

**Cystic Fibrosis
Research Institute**
(a not-for-profit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
December 31, 2024 and 2023



Cystic Fibrosis Research Institute
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December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Cystic Fibrosis Research Institute
Palo Alto, CA

Opinion

We have audited the financial statements of Cystic Fibrosis Research Institute, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cystic Fibrosis Research Institute as of December 31, 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 Cystic Fibrosis Research Institute 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 Cystic Fibrosis Research Institute's ability to continue as a going concern for one year after the date that the financial statements are 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 auditor's 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 Cystic Fibrosis Research Institute'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 Cystic Fibrosis Research Institute'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.

A handwritten signature in black ink that reads "BryMar".

July 17, 2025
Cupertino, CA

Cystic Fibrosis Research Institute
Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,749,898	\$ 2,292,412
Investments	1,292,372	1,246,655
Pledges receivable	121,500	160,000
Other receivables	217	217
Prepaid expenses	34,879	21,388
Total current assets	4,198,866	3,720,672
Security deposits	5,143	5,143
Property and equipment, net	1,233	2,026
Total assets	<u>\$ 4,205,242</u>	<u>\$ 3,727,841</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,033	\$ 4,496
Accrued payroll and employee benefits	4,839	-
Accrued vacation	18,989	15,312
Total current liabilities	29,861	19,808
Net assets		
Without donor restrictions	2,750,740	2,373,804
With donor restrictions	1,424,641	1,334,229
Total net assets	4,175,381	3,708,033
Total liabilities and net assets	<u>\$ 4,205,242</u>	<u>\$ 3,727,841</u>

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute
Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 610,294	\$ 1,097,257	\$ 1,707,551
Education program and collateral	13,707	-	13,707
Contributions of nonfinancial assets	39,652	-	39,652
Special events	102,908	-	102,908
Less: cost of direct benefit to donors	(259)	-	(259)
Miscellaneous	1,663	-	1,663
	<u>767,965</u>	<u>1,097,257</u>	<u>1,865,222</u>
Total revenue and support	767,965	1,097,257	1,865,222
Net assets released from restrictions	<u>1,006,845</u>	<u>(1,006,845)</u>	<u>-</u>
Total revenues and support with net assets released from restrictions	1,774,810	90,412	1,865,222
EXPENSES			
Program services	1,345,841	-	1,345,841
Management and general	114,300	-	114,300
Fundraising expenses	144,087	-	144,087
	<u>1,604,228</u>	<u>-</u>	<u>1,604,228</u>
Total expenses	1,604,228	-	1,604,228
OTHER INCOME (EXPENSES)			
Realized and unrealized gain on investment	5,629	-	5,629
Interest and dividend income	124,582	-	124,582
Employee Retention Credit	76,143	-	76,143
	<u>206,354</u>	<u>-</u>	<u>206,354</u>
Total other income (expenses)	206,354	-	206,354
Total change in net assets	376,936	90,412	467,348
Net assets, beginning of year	<u>2,373,804</u>	<u>1,334,229</u>	<u>3,708,033</u>
Net assets, end of year	<u>\$ 2,750,740</u>	<u>\$ 1,424,641</u>	<u>\$ 4,175,381</u>

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute
Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 452,110	\$ 1,477,245	\$ 1,929,355
Education program and collateral	15,045	-	15,045
Contributions of nonfinancial assets	27,359	-	27,359
Special events revenue	105,987	-	105,987
Less: cost of direct benefit to donors	(9,244)	-	(9,244)
Miscellaneous	809	-	809
	<u>592,066</u>	<u>1,477,245</u>	<u>2,069,311</u>
Total revenue and support			
Restrictions satisfied by payments	<u>1,001,021</u>	<u>(1,001,021)</u>	<u>-</u>
Total revenues and support with net assets released from restrictions	1,593,087	476,224	2,069,311
EXPENSES			
Program services	1,370,456	-	1,370,456
Management and general	109,348	-	109,348
Fundraising expenses	<u>137,950</u>	<u>-</u>	<u>137,950</u>
Total expenses	1,617,754	-	1,617,754
OTHER INCOME (EXPENSES)			
Gain (loss) on investments	13,629	-	13,629
Interest and dividend income	<u>81,091</u>	<u>-</u>	<u>81,091</u>
Total other income (expenses)	<u>94,720</u>	<u>-</u>	<u>94,720</u>
Total change in net assets	70,053	476,224	546,277
Net assets, beginning of year	<u>2,303,751</u>	<u>858,005</u>	<u>3,161,756</u>
Net assets, end of year	<u>\$ 2,373,804</u>	<u>\$ 1,334,229</u>	<u>\$ 3,708,033</u>

