<u>\$ 4,339,579</u>

During 2021 and 2020, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors, as follows, for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 10,399	\$ -
Support services	7,696	-
Education	17,708	-
General research	974,129	1,664,100
Clinical trials	8,935	333,132
Conference	20,000	67,500
	<u>\$ 1,038,867</u>	<u>\$ 2,064,732</u>

### 7. Line of Credit

During 2021 and 2020, the Foundation maintained a margin account, which is a securities based line of credit that bears interest at a base rate adjusted by a factor determined by the size of the debit balance during the interest period as specified in the margin agreement. The Foundation has access, at the discretion of the financial institution, to borrow certain percentages of the value of the Foundation's collateral accounts held by the financial institution. As such, the value of the securities based line of credit fluctuates during the course of the year. The amount available to the Foundation as of June 30, 2021 and 2020 was approximately \$5,400,000 and \$2,100,000, respectively. There were no borrowings against the margin account as of June 30, 2021. There was \$500,000 borrowed against the margin account as of June 30, 2020. As of June 30, 2020, the interest rate was 2.60 percent. The margin account can be terminated by the financial institution once the Foundation no longer holds accounts with the financial institution.



## The Marfan Foundation, Inc.

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Notes to Financial Statements

June 30, 2021 and 2020

### 8. Paycheck Protection Program

On May 8, 2020, the Foundation received proceeds in the amount of \$491,000 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA).

The Foundation initially recorded the funds as deferred income, with forgiveness to be recorded in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions were explicitly waived. On January 5, 2021, the Foundation received full forgiveness from the SBA and recorded the PPP loan as government grant revenue during the year ended June 30, 2021.

On February 19, 2021, the Foundation received additional proceeds in the amount of \$491,000 under the Second Draw PPP (PPP2). PPP2 is also administered by the SBA. The Foundation has recorded the proceeds as deferred revenue, with forgiveness to be recorded in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions were explicitly waived.

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, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is forgiven or repaid in full and to provide that documentation to the SBA upon request. The Foundation does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

### 9. Pension Plan

A defined contribution plan, as defined by IRC Section 403(b), is offered to all employees of the Foundation. The Foundation may provide a discretionary employer contribution provided an employee has reached 21 years of age, has completed at least one year of service, worked a minimum of 1,000 hours in the plan's fiscal year, and is actively employed on the last day of the plan's fiscal year. Employer contributions are allocated on the basis of the ratio that each eligible participant's compensation bears to the total compensation of all eligible participants for the plan's fiscal year. There was no employer contribution to the plan for the years ended June 30, 2021 and 2020.

The Foundation maintains a 457(b) deferred compensation plan (the Plan) for two current employees. Pursuant to the Plan agreement, the Plan's assets are considered general assets of the Foundation until the assets are distributed to the beneficiary. As a result, the Plan's net assets available for benefits of approximately \$186,300 and \$130,400 as of June 30, 2021 and 2020, respectively, are included in other assets and other payables on the Foundation's statements of financial position. The Foundation expensed employer contributions for the Plan totaling \$20,000 for each of the years ended June 30, 2021 and 2020.

### 10. Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments and pledges receivable. The Foundation maintains its cash, cash equivalents and temporary cash investments in various financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation insurance limit. The Foundation's pledges receivable are subject to various collection risks. As of June 30, 2021 and 2020, approximately 14 percent and 59 percent, respectively, of pledges receivable were from one private foundation. Management believes such pledge amounts are fully collectible.

## The Marfan Foundation, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

### 11. Liquidity and Availability of Resources

The following table reflects the Foundation's financial assets available for general expenditure within one year as of June 30, 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	\$ 953,839	\$ 1,237,573
Investments	8,573,681	6,136,199
Pledges receivable, net	426,346	1,391,895
	<hr/>	<hr/>
Total financial assets	9,953,866	8,765,667
	<hr/>	<hr/>
Less donor restricted amounts	4,353,847	4,059,822
Less board designated amounts for other purposes	1,548,015	1,128,897
Less investments restricted as collateral	-	500,000
	<hr/>	<hr/>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,052,004</u>	<u>\$ 3,076,948</u>

As part of the Foundation'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. To help manage unanticipated liquidity needs, there is a fund established by the governing board that may be drawn upon in the event of financial distress resulting from events outside the typical life cycle or for short-term borrowing. The balance of the fund as of June 30, 2021 and 2020 was \$1,548,015 and \$1,128,897, respectively. Additionally, the Foundation maintains a margin account which is a securities based line of credit. The Foundation has access, at the discretion of the financial institution, to borrow certain percentages of the value of the Foundation's collateral accounts held by the financial institution. The amount available to the Foundation as of June 30, 2021 and 2020 was approximately \$5,400,000 and \$1,600,000, respectively.