Help Us Solve
The Cruel Mystery

LUPUS™

FOUNDATION OF AMERICA

Financial Statements

For the Years Ended September 30, 2023 and 2022

and
Report Thereon

LUPUS FOUNDATION OF AMERICA, INC.

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For the Years Ended September 30, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lupus Foundation of America, Inc.

Opinion

We have audited the financial statements of Lupus Foundation of America, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 Foundation as of September 30, 2023 and 2022, 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Marcum LLP / 1899 L Street, NW / Suite 850 / Washington, DC 20036 / **Phone** 202.227.4000 / **marcumllp.com**

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 Foundation'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 Foundation'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

Washington, DC
June 14, 2024

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 8,953,375	$ 6,063,668
Restricted cash	203,017	201,008
Accounts receivable, net	97,460	134,606
Pledges receivable, net	2,223,950	2,137,950
Prepaid expenses and other assets	263,197	424,822
Beneficial interest in a perpetual trust	315,480	292,575
Property and equipment, net	568,188	574,804
Right-of-use assets	2,889,407	-
TOTAL ASSETS	$ 15,514,074	$ 9,829,433
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,576,336	$ 1,084,499
Grants payable	1,573,956	1,423,601
Deferred revenue	346,000	308,941
Lease liabilities	4,026,794	-
Deferred rent	-	715,293
Deferred lease incentive	-	546,493
TOTAL LIABILITIES	7,523,086	4,078,827
Net Assets		
Without donor restrictions	5,372,934	3,639,066
With donor restrictions	2,618,054	2,111,540
TOTAL NET ASSETS	7,990,988	5,750,606
TOTAL LIABILITIES AND NET ASSETS	$ 15,514,074	$ 9,829,433

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	$ 7,394,486	$ 1,859,161	$ 9,253,647	$ 7,727,092	$ 2,228,943	$ 9,956,035
Special events, net of direct benefit costs of $0 and $124,570, respectively	3,090,970	-	3,090,970	2,563,921	77,133	2,641,054
Wills and bequests	2,685,892	-	2,685,892	2,226,659	137	2,226,796
Contributed nonfinancial assets and services	701,789	-	701,789	1,122,342	-	1,122,342
Program service revenue	1,158,820	-	1,158,820	1,029,483	-	1,029,483
Forgiveness of debt – PPP loan	-	-	-	1,008,591	-	1,008,591
Employee retention tax credit	732,859	-	732,859	-	-	-
Membership dues	189,565	-	189,565	182,206	-	182,206
Royalty income	41,366	-	41,366	54,399	-	54,399
Donated goods program	17,432	-	17,432	22,373	-	22,373
Investment income, net	44,214	-	44,214	3,380	3,815	7,195
Other income	33,662	-	33,662	154	-	154
Change in value of a perpetual trust held by a trustee	-	22,905	22,905	-	(60,234)	(60,234)
Net assets released from restrictions:						
Satisfaction of program restrictions	1,375,552	(1,375,552)	-	2,020,244	(2,020,244)	-
TOTAL REVENUE AND SUPPORT	17,466,607	506,514	17,973,121	17,960,844	229,550	18,190,394
EXPENSES						
Program Services:						
Public information and education	5,826,811	-	5,826,811	6,545,776	-	6,545,776
Network support and services	3,740,847	-	3,740,847	3,320,867	-	3,320,867
Research	2,540,043	-	2,540,043	3,292,132	-	3,292,132
Patient education and support	337,351	-	337,351	471,771	-	471,771
Professional relations and education	181,023	-	181,023	18,699	-	18,699
Total Program Services	12,626,075	-	12,626,075	13,649,245	-	13,649,245
Supporting Services:						
Management and general	1,491,110	-	1,491,110	1,500,212	-	1,500,212
Fundraising	1,615,554	-	1,615,554	1,266,722	-	1,266,722
Total Supporting Services	3,106,664	-	3,106,664	2,766,934	-	2,766,934
TOTAL EXPENSES	15,732,739	-	15,732,739	16,416,179	-	16,416,179
CHANGE IN NET ASSETS	1,733,868	506,514	2,240,382	1,544,665	229,550	1,774,215
NET ASSETS, BEGINNING OF YEAR	3,639,066	2,111,540	5,750,606	2,094,401	1,881,990	3,976,391
NET ASSETS, END OF YEAR	$ 5,372,934	$ 2,618,054	$ 7,990,988	$ 3,639,066	$ 2,111,540	$ 5,750,606