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute Statement of Functional Expenses

For the Year Ended December 31, 2024

	Education	Research	Total Program	Management and General	Fundraising	Total
Salaries	289,490	34,752	324,242	23,766	42,694	390,702
Payroll taxes	20,865	2,403	23,268	1,765	3,308	28,341
Vacation and other employee benefits	40,379	5,283	45,662	4,756	2,252	52,670
Contract labor	623	14	637	11	10,583	11,231
Professional fees	4,458	269	4,727	75,393	539	80,659
Supplies	1,566	119	1,685	240	1,998	3,923
Rent	39,640	3,089	42,729	2,574	6,178	51,481
Insurance	4,657	363	5,020	302	726	6,048
Telephone	3,944	307	4,251	256	615	5,122
Postage, mailing, and printing	44,790	264	45,054	12	17,291	62,357
Education	225,850	48,439	274,289	290	-	274,579
Grants	-	528,720	528,720	-	-	528,720
Other expenses	38,261	6,638	44,899	4,895	18,156	67,950
Non-financial expenses	-	-	-	-	39,652	39,652
Special events	-	-	-	-	259	259
Depreciation and amortization	610	48	658	40	95	793
	715,133	630,708	1,345,841	114,300	144,346	1,604,487
Less expenses netted in revenue:						
Special events	-	-	-	-	(259)	(259)
Total expenses	715,133	630,708	1,345,841	114,300	144,087	1,604,228
	45%	39%	84%	7%	9%	100%

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute Statement of Functional Expenses

For the Year Ended December 31, 2023

	Education	Research	Total Program	Management and General	Fundraising	Total
Salaries	\$ 272,127	\$ 13,210	\$ 285,337	\$ 24,269	\$ 46,581	\$ 356,187
Payroll taxes	19,575	934	20,509	1,581	3,632	25,722
Vacation and other employee benefits	34,585	2,203	36,788	3,455	3,262	43,505
Contract labor	-	-	-	-	2,650	2,650
Professional fees	8,088	778	8,866	63,191	1,551	73,608
Supplies	706	58	764	145	1,233	2,142
Rent	51,421	4,931	56,352	4,226	10,454	71,032
Insurance	4,227	405	4,632	347	811	5,790
Telephone	3,262	313	3,575	268	626	4,469
Postage, mailing, and printing	35,937	364	36,301	88	18,658	55,047
Education	252,771	500	253,271	-	-	253,271
Grants	-	611,672	611,672	-	-	611,672
Other expenses	45,167	6,466	51,633	11,721	21,001	84,355
Non-financial expenses	-	-	-	-	27,359	27,359
Special events	-	-	-	-	9,244	9,244
Depreciation and amortization	690	66	756	57	132	945
	728,556	641,900	1,370,456	109,348	147,194	1,626,998
Less expenses netted in revenue:						
Special events	-	-	-	-	(9,244)	(9,244)
Total expenses	<u>\$ 728,556</u>	<u>\$ 641,900</u>	<u>\$ 1,370,456</u>	<u>\$ 109,348</u>	<u>\$ 137,950</u>	<u>\$ 1,617,754</u>
	45%	40%	85%	7%	8%	100%

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute
Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 467,348	\$ 546,277
Adjustments to reconcile change in net assets cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(5,629)	(13,629)
Depreciation and amortization	793	945
(Increase) decrease in operating assets:		
Pledges receivable	38,500	70,250
Other receivables	-	5,481
Prepaid expenses	(13,491)	(4,777)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	1,537	(11,086)
Accrued payroll and employee benefits	4,839	(2,750)
Accrued vacation	3,677	(3,942)
Net cash provided by (used in) operating activities	497,574	586,769
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(40,088)	(33,551)
Net cash provided by (used in) investing activities	(40,088)	(33,551)
Net increase (decrease) in cash and cash equivalents	457,486	553,218
Cash and cash equivalents, beginning of year	2,292,412	1,739,194
Cash and cash equivalents, end of year	<u>\$ 2,749,898</u>	<u>\$ 2,292,412</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Contribution of nonfinancial assets	<u>\$ 39,652</u>	<u>\$ 27,359</u>

See independent auditors' report and accompanying notes to the financial statements.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 1 - NATURE OF OPERATIONS

Cystic Fibrosis Research Institute, (the Organization) is a nonprofit organization incorporated in 1975, exempt under Internal Revenue Code (IRC) Section 501(c)(3). The Organization funds cystic fibrosis (CF) basic science research, and provides education, outreach, awareness and support to individuals with CF and their families. The Organization is recognized as a national and global advocate for the cystic fibrosis community.

