

THE MARFAN FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

THE MARFAN FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Marfan Foundation, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 The Marfan Foundation, Inc. as of June 30, 2024 and 2023, 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.

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 The Marfan Foundation, Inc. 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 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 Marfan Foundation, Inc.'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 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 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 The Marfan Foundation, Inc.'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 The Marfan Foundation, Inc.'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.

Marcum LLP

Melville, NY
October 23, 2024

THE MARFAN FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 2,029,585	\$ 826,752
Investments	11,853,616	12,270,093
Contributions receivable, net	2,096,801	3,194,059
Prepaid expenses and other current assets	220,708	387,901
Property and equipment, net	556,480	606,435
Beneficial interest in charitable remainder trust	1,100,803	1,057,281
Other assets	260,077	219,091
Total Assets	<u>\$ 18,118,070</u>	<u>\$ 18,561,612</u>
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	\$ 544,203	\$ 482,564
Deferred income	86,236	216,461
Other payables	260,077	219,091
Grants payable	970,000	800,000
Total Liabilities	<u>1,860,516</u>	<u>1,718,116</u>
Net Assets		
Without donor restrictions		
General	6,446,721	5,744,754
Board designated	1,704,206	1,629,161
	<u>8,150,927</u>	<u>7,373,915</u>
With donor restrictions	<u>8,106,627</u>	<u>9,469,581</u>
Total Net Assets	<u>16,257,554</u>	<u>16,843,496</u>
Total Liabilities and Net Assets	<u>\$ 18,118,070</u>	<u>\$ 18,561,612</u>

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

THE MARFAN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Revenues and Gains				
Contributions	\$ 1,447,028	\$ 50,147	\$ 1,497,175	\$ 4,157,776
Direct response	331,128	--	331,128	357,901
Employee retention credit	--	--	--	547,701
Conferences and symposia	131,150	--	131,150	225,206
Net investment income (loss)	995,942	--	995,942	574,327
Special events, net of direct donor benefits of \$937,845 and \$679,790, respectively	3,049,741	--	3,049,741	2,593,551
Change in value of beneficial interest in charitable remainder trust	--	43,522	43,522	26,163
In-kind contributions	66,811	--	66,811	67,456
Net assets released from restrictions	<u>1,456,623</u>	<u>(1,456,623)</u>	<u>--</u>	<u>--</u>
Total Revenues and Gains	<u>7,478,423</u>	<u>(1,362,954)</u>	<u>6,115,469</u>	<u>8,550,081</u>
Expenses				
Program Service Expenses				
Research initiatives and grants	2,219,095	--	2,219,095	2,400,851
Education and public awareness	1,155,544	--	1,155,544	1,207,705
Patient services and annual conference	<u>2,074,921</u>	<u>--</u>	<u>2,074,921</u>	<u>1,900,153</u>
Total Program Service Expenses	<u>5,449,560</u>	<u>--</u>	<u>5,449,560</u>	<u>5,508,709</u>
Supporting Service Expenses				
Management and general	468,085	--	468,085	519,147
Fundraising	<u>783,766</u>	<u>--</u>	<u>783,766</u>	<u>770,877</u>
Total Supporting Service Expenses	<u>1,251,851</u>	<u>--</u>	<u>1,251,851</u>	<u>1,290,024</u>
Total Expenses	<u>6,701,411</u>	<u>--</u>	<u>6,701,411</u>	<u>6,798,733</u>
Change in Net Assets	777,012	(1,362,954)	(585,942)	1,751,348
Net Assets, Beginning of Year	<u>7,373,915</u>	<u>9,469,581</u>	<u>16,843,496</u>	<u>15,092,148</u>
Net Assets, End of Year	<u>\$ 8,150,927</u>	<u>\$ 8,106,627</u>	<u>\$ 16,257,554</u>	<u>\$ 16,843,496</u>