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023

	Program Services						Supporting Services			
	Public Information and Education	Network Support and Services	Research	Patient Education and Support	Professional Relations and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	$ 2,191,722	$ 2,519,789	$ 856,902	$ 285,285	$ 78,786	$ 5,932,484	$ 872,608	$ 573,792	$ 1,446,400	$ 7,378,884
Professional services	1,315,847	158,661	684,502	10,490	14,896	2,184,396	294,392	379,073	673,465	2,857,861
Printing, publications and promotions	1,513,795	29,954	13,474	348	1,280	1,558,851	6,817	52,388	59,205	1,618,056
Conferences, meetings and travel	297,789	514,917	100,534	607	74,689	988,536	58,135	189,777	247,912	1,236,448
Grants and awards	-	62,000	760,356	-	-	822,356	-	-	-	822,356
Occupancy, maintenance and insurance	215,143	282,894	81,419	27,507	7,497	614,460	71,311	46,995	118,306	732,766
Postage, mailing and shipping	187,873	19,136	624	211	108	207,952	146,013	347,543	493,556	701,508
Other expenses	42,481	73,132	15,389	5,199	1,313	137,514	21,418	11,944	33,362	170,876
Supplies, telecommunications and internet	32,567	46,508	15,452	3,856	1,482	99,865	10,439	7,472	17,911	117,776
Total Expenses Before Depreciation and Amortization	5,797,217	3,706,991	2,528,652	333,503	180,051	12,546,414	1,481,133	1,608,984	3,090,117	15,636,531
Depreciation and amortization	29,594	33,856	11,391	3,848	972	79,661	9,977	6,570	16,547	96,208
TOTAL EXPENSES	$ 5,826,811	$ 3,740,847	$ 2,540,043	$ 337,351	$ 181,023	$ 12,626,075	$ 1,491,110	$ 1,615,554	$ 3,106,664	$ 15,732,739

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022

	Program Services						Supporting Services			
	Public Information and Education	Network Support and Services	Research	Patient Education and Support	Professional Relations and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	$ 2,498,642	$ 2,304,597	$ 748,233	$ 354,194	$ 12,609	$ 5,918,275	$ 875,687	$ 476,284	$ 1,351,971	$ 7,270,246
Professional services	1,543,177	189,872	725,794	42,580	414	2,501,837	217,651	227,733	445,384	2,947,221
Printing, publications and promotions	1,717,691	39,348	4,201	1,836	111	1,763,187	6,261	28,438	34,699	1,797,886
Conferences, meetings and travel	256,489	362,030	56,568	4,319	274	679,680	14,338	178,141	192,479	872,159
Grants and awards	-	72,500	1,662,650	-	-	1,735,150	-	-	-	1,735,150
Occupancy, maintenance and insurance	215,430	241,863	69,245	50,652	641	577,831	60,910	39,782	100,692	678,523
Postage, mailing and shipping	169,490	24,649	1,725	1,472	16	197,352	127,678	302,770	430,448	627,800
Other expenses	7,459	10,287	2,395	1,752	22	21,915	173,021	1,934	174,955	196,870
Supplies, telecommunications and internet	36,801	45,342	11,036	7,443	4,517	105,139	15,619	5,736	21,355	126,494
Total Expenses Before Depreciation and Amortization	6,445,179	3,290,488	3,281,847	464,248	18,604	13,500,366	1,491,165	1,260,818	2,751,983	16,252,349
Depreciation and amortization	100,597	30,379	10,285	7,523	95	148,879	9,047	5,904	14,951	163,830
TOTAL EXPENSES	$ 6,545,776	$ 3,320,867	$ 3,292,132	$ 471,771	$ 18,699	$ 13,649,245	$ 1,500,212	$ 1,266,722	$ 2,766,934	$ 16,416,179

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

LUPUS FOUNDATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,240,382	$ 1,774,215
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of note payable – PPP loan	-	(1,008,591)
Depreciation and amortization	96,208	163,830
Amortization of right-of-use assets	391,704	-
Amortization of deferred lease incentive	-	(77,150)
Bad debt expense	62,372	64,757
Change in value of perpetual trust held by trustee	(22,905)	60,234
Changes in assets and liabilities:		
Accounts receivable	(25,226)	30,512
Pledges receivable	(86,000)	(298,608)
Prepaid expenses and other assets	161,625	174,680
Accounts payable and accrued expenses	491,837	108,407
Grants payable	150,355	328,929
Deferred revenue	37,059	(98,054)
Lease liabilities	(513,055)	-
Deferred rent	-	(31,741)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,984,356	1,191,420
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	-	105,291
Purchases of property and equipment	(89,592)	(6,219)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(89,592)	99,072
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease obligations	(3,048)	(5,339)
NET CASH USED IN FINANCING ACTIVITIES	(3,048)	(5,339)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,891,716	1,285,153
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,264,676	4,979,523
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,156,392	$ 6,264,676
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash financing activities:		
PPP loan forgiveness	$ -	$ 1,008,591
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 8,953,375	$ 6,063,668
Cash – restricted	203,017	201,008
	$ 9,156,392	$ 6,264,676