CF is a progressive genetic disease characterized by an abnormality in the glands, which produces thick sticky mucus that clogs the small airways and ducts of the respiratory, digestive and reproductive systems, trapping bacteria and leading to serious infections. This defect results in many health complications, including lung and sinus infections, liver disease, pancreatic insufficiency and CF-related diabetes, infertility -primarily in men, and a shortened life span. There is no cure for CF and the primary cause of death is respiratory failure.

Having high ratings from charity watchdog organizations such as Charity Navigator, GuideStar and Great Nonprofits, the Organization receives donations from various public, private and nonprofit organizations and individuals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenue and support are recorded when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Organization presents information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.

Net assets with donor restrictions represent contributions whose use has imposed restrictions. The donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

Pledges receivable

Pledges receivable includes donations made to the Organization by checks and credit card payments that were in transit as of the Statements of Financial Position date. It also includes grants committed by corporations in support of the Organization's specific programs as of the Statements of Financial Position date. Management provides for potentially uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of each commitment. Balances that are still outstanding after management has used reasonable collection efforts are written off through a change to the valuation allowance and a credit to pledges receivable. Management believes all pledges receivable as of December 31, 2024 and 2023 are collectible, therefore no allowance for doubtful accounts has been recorded.

Prepaid expenses

Prepaid expenses consist of expenses paid before they are incurred including insurance and other operating expenses. All prepaid expenses are expected to be expended within one year.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair value of financial instruments

Financial instruments included in the Organization's Statements of Financial Position as of December 31, 2024 and 2023 include cash, pledge receivables, other receivables, accounts payable and accrued liabilities. The carrying amounts of these financial instruments represent a reasonable estimate of the corresponding fair values.

Property and equipment

Property and equipment exceeding \$2,500 are recorded at cost if purchased or at estimated fair market value at date of gift, if donated. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office furniture and equipment	3-8 years
Website development	5 years
Software	3-5 years

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Leases

The Organization elects to not recognize a lease liability or right-of-use asset for leases with a remaining lease term of 12 months or less.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

Revenue recognition

Exchange revenue - The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization receives contracts from foundations to provide services. The performance obligation is providing the service to the grantee. The Organization establishes the transaction price, based on quoted prices in active markets. Revenue is recognized when the corresponding service has been provided according to the agreement, subject to the contract limit, if any.

Contribution revenue - The Organization records contributions, including unconditional promises to give as revenue at their fair value in the period the contribution or pledge is received. All contributed support is recognized as revenue without donor restrictions when received or un-conditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Employee Retention Credit

The Organization recognized revenue related to an Employee Retention Credit (ERC) under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and subsequent amendments. The ERC is a refundable tax credit designed to encourage businesses to retain employees during periods of economic disruption caused by the COVID-19 pandemic.

The revenue related to ERC is recorded in accordance with the accounting guidance under Accounting Standards Codification (ASC) 450, Contingencies, and ASC 958-605, Not-for-Profit Entities—Revenue Recognition. The Organization has recognized the revenue when it determined that it was probable the criteria for the ERC were met and the amounts were reasonably estimable. These criteria are (1) eligibility for the credit based on employee retention and other qualifying expenses, and (2) filing of appropriate payroll tax forms. As of December 31, 2024 and 2023, revenue recognized for the ERC is \$76,143 and \$0, respectively.

The Organization's eligibility for the ERC and the amount of credit claimed are subject to potential review and examination by the Internal Revenue Service (IRS). Any adjustments resulting from such review could impact the revenue recognized. While the Organization believes it has complied with all applicable regulations, there can be no assurance that the amounts recorded will be fully realized.

Non-financial contributions

The Organization records nonfinancial support, including contributed assets and professional services, at the estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Organization would have paid for if not contributed, are recorded at their estimated fair market value. In addition, a substantial number of volunteers have contributed significant amounts of time in promoting the Organization's programs. The value of contributed volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Functional expense allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

Tax exempt status

The Organization is exempt from federal and state income taxes under Sections 501(c) (3) of IRC and 23701(d) of the California Revenue and Taxation Code. The Organization does pay unrelated business income tax on rental activities that are not related to its exempt purpose.

In accordance with GAAP, an organization must recognize the tax benefit associated with any tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions. For the years ended December 31, 2024 and 2023, there were no tax related interest or penalties recorded or included in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations, there were none. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions greater than one year and special project outside of the Organization's core programs.