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

THE MARFAN FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Contributions	\$ 3,118,705	\$ 1,039,071	\$ 4,157,776
Other contributions			
Direct response	357,901	--	357,901
Employee retention credit	547,701	--	547,701
Conferences and symposia	225,206	--	225,206
Net investment loss	574,327	--	574,327
Special events, net of direct donor benefits of \$679,790	2,593,551	--	2,593,551
Change in value of beneficial interest in charitable remainder trust	--	26,163	26,163
In-kind contributions	67,456	--	67,456
Net assets released from restrictions	1,398,540	(1,398,540)	--
Total Revenues and Gains	8,883,387	(333,306)	8,550,081
Expenses			
Program Service Expenses			
Research initiatives and grants	2,400,851	--	2,400,851
Education and public awareness	1,207,705	--	1,207,705
Patient services and annual conference	1,900,153	--	1,900,153
Total Program Service Expenses	5,508,709	--	5,508,709
Supporting Service Expenses			
Management and general	519,147	--	519,147
Fundraising	770,877	--	770,877
Total Supporting Service Expenses	1,290,024	--	1,290,024
Total Expenses	6,798,733	--	6,798,733
Change in Net Assets	2,084,654	(333,306)	1,751,348
Net Assets, Beginning of Year	5,289,261	9,802,887	15,092,148
Net Assets, End of Year	\$ 7,373,915	\$ 9,469,581	\$ 16,843,496

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

THE MARFAN FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Program Services			Supporting Services		2024 Total Expenses	2023 Total Expenses
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fundraising		
Awards and fellowships	\$ 1,055,728	\$ 5,280	\$ 76,323	\$ --	\$ --	\$ 1,137,331	\$ 1,099,052
Payroll	758,641	723,720	1,024,448	296,364	339,926	3,143,099	2,848,144
Payroll taxes	48,623	49,068	70,178	21,245	23,469	212,583	180,922
Employee benefits	65,396	84,975	131,364	52,209	32,039	365,983	386,341
Professional fees	28,133	64,524	37,691	42,217	1,745	174,310	227,510
Office expenses	49,681	49,856	70,137	19,984	67,670	257,328	270,390
Occupancy	12,432	12,432	12,431	8,653	8,653	54,601	52,572
Advertising and promotions	31,707	33,102	45,612	139	34,636	145,196	178,756
Information technology	56,600	59,131	69,970	7,420	33,038	226,159	287,187
Travel and lodging	92,178	54,577	154,027	2,160	144,597	447,539	568,582
Conferences and other travel	--	--	342,930	--	10,163	353,093	533,963
Insurance	1,925	1,925	1,925	1,925	1,925	9,625	8,370
Fees and permits	1,273	1,235	1,235	--	--	3,743	6,300
Dues and subscriptions	3,764	2,780	2,780	5,778	6,009	21,111	19,664
Bad debts	--	--	--	--	35,000	35,000	30,000
Miscellaneous	3,023	2,948	23,879	--	34,905	64,755	52,195
Total Expenses Before Depreciation and Amortization	2,209,104	1,145,553	2,064,930	458,094	773,775	6,651,456	6,749,948
Depreciation and amortization	9,991	9,991	9,991	9,991	9,991	49,955	48,785
Total Expenses	\$ 2,219,095	\$ 1,155,544	\$ 2,074,921	\$ 468,085	\$ 783,766	\$ 6,701,411	\$ 6,798,733
Percent to Total Program and Supporting Service, Current	33%	17%	31%	7%	12%	100%	--
Percent to Total Program and Supporting Service, Prior	35%	18%	28%	8%	11%	--	100%

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

THE MARFAN FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		Total Expenses
	Research Initiatives and Grants	Education and Public Awareness	Patient Services and Annual Conference	Management and General	Fundraising	
Awards and fellowships	\$ 1,052,041	\$ 6,634	\$ 40,377	\$ --	\$ --	\$ 1,099,052
Payroll	714,727	627,554	865,023	306,260	334,580	2,848,144
Payroll taxes	43,477	39,005	54,895	24,220	19,325	180,922
Employee benefits	80,809	84,362	118,421	66,179	36,570	386,341
Professional fees	29,028	79,771	61,155	49,343	8,213	227,510
Office expenses	45,090	45,085	77,496	25,584	77,135	270,390
Occupancy	12,056	12,056	12,056	8,202	8,202	52,572
Advertising and promotions	43,389	41,890	51,360	360	41,757	178,756
Information technology	81,920	83,759	84,261	10,781	26,466	287,187
Travel and lodging	184,915	135,936	145,473	--	102,258	568,582
Conferences and other travel	95,041	34,461	358,580	211	45,670	533,963
Insurance	1,674	1,674	1,674	1,674	1,674	8,370
Fees and permits	2,142	2,079	2,079	--	--	6,300
Dues and subscriptions	3,342	2,249	2,249	5,730	6,094	19,664
Bad debts	--	--	--	--	30,000	30,000
Miscellaneous	1,443	1,433	15,297	10,846	23,176	52,195
Total Expenses Before Depreciation and Amortization	2,391,094	1,197,948	1,890,396	509,390	761,120	6,749,948
Depreciation and amortization	9,757	9,757	9,757	9,757	9,757	48,785
Total Expenses	\$ 2,400,851	\$ 1,207,705	\$ 1,900,153	\$ 519,147	\$ 770,877	\$ 6,798,733
Percent to Total Program and Supporting Service	35%	18%	28%	8%	11%	100%