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

1. Organization and Summary of Significant Accounting Policies

Organization

Lupus Foundation of America, Inc. (the Foundation) is the only national force devoted to solving the mystery of lupus, while giving caring support to those who suffer from its brutal impact. The Foundation's mission is to improve the quality of life for all people affected by lupus through programs of research, education, support and advocacy. These activities are funded primarily through grants, contributions and contracts. The Foundation's major program services are as follows:

Public Information and Education. The Foundation provides comprehensive information about lupus, created in consultation with top lupus medical experts who offer insight on how to manage the challenges of lupus. The Foundation distributes information through a free e-newsletter, and through its websites, *lupus.org* and its National Resource Center on Lupus, which combined, attract more than seven million visits per year. The Foundation also develops and distributes national public awareness campaigns to improve the early diagnosis and treatment of the disease and help people living with lupus improve their quality of life.

Research. The Foundation's research is anchored in what matters: Transforming Lives. The Foundation's peer-reviewed initiatives stimulate and sponsor basic, clinical, behavioral, translational and epidemiological research on lupus. The Foundation also leads scientific initiatives, directly funds lupus researchers and advocates for increased government funding of lupus research studies. The Foundation is the only organization that tackles lupus from every direction to identify the causes, treatments, and means to prevent and cure this life-threatening disease. The Foundation's patient-first research approach delivers better results to improve quality of life. The Foundation convenes experts and partners with leading medical organizations that are on the front lines of lupus research to put lupus patients first. The Foundation not only brings leading researchers together, the Foundation connects them to the funding they need. The Foundation has stimulated more than $100 million in federal funding for Lupus Research and Education. The Foundation spearheads efforts to advance lupus drug development at every step in the process, including identifying improvements in clinical trial design so new treatments can get into the hands of people who need them faster. The Foundation also works directly with the U.S. Food and Drug Administration to make certain lupus patients' voices are heard, bringing their perspective into drug development.

Network Support and Services. The Foundation's national network is composed of chapters, regional offices, community ambassadors and local support groups located across the United States. As a united force, the national network supports a nationwide movement to solve the cruel mystery of lupus and improve the quality of life for all people who suffer from its impact.

As separate legal entities, chapters elect their own board of directors and maintain separate sets of financial accounts; therefore, the accompanying financial statements do not include the accounts of the chapters.

Patient Education and Support. In collaboration with the Foundation's national network, direct services to help people affected by lupus are provided through health educators, live and online educational programs, and live and telephone-based support groups. The Foundation

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

partnered with the American College of Rheumatology to launch a new online awareness campaign, “Be Fierce,” to reach minority women between the ages of 18-24 who are living with lupus.

The Foundation is also committed to working with the United States Congress, federal government agencies and state legislatures and agencies to improve the lives of those affected by lupus, including efforts to improve the regulatory structure that guides the process of developing, testing and approving new therapies for lupus in order to ensure a full arsenal of new, effective and tolerable treatments.

Professional Relations and Education. The Foundation conducts professional education programs that are designed to translate the latest research findings into public health recommendations for physicians and other healthcare professionals and their respective organizations. The Foundation sponsors continuing medical education (CME) programs and seminars for physicians and other health professionals, develops a more robust educational curriculum for nurses and works with lupus investigators and industry leaders to train clinical investigators on instruments to measure lupus disease activity that are used in clinical practice and lupus clinical trials.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market funds. Restricted cash includes a reserve for collateral in compliance with the line of credit agreement and cash held related to an endowment fund.

Beneficial Interest in a Perpetual Trust Held by a Trustee

The Foundation is a beneficiary of a perpetual irrevocable trust held by an independent trustee. Under the terms of the trust, the Foundation has the irrevocable right to receive the income earned, after administration expenses, on the trust assets in perpetuity to be used for lupus research. The fair value of the beneficial interest in a perpetual trust is recognized as an asset and as a contribution with perpetual donor restrictions at the date the trust is established. The Foundation’s estimate of fair value at each reporting date is based on fair value information received from the trustee. The trust assets consist of mutual funds, certificates of deposit, corporate bonds, exchange-traded funds and money market funds. These assets are not subject to control or direction by the Foundation. Gains and losses, which are not distributed by the trustee, are reflected as the change in value of a perpetual trust held by a trustee in the accompanying statements of activities.