	2024	2023
Cash and cash equivalents	\$ 2,749,898	\$ 2,292,412
Pledge and other receivables	121,717	160,217
Investments	1,292,372	1,246,655
Less: donor restricted financial assets	-	-
	<u>\$ 4,163,987</u>	<u>\$ 3,699,284</u>

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 4 - INVESTMENTS

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

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

The three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

The Organization invests in mutual funds with financial institutions. The investments are recognized at fair value as of December 31, 2024 and 2023:

	2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Government mutual funds	\$ 1,292,372	\$ 1,292,372	\$ -	\$ -
	2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Government mutual funds	\$ 1,246,655	\$ 1,246,655	\$ -	\$ -

NOTE 5 - PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023, the value of the property and equipment and related accumulated depreciation is as follows:

	2024	2023
Furniture and equipment	\$ 34,633	\$ 34,633
Website development	32,500	32,500
Software	41,653	41,653
Less: accumulated depreciation and amortization	(107,553)	(106,760)
	<u>\$ 1,233</u>	<u>\$ 2,026</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was \$793 and \$945, respectively.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions during the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2023</u>	<u>Additions</u>	<u>Releases/Reclasses</u>	<u>2024</u>
Research	\$ 760,711	\$ 409,371	\$ (171,421)	\$ 998,661
Education programs	573,518	687,886	(835,424)	425,980
	<u>\$ 1,334,229</u>	<u>\$ 1,097,257</u>	<u>\$ (1,006,845)</u>	<u>\$ 1,424,641</u>

	<u>2022</u>	<u>Additions</u>	<u>Releases/Reclasses</u>	<u>2023</u>
Research	\$ 388,750	\$ 708,691	\$ (336,730)	\$ 760,711
Education programs	469,255	768,554	(664,291)	573,518
	<u>\$ 858,005</u>	<u>\$ 1,477,245</u>	<u>\$ (1,001,021)</u>	<u>\$ 1,334,229</u>

NOTE 7 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making.

NOTE 8 - NON-FINANCIAL CONTRIBUTIONS

Contributions of nonfinancial assets consist of contributed media sponsorship, stamps and other items and auction items for the Gala event. For the years ended December 31, 2024 and 2023, contributed non-financial assets recognized within the Statements of Activities include:

	<u>2024</u>	<u>2023</u>
Media sponsorship	\$ 10,000	\$ 10,000
Gala auction items	29,652	17,359
	<u>\$ 39,652</u>	<u>\$ 27,359</u>

The donated media sponsorship and gala auction items were utilized during the period for its programs and allocated based on its usage. None of the contributions included donor-imposed restrictions.

Media sponsorship

Media sponsorship is valued at fair market value at the date of donation.

Gala auction items

Gala auction contributions are valued at fair market value at the date of donation. These items are later auctioned off at the Organizations annual Gala event.

Cystic Fibrosis Research Institute

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 9 - CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance (FDIC) limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the years ended December 31, 2024 and 2023, there was one contributor that provided more than 10% and there were two contributors that provided more than 10% of revenue support, respectively, excluding nonfinancial contributions. Additionally, there was one contributor that accounted for over 10% of pledge receivable for both years.

NOTE 10 - LEASES

On May 9, 2014, the Organization entered into a five-year lease agreement to rent office space in Palo Alto, California. This lease provides the first three months rent free, requiring the Organization to pay only for the operating expenses for this three- month abated base rent period. The Organization signed the lease amendment in November 12, 2018 to extend the original lease to May 31, 2022. The Organization signed a fourth amendment to further extend the lease to May 31, 2024. The Organization signed a fifth amendment to further extend the lease to May 31, 2025 with \$4,000 monthly rent with no further option to extend.

Future minimum lease liabilities for 2025 is \$20,000.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In 2025, the U.S. federal government proposed significant budget cuts aimed at reducing federal spending, resulting in uncertain economic conditions. These cuts primarily target mandatory spending programs that many not-for-profit organizations benefit from. The Organization does not directly receive federal funds, however, the potential impacts of these budget cuts on the Organization include, but are not limited to, reduction in demand for services and operational adjustments. Management is actively monitoring the situation and evaluating potential strategies to address these uncertainties. However, the ultimate impact of the federal budget cuts on the Organization's financial position and operations cannot be fully determined at this time.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the date the financial statements were available to be issued. The Organization recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Organization and available to be issued.

No subsequent events require disclosure or recognition.