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

THE MARFAN FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Changes in net assets	\$ (585,942)	\$ 1,751,348
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	49,955	48,785
Donated securities	(33,591)	(82,033)
Net realized and unrealized gain on investments	(576,412)	(267,611)
Bad debts	35,000	30,000
Change in unamortized discount on contributions receivable	(4,736)	(4,736)
Change in beneficial interest in charitable remainder trust	(43,522)	(26,163)
Changes in operating assets and liabilities		
(Increase) decrease in operating assets		
Contributions receivable	1,066,994	1,145,947
Prepaid expenses and other current assets	167,193	19,042
Other assets	(40,986)	(33,774)
Increase (decrease) in operating liabilities		
Accrued liabilities	61,639	141,917
Deferred income	(130,225)	2,400
Grants payable	170,000	31,250
Other payables	40,986	33,774
Net Cash Provided by Operating Activities	<u>176,353</u>	<u>2,790,146</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	--	(23,123)
Purchases of investments	(2,135,342)	(6,017,488)
Proceeds from the sale of investments	3,161,822	2,958,459
Net Cash Provided by (Used in) Investing Activities	<u>1,026,480</u>	<u>(3,082,152)</u>
Net Change in Cash and Cash Equivalents	1,202,833	(292,006)
Cash and Cash Equivalents, Beginning of Year	<u>826,752</u>	<u>1,118,758</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,029,585</u>	<u>\$ 826,752</u>
Noncash Investing Activity		
Disposal of fully depreciated property and equipment	\$ --	\$ 24,970

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

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, Not-for-Profit Entities. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are recorded at their fair values.

Gains and losses on investments are reported in the statements of activities 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.

FAIR VALUE

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Under U.S. GAAP, the three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that reflect management's own assumptions.

Investments in exchange traded funds and mutual funds are valued based on quoted market prices and are classified as Level 1 investments. U.S. government securities and corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities and are classified as Level 2 investments. Mortgage pool funds are valued based on the future expected cash flows from the investment's underlying mortgages and are classified as Level 2 investments.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Management must make estimates of the collectability of all accounts and contributions receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the need for an allowance for doubtful accounts and contributions receivable. As of June 30, 2024 and 2023, no allowance for doubtful accounts for contributions receivable was necessary.

PROPERTY AND EQUIPMENT, NET

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 and amortization are computed over periods ranging from 3 to 39 years on a straight-line basis.

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 is comprised of unconditional promises to give and are payable in less than one year as of both June 30, 2024 and 2023.

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. Net assets without donor restrictions include board-designated net assets that have been designated for general reserves by the board of directors.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

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 as net assets released from restrictions.

CONTRIBUTIONS

Unconditional promises to give (including bequests for which the Foundation has been formally notified of receipt) 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 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.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SPECIAL EVENTS REVENUE

A portion of special events revenue represents a reciprocal transaction equal to the cost of direct donor benefits with the remainder representing contributions. Special events revenue is recognized at the time the event occurs. For the years ended June 30, 2024 and 2023, direct donor benefits were \$937,845 and \$679,790, respectively, and are netted against special events revenue. The portion of special events revenue collected in advance but not yet earned is reflected as deferred income. Deferred income as of June 30, 2024, 2023 and 2022, was \$86,236, \$216,461, and \$214,061, respectively.