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities that are measured at fair value on a recurring basis. In accordance with the fair value measurement standards, the Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in an active market for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

Property and Equipment and Depreciation and Amortization

The Foundation capitalizes property and equipment with unit values in excess of $5,000 and an economic life in excess of one year. Furniture, equipment, computers and software are recorded at cost and are depreciated on a straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized over the lease period or the estimated useful life of the improvements, whichever is shorter. Costs related to developing internal-use software are capitalized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350-40 *Internal-Use Software*, while costs incurred during the preliminary and post-implementation operation stages are expensed. Expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in support and revenue or expenses in the accompanying statements of activities.

Right-of-Use Assets and Lease Liabilities

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in operating right-of-use (ROU) assets and lease liabilities in the statements of financial position. The ROU asset and operating lease liabilities are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using the Foundation's estimated risk free rate, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability

1. Organization and Summary of Significant Accounting Policies (continued)

Right-of-Use Assets and Lease Liabilities (continued)

is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statements of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Classification of Net Assets

The Foundation's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Foundation at the discretion of the Foundation's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated $2,390,000 of net assets without donor restrictions to serve as a reserve to secure the Foundation's long-term financial viability as of September 30, 2023 and 2022.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Revenue and Support Recognition

The Foundation receives contributions from its affiliated chapters and the general public. The Foundation reports unconditional gifts of cash and other assets as revenue and support without donor restrictions and as restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is met – net assets with donor restrictions are reported as a release from net assets with donor restrictions in the accompanying statements of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized until the conditions on which they depend have been substantially met. Amounts earned and released in the same year under conditional awards are reported as support without donor restrictions in the accompanying statements of activities.

The Employee Retention Tax Credit (ERTC) is considered a conditional contribution and was recognized as revenue when the Foundation met the conditions for receiving the credit set by the federal government and had applied for the credit.

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

The Foundation recognizes all unconditional contributed support in the period in which the unconditional commitment is made, including the portion of gala donations that exceed the value given by the donor. Gala donations to the extent of the benefits received by the donor, are recognized at the point in time that the event occurs. Unconditional contributed support for walk events are recorded in the period that the event occurs.

The Foundation has cost-reimbursable grants with U.S. government agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue and support when the Foundation has incurred expenditures in compliance with the specific contract or grant provisions. Amounts recognized under the agreements but not yet received are included in pledges receivable in the accompanying statements of financial position.

The Foundation recognizes wills and bequests in the year the Foundation is notified of the bequest, the promise to give becomes unconditional and the proceeds are measurable. Amounts that have not been collected as of year-end are included in pledges receivable in the accompanying statements of financial position.

Program service revenue represents revenue earned on contracts in which the Foundation is hired to perform a specific service. Program service revenue is recognized based on the payment terms established in the contracts and at the point in time when the deliverables (the performance obligation) associated with the payment terms have been met. Any amounts received in advance of completing the performance obligation is shown as deferred revenue in the accompanying statements of financial position.

Membership dues are based on the same fiscal year as the Foundation and are recognized as revenue on a quarterly basis. The recognition occurs ratably over the membership period since there are no distinct performance obligations and the member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period, inclusive of the use of the Foundation’s name. Amounts due from members as of September 30, 2023 and 2022 are reported as accounts receivable in the accompanying statements of financial position.

Royalties and other income are recognized as revenue in the period earned.

Contributed Nonfinancial Assets and Services

Revenue from the donated goods program represents the Foundation’s proceeds from the sale of donated vehicles. Revenue is recognized when the donated goods are sold by the third party. There were no donor restrictions related to the donated goods program.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributed Nonfinancial Assets and Services (continued)

The Foundation received the following contributions of nonfinancial assets for the years ended September 30, 2023 and 2022:

	2023	2022
Advertising	$ 701,789	$ 1,095,529
Professional services	-	26,813
Total Contributed Nonfinancial Assets and Services	$ 701,789	$ 1,122,342

Donated advertising and media are recorded at estimated fair value based on the prices the Foundation would have paid if the donated advertising and media had been purchased. Contributed professional services are recognized at their estimated fair value if they create or enhance a nonfinancial asset or they require specialized skills that would need to be purchased if they were not donated. The contributed nonfinancial assets and services are not sold and are used for the Foundation's programs. There were no donor restrictions related to the contributed nonfinancial assets and services. Other volunteers have also donated significant time to the Foundation's services. No amounts have been reflected in the financial statements for these donated services, because such donated services do not meet the necessary criteria for recognition under GAAP.

Grant Expense Recognition

Unconditional research grants are expensed in the year in which the grant commitment is made to the grantee. Grant amounts not transferred in the year in which the grant commitments are made are recorded as grants payable in the accompanying statements of financial position. Conditional grants, that is, those with a measureable performance or other barrier, and a right of return, are not included as expenses until such time as the conditions on which they depend are substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific functional area of the Foundation are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas, such as occupancy, maintenance and insurance, professional services and depreciation and amortization, have been allocated among the various functional areas based on direct salaries allocated to the specific area. Salary expenses are allocated based on time and effort tracked by time sheets. Costs related to the direct mail campaigns, walks and the household goods solicitation program that qualify under accounting standards as joint costs are allocated based on the portion of the direct mail pieces or activity that is programmatic or fundraising.

1. Organization and Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncement

Effective October 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases (ASC 842). The Foundation determines if an arrangement contains a lease at inception based on whether the organization has the right to control the asset during the contract period and other facts and circumstances. The Foundation does not have access to the rate implicit in the leases, and therefore utilizes a risk-free rate as the discount rate. The Foundation elected to apply practical expedients allowing it to 1) not reassess whether any expired or existing contracts not containing leases, or containing leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases. The Foundation's existing operating leases at the time of adoption were the leases described in Note 7. The adoption of ASC 842 resulted in the recognition of right-of-use assets of $3,281,111 and operating lease liabilities of $4,542,897 as of October 1, 2022. The adoption of ASC 842 did not have a material impact on the Foundation's results of operations and cash flows. Results for the periods beginning prior to October 1, 2022 continue to be reported in accordance with the Foundation's historical accounting treatment.

2. Pledges Receivable

Pledges receivable consisted of the following as of September 30, 2023 and 2022:

	2023	2022
Individuals, foundations and corporations	$ 1,315,875	$ 1,643,589
Federal grants	195,216	514,361
Employee retention tax credit (ERTC)	732,859	-
Gross Pledges Receivable	2,243,950	2,157,950
Less: Allowance for Doubtful Pledges	(20,000)	(20,000)
Pledges Receivable, Net	$ 2,223,950	$ 2,137,950

Pledges receivable were expected to be paid as follows:

	2023	2022
Due in less than one year	$ 2,193,950	$ 2,007,950
Due in one to five years	50,000	150,000
Gross Pledges Receivable	$ 2,243,950	$ 2,157,950

As of September 30, 2023 and 2022 the Foundation received conditional cost-reimbursable grants from the U.S. Department of Health and Human Services totaling approximately $7,600,000 and $9,200,000, of which approximately $5,500,000 and $8,900,000 had been

2. Pledges Receivable (continued)

recognized, respectively. As of September 30, 2023 and 2022, the Foundation had approximately $2,100,000 and $300,000 that had yet to be recognized because the performance requirements and qualifying expenditures had not yet been incurred.

In addition, the Foundation determined that it qualified for the ERTC. The ERTC was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act and the American Rescue Plan. ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first $10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first $10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Foundation must meet certain conditions as described in applicable laws and regulations. The Foundation determined that it qualified for the 2021 ERTC, and applied for the credit during the year ended September 30, 2023, and therefore, the Foundation recognized $732,859 as part of grants and contributions during the year ended September 30, 2023. As of September 30, 2023, the Foundation has not received the ERTC and it was reported as part of pledges receivable on the accompanying statements of financial position.

3. Contract Receivables and Liabilities

The Foundation's contract receivables consisted of the following:

	September 30, 2023	September 30, 2022	October 1, 2021
Membership dues	$ 150,236	$ 166,226	$ 331,968
Program service revenue	19,467	40,623	36,754
Allowance for doubtful accounts	(72,243)	(72,243)	(138,847)
Total Contract Receivables	$ 97,460	$ 134,606	$ 229,875

The Association's contract liabilities related to program service revenue amounted to $346,000, $308,941 and $406,995 as of September 30, 2023, 2022, and 2021 respectively.

4. Beneficial Interest in a Perpetual Trust

During the year ended September 30, 2014, the Foundation was named the beneficiary of 25% of the trust assets that a donor's estate left to a trustee bank to hold, manage and invest in perpetuity for the benefit of the Foundation. Each year, the Foundation receives the investment income, net of administration expenses, which is to be used for lupus research. As of September 30, 2023 and 2022, the value of the beneficial interest in a perpetual trust was $315,481 and $292,575, respectively. This is included in the accompanying statements of financial position as beneficial interest in a perpetual trust. The change in value of the trust assets during the years ended September 30, 2023 and 2022 was a gain of $22,905 and a loss of $60,234, respectively, and is included as change in value of a perpetual trust held by a trustee in the accompanying statements of activities.