DONATED SERVICES

For the years ended June 30, 2024 and 2023, the Foundation received donated legal services from a board member of approximately \$8,600 and \$33,000, respectively. Donated legal services are valued and are reported at fair value in the financial statements based on the hours incurred and the hourly rate applicable for similar legal services. The Foundation also received donated website and TV advertisements totaling approximately \$58,000 and \$34,000 for the years ended June 30, 2024 and 2023, respectively. Donated website and TV advertisements are valued and are reported at the estimated value in the financial statements based on broadcast airtime and the applicable rate for similar advertisements. The contributed nonfinancial assets did not have any donor-imposed restrictions and were all utilized for programmatic purposes.

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

The Foundation recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the statements of activities. The Foundation did not identify any uncertain tax positions for the years ended June 30, 2024 and 2023. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods pending or in progress.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and benefits are allocated based on time and effort. Occupancy 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.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2024, the date the financial statements were available to be issued. No events requiring recognition or disclosure have been identified.

NOTE 3 - INVESTMENTS

The following table represents the Foundation's investments measured at fair value at June 30, 2024 and 2023:

June 30, 2024	Level 1	Level 2	Level 3	Total
Short-term investments	\$ 3,718,707	\$ --	\$ --	\$ 3,718,707
Exchange-traded funds	2,500,591	--	--	2,500,591
U.S. government securities	--	628,710	--	628,710
Corporate bonds	--	429,691	--	429,691
Equities	2,555,902	--	--	2,555,902
Mortgage pool funds	--	492,377	--	492,377
Mutual funds	<u>1,527,638</u>	<u>--</u>	<u>--</u>	<u>1,527,638</u>
Total	<u>\$ 10,302,838</u>	<u>\$ 1,550,778</u>	<u>\$ --</u>	<u>\$ 11,853,616</u>

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 - INVESTMENTS (CONTINUED)

June 30, 2023	Level 1	Level 2	Level 3	Total
Short-term investments	\$ 5,005,704	\$ --	\$ --	\$ 5,005,704
Exchange traded funds	2,109,768	--	--	2,109,768
U.S. government securities	--	1,738,347	--	1,738,347
Corporate bonds	--	277,799	--	277,799
Mortgage pool funds	--	362,296	--	362,296
Mutual funds	<u>2,776,179</u>	<u>--</u>	<u>--</u>	<u>2,776,179</u>
Total	<u>\$ 9,891,651</u>	<u>\$ 2,378,442</u>	<u>\$ --</u>	<u>\$ 12,270,093</u>

Exchange traded funds, mutual funds and equities 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. U.S. government securities are valued based on quoted market prices as of the last reported sales price on the last business day of the Foundation's year-end. Mortgage pool funds are valued based on the future expected cash flows from the investment's underlying mortgages.

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net are comprised of the following as of June 30:

	2024	2023
Unconditional contributions receivable before unamortized discount	\$ 2,175,998	\$ 3,290,953
Less - unamortized discount	<u>(79,197)</u>	<u>(96,894)</u>
Net Unconditional Contributions Receivable	<u>\$ 2,096,801</u>	<u>\$ 3,194,059</u>
Amounts due in:		
One year	\$ 1,128,312	\$ 1,248,256
Two to five years	<u>968,489</u>	<u>1,945,803</u>
Net Unconditional Contributions Receivable	<u>\$ 2,086,801</u>	<u>\$ 3,194,059</u>

The discount rates utilized to calculate the net present value of multi-year contributions as of June 30, 2024 and 2023 ranged from 0.26% to 2.37%.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - PROPERTY AND EQUIPMENT, NET

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

	<u>2024</u>	<u>2023</u>
Land	\$ 107,927	\$ 107,927
Building and improvements	917,564	917,564
Office equipment, furniture and fixtures	273,827	273,827
Website	<u>253,080</u>	<u>253,080</u>
	1,552,398	1,552,398
Less - accumulated depreciation and amortization	<u>995,918</u>	<u>945,963</u>
Property and Equipment, Net	<u>\$ 556,480</u>	<u>\$ 606,435</u>

NOTE 6 - 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 \$1,704,206 and \$1,629,161 as of June 30, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Board-designated net assets, beginning of year	\$ 1,629,161	\$ 1,585,912
Net Investment income	<u>75,045</u>	<u>43,249</u>
Board-Designated Net Assets, End of Year	<u>\$ 1,704,206</u>	<u>\$ 1,629,161</u>