5. Fair Value Measurement

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of September 30, 2023:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalent:				
Money market fund	$ 2,920,353	$ 2,920,353	$ -	$ -
Beneficial interest in a perpetual trust	315,480	-	-	315,480
Total Assets	$ 3,235,833	$ 2,920,353	$ -	$ 315,480

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of September 30, 2022:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Private equity fund	$ 32,746	$ -	$ -	$ 32,746
Beneficial interest in a perpetual trust	292,575	-	-	292,575
Total Assets	$ 325,321	$ -	$ -	$ 325,321

As of September 30, 2023 and 2022, the Foundation used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Money market fund – This investment is valued and transacted at a stable NAV of $1 per unit, which approximates fair value of the underlying assets within the fund.

Private equity fund – This investment, which is included in prepaid expenses and other assets, is subject to certain restrictions and generally has no established trading market. Fair value is determined based on the value as provided by the investee fund management or the general partner of the respective entity.

Beneficial interest in a perpetual trust – The fair value of the beneficial interest in a perpetual trust is measured using the fair value of the assets contributed to the trust (see Note 4).

6. Property and Equipment

Property and equipment consisted of the following as of September 30, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 1,061,513	$ 1,061,513
Furniture and office equipment	396,857	443,045
Computer software and website design	532,970	464,221
Leased equipment	-	28,079
Total Property and Equipment at Cost	1,991,340	1,996,858
Less: Accumulated Depreciation and Amortization	(1,423,152)	(1,422,054)
Property and Equipment, Net	$ 568,188	$ 574,804

Depreciation and amortization expense was $96,208 and $163,830 for the years ended September 30, 2023 and 2022, respectively.

7. Leases

The Foundation leases office space in Washington DC which has an initial lease term of 158 months from the lease commencement date of September 1, 2016, and has a 10-year renewal option which management is currently not reasonably certain to exercise. In addition, the office space provides for annual rent escalation of 2.5% and required a security deposit of $95,608, which is secured by a letter of credit issued by Wells Fargo Bank, N.A. The Foundation received an abatement of the base rent during the first 14 months of the lease term and received a tenant improvement allowance of $1,015,835. Under ASC 840, *Leases*, all rental payments, including fixed rent increases, less any rental abatements and other incentives, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position as of September 30, 2022. The tenant improvement allowance is reflected as deferred lease incentive in the accompanying statement of financial position as of September 30, 2022.

The Foundation also leases certain office space and office equipment under long-term noncancellable operating and finance leases, which expire at various dates through 2028.

As described in Note 1, effective October 1, 2022, the Foundation adopted ASC 842, *Leases*, which requires lessees to recognize operating leases on the statement of financial position. The Foundation has recorded right-of-use assets, net of prepaid lease payments and direct lease incentives, and lease liabilities equal to the present value of the future lease payments due under the terms of the leases, discounted at the risk-free rate as of the date of implementation as permitted under ASC 842. As of September 30, 2023, the Foundation had operating right-of-use assets totaling $2,882,595 and a finance right-of-use asset of $6,812. In addition, the Foundation had operating lease liabilities totaling $4,019,214 and a finance lease liability of $7,580. Cash paid for amounts included in the measurement of lease liabilities totaled $670,557 for the year ended September 30, 2023.

7. Leases (continued)

Occupancy expense was $624,664 and $587,518 for the years ended September 30, 2023 and 2022, respectively, and is included in occupancy, maintenance and insurance expense in the accompanying statements of functional expenses.

The weighted average lease term and discount rate as of September 30, 2023 were as follows:

Weighted average remaining lease term:	
Operating leases	6.07 years
Finance lease	2.50 years
Weighted average discount rate	
Operating leases	3.37%
Finance lease	0.41%

Future minimum lease payments under noncancelable operating and finance leases are as follows:

For the Year Ending September 30	Operating	Finance	Total
2024	$ 693,687	$ 3,048	$ 696,735
2025	709,873	3,048	712,921
2026	720,926	1,524	722,450
2027	738,874	-	738,874
2028	757,270	-	757,270
Thereafter	839,503	-	839,503
Total Lease Payments	4,460,133	7,620	4,467,753
Less: Present Value Discount	(440,919)	(40)	(440,959)
Lease Liabilities	$ 4,019,214	$ 7,580	$ 4,026,794

8. Research Grants

During the years ended September 30, 2023 and 2022, the Foundation awarded unconditional research grants totaling $760,356 and $1,662,650, respectively. Unconditional research grants, which had not been paid out during the years ended September 30, 2023 and 2022, totaled $1,573,956 and $1,423,601, respectively. These research grants are payable over one to five years and were expected to be paid as follows as of September 30, 2023 and 2022:

	2023	2022
Amounts payable within one year	$ 1,450,655	$ 1,093,601
Amounts payable in one to five years	123,301	330,000
Total Research Grants Payable	$ 1,573,956	$ 1,423,601

No discount to present value was recorded for multi-year grants payable as the amount was insignificant to the financial statements.

8. Research Grants (continued)

The Foundation has awarded various conditional grants as of September 30, 2023 and 2022, for which expense is recognized as conditions are met. Amounts yet to be recognized as expense as of September 30, 2023 and 2022, are as follows:

	2023	2022
Conditional awards	$ 550,000	$ 4,030,000
Previously recognized	(200,000)	(3,124,000)
Recognized in current year	(200,000)	(856,000)
Conditional Grants Yet to be Recognized	$ 150,000	$ 50,000

9. Line of Credit

The Foundation has a $300,000 unsecured, revolving line of credit with a financial institution. The line of credit does not have an expiration date. Amounts drawn on this line accrue interest at the bank's prime rate plus 1.75% up to 9.75%, and are payable on demand. There were no borrowings during the years ended September 30, 2023 and 2022, nor was there a balance due on the line of credit as of September 30, 2023 and 2022.

10. Note Payable

On March 16, 2021, the Foundation entered into a second SBA loan with its financial institution under the Paycheck Protection Program for the amount of $1,008,591. The loan was set to mature in March 2026 with a fixed interest rate at 1% per annum. Interest and principal payments were due starting in October 2022, as such, no interest or principal payments were made during the year ended September 30, 2022. On September 28, 2022, the Foundation received notification that the loan was forgiven and paid off by the Small Business Administration.

11. Net Assets

Net Assets Without Donor Restrictions

The Foundation's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for a working capital reserve. As of September 30, 2023 and 2022, the Foundation's net assets without donor restrictions were as follows:

	2023	2022
Undesignated – operating	$ 2,982,934	$ 1,249,066
Board-designated – reserve fund	2,390,000	2,390,000
Total Net Assets Without Donor Restrictions	$ 5,372,934	$ 3,639,066

11. Net Assets (continued)

Net Assets With Donor Restrictions

As of September 30, 2023 and 2022, net assets with donor restrictions were restricted for the following purposes or periods:

	2023	2022
Subject to purpose restriction:		
MAPRx Coalition	$ 934,304	$ 723,181
LRAN	469,943	370,000
World Lupus Federation	201,110	94,017
Steve Gibson Memorial Fund	199,226	-
Ambassador's Program	143,085	100,000
MAWG	91,798	73,673
Registry	78,014	69,350
ALPHA	52,909	65,651
CLASI	15,793	15,793
Health Disparities Study	9,092	-
NCRL	-	150,000
Pregnancy and Childhood	-	50,000
Total Subject to Purpose Restriction	2,195,274	1,711,665
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:	422,780	399,875
Total Net Assets With Donor Restrictions	$ 2,618,054	$ 2,111,540

12. Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the District of Columbia 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 net assets with donor restrictions (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 earnings from the donor-restricted endowment fund is classified as net assets with donor restrictions 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 fund's duration and preservation;

12. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

- The Foundation's purpose and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- The Foundation's other resources; and
- The Foundation's investment policies.

Return Objectives and Spending Policy

The Foundation strives to provide a predictable stream of investment return while seeking to maintain the purchasing power of the endowment assets. The earnings on the donor-restricted endowments are for general operations and research. The Foundation's Board of Directors approves the spending of the earnings on the endowment fund on an annual basis when it approves the annual budget.

Endowment Funds of the Foundation

The Foundation's endowment net assets are composed of donor-restricted funds and the beneficial interest in a perpetual trust.

For the years ended September 30, 2023 and 2022, the donor-restricted endowment fund had the following activity:

Endowment net assets, September 30, 2021	$ 458,100
Change in value of perpetual trust	(60,234)
Investment income	3,815
Amount appropriated for expenditure	(1,806)
Endowment net assets, September 30, 2022	399,875
Change in value of perpetual trust	22,905
Endowment net assets, September 30, 2023	$ 422,780

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of permanent duration. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. As of September 30, 2023 and 2022, the endowment had an original gift value of $107,300. There was no deficiency in the endowment fund as of September 30, 2023 and 2022.

13. Risks and Uncertainties

Financial Instruments and Credit Risks

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of September 30, 2023 and 2022, the Foundation exceeded the maximum limit insured by FDIC by approximately $5,606,000 and $3,861,000, respectively. From time to time, in order to maintain a level that fulfills the Foundation's monthly cash requirements, the Foundation's cash and cash equivalents may exceed the maximum limit insured by FDIC. The Foundation monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Compliance Audit

The Foundation has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures, which may be disallowed by the federal agencies, cannot be determined at this time, although the Foundation expects such an amount, if any, to be insignificant.