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

Program	Balance, July 1, 2023	Contributions	Change in value of beneficial interest in charitable remainder trust	Released from Restrictions	Balance June 30, 2024
Purpose Restricted					
Research	\$ 5,423,151	\$ 25,147	\$ --	\$(988,295)	\$ 4,460,003
Patient support services	1,168,022	25,000	--	(208,096)	984,926
Annual conference and scholarships	1,141,118	--	--	(185,232)	955,886
Loeys Dietz Syndrome	680,009	--	--	(75,000)	605,009
Time Restricted					
Charitable Remainder Trust	<u>1,057,281</u>	<u>--</u>	<u>43,522</u>	<u>--</u>	<u>1,100,803</u>
Total	<u>\$ 9,469,581</u>	<u>\$ 50,147</u>	<u>\$ 43,522</u>	<u>\$(1,456,623)</u>	<u>\$ 8,106,627</u>

Program	Balance, July 1, 2022	Contributions	Change in value of beneficial interest in charitable remainder trust	Released from Restrictions	Balance June 30, 2023
Purpose Restricted					
Research	\$ 6,612,220	\$ 14,071	\$ --	\$(1,203,140)	\$ 5,423,151
Patient support services	234,726	1,025,000	--	(91,704)	1,168,022
Annual conference and scholarships	1,229,814	--	--	(88,696)	1,141,118
Loeys Dietz Syndrome	695,009	--	--	(15,000)	680,009
Time Restricted					
Charitable Remainder Trust	<u>1,031,118</u>	<u>--</u>	<u>26,163</u>	<u>--</u>	<u>1,057,281</u>
Total	<u>\$ 9,802,887</u>	<u>\$ 1,039,071</u>	<u>\$ 26,163</u>	<u>\$(1,398,540)</u>	<u>\$ 9,469,581</u>

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 - LINE OF CREDIT

During the years ended June 30, 2024 and 2023, 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 had 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 fluctuated during the course of each year. There were no balances outstanding as of June 30, 2024 and 2023, and there were no borrowings against the margin account during the years then ended. The amount available to the Foundation as of June 30, 2024, was approximately \$7,037,000. The financial institution can terminate the margin account once the Foundation no longer holds accounts with the financial institution.

NOTE 9 - EMPLOYEE RETENTION CREDIT

As a result of COVID-19, on March 27, 2020, the CARES Act was signed into law. Two provisions of the CARES Act have assisted the Foundation's liquidity position - the Paycheck Protection Program and the employee retention credit.

The employee retention credit provides employers a refundable federal tax credit equal to 50% of the first \$10,000 for calendar year 2020 and 70% of the first \$10,000 for each quarter in calendar year 2021 of qualified wages and benefits paid to employees. Contributions to qualified medical plans also constitute creditable amounts.

The credit is available to offset all federal employment withholdings owed in a particular quarter including both the employer and employee share of social security, Medicare taxes and withholdings for federal income taxes.

To the extent that the credit exceeds employment withholdings, the employer may request a refund of prior taxes paid. The Foundation determined that the conditions to qualify for the employee retention credit have been substantially met. The Foundation has received \$547,701, which is included on the statement of activities for the year ended June 30, 2023.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - 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 year ended June 30, 2024. Pension expense for the year ended June 30, 2023, was \$70,000.

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 \$260,000 and \$219,000 as of June 30, 2024 and 2023, 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, 2024 and 2023.

NOTE 11 - CONCENTRATIONS

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of investments and contributions 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 contributions receivable are subject to various collection risks. As of June 30, 2024 and 2023, approximately 93% and 92%, respectively, of contributions receivable were from one private foundation. Management believes such contribution amounts are fully collectible.

THE MARFAN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 - 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, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,029,585	\$ 826,752
Investments	11,853,616	12,270,093
Contributions receivable, net due in one year	<u>1,128,311</u>	<u>1,248,256</u>
Total Financial Assets	15,011,512	14,345,101
Less - donor-restricted amounts	6,037,335	6,466,497
Less - board-designated amounts for other purposes	<u>1,704,206</u>	<u>1,629,161</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,269,971</u>	<u>\$ 6,249,443</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, 2024 and 2023 was \$1,704,206 and \$1,629,161, respectively. In addition, the Foundation maintains a margin account with a financial institution which provides access to short-term borrowing – see Note 8.