14. Availability of Resources and Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Foundation's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2023 and 2022, were as follows:

	2023	2022
Cash and cash equivalents – not restricted	$ 8,953,375	$ 6,063,668
Accounts receivable due in one year	97,460	134,606
Pledges receivable due in one year, net	2,193,950	2,007,950
Beneficial interest in perpetual trust	315,480	292,575
Total Financial Assets	11,560,266	8,498,799
Less:		
Amounts unavailable for general expenditures within one year due to donor's restriction	(2,618,054)	(2,111,540)
Amounts unavailable for general expenditures within one year without Board approval	(2,390,000)	(2,390,000)
Financial Assets Available to Meet General Expenditures Within One Year	$ 6,552,211	$ 3,997,259

14. Availability of Resources and Liquidity (continued)

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of $300,000, which is available to draw upon as needed. Additionally, the Foundation has board-designated net assets that could be available for current operations with Board approval.

15. Pension Plan

The Foundation has a contributory defined contribution pension plan (the Plan), which operates under Section 403(b) of the Internal Revenue Code (the IRC). The Plan covers all employees who have completed at least one year of service and worked at least 1,000 hours in a plan year. The Foundation's contributions to the Plan are discretionary. The Plan allows for a three-tiered employer contribution rate schedule based on years of service with a percentage rate determined by the Board of Directors annually, ranging from 5% to 9%. Total pension expense was $338,014 and $314,291 for the years ended September 30, 2023 and 2022, respectively, and is included in salaries and benefits in the accompanying statements of functional expenses.

16. Allocation of Joint Costs

The Foundation conducts activities that include appeals for contributions, as well as program and management and general components. Those activities include direct mail campaigns and walks. These joint costs were allocated in the accompanying statements of functional expenses as follows:

	2023	2022
Program	$ 1,272,288	$ 1,085,782
Fundraising	689,983	603,773
Management and general	140,717	126,674
Total Allocation of Joint Costs	$ 2,102,988	$ 1,816,229

17. Acquisition of Florida and New Jersey Chapters

Effective December 6, 2021, the Florida Chapter of LFA (Florida Chapter) elected to relinquish its 501(c)(3) status and its activities were consolidated with the Foundation. The Florida Chapter granted all of its assets to the Foundation and the Foundation agreed to assume the

17. Acquisition of Florida and New Jersey Chapters (continued)

Florida Chapter's liabilities and continue its programs. There were no other considerations exchanged. The Foundation recognized contribution revenue of $713,703 from the Florida Chapter as a result of the transaction during the year ended September 30, 2022.

In addition, effective December 1, 2022, the New Jersey Chapter of LFA (New Jersey Chapter) elected to relinquish its 501(c)(3) status and its activities were consolidated with the Foundation. The New Jersey Chapter granted all of its assets to the Foundation and the Foundation agreed to assume the New Jersey Chapter's liabilities and continue its programs. There were no other considerations exchanged. The Foundation recognized contribution revenue of $65,496 from the New Jersey Chapter as a result of the transaction during the year ended September 30, 2023.

18. Income Taxes

The Foundation is exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. For the years ended September 30, 2023 and 2022, no provision for income taxes was required, as the Foundation had no significant net unrelated business income.

The Foundation follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertainty in taxes for the years ended September 30, 2023 and 2022, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of September 30, 2023, the statute of limitations remained open with the U.S. federal jurisdiction or the various state and local jurisdictions in which the Foundation files tax returns, however, there are currently no audits for any tax periods pending or in progress. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of September 30, 2023 and 2022, the Foundation had no accruals for interest and/or penalties.

19. Reclassification

Certain 2022 amounts have been reclassified to conform to 2023 financial statement presentation.

20. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 14, 2024, the date the financial statements were available to be issued.

20. Subsequent Events (continued)

Effective in December 2023, The Lupus Foundation of America, Philadelphia Tri-State Chapter (Philadelphia Chapter) elected to relinquish its 501(c)(3) status and its activities were consolidated with the Foundation. The Philadelphia Chapter granted all of its assets to the Foundation and the Foundation agreed to assume the Philadelphia Chapter's liabilities and continue its programs. There were no other considerations exchanged.

In addition, effective in June 2024, The Lupus Foundation of America, Heartland Chapter (Heartland Chapter) elected to relinquish its 501(c)(3) status and its activities were consolidated with the Foundation. The Heartland Chapter granted all of its assets to the Foundation and the Foundation agreed to assume the Heartland Chapter's liabilities and continue its programs. There were no other considerations exchanged.

There were no other subsequent events that require recognition or disclosure in these financial statements.