PKD Foundation

Independent Auditor’s Report and Financial Statements

June 30, 2025 and 2024

PKD Foundation
Contents
June 30, 2025 and 2024

Forvis Mazars, LLP
1201 Walnut Street, Suite 1700
Kansas City, MO 64106
P 816.221.6300 | F 816.221.6380
forvismazars.us

forvis mazars

Independent Auditor's Report

Board of Directors
PKD Foundation
Kansas City, Missouri

Opinion

We have audited the financial statements of PKD Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 PKD Foundation as of June 30, 2025 and 2024, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of PKD 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 PKD Foundation's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's 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 PKD 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 PKD 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.

Forvis Mazars, LLP

Kansas City, Missouri
December 16, 2025

PKD Foundation
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash	$ 711,572	$ 1,704,138
Contributions receivable	1,322,000	1,370,000
Other receivables	133,110	15,423
Prepaid expenses	168,386	157,031
Total Current Assets	2,335,068	3,246,592
Investments	32,338,114	28,170,052
Property and Equipment, net	756,996	450,196
Other Assets		
Right-of-use assets - operating leases	129,381	191,741
Contributions receivable	1,418,561	2,564,513
Lease deposit	15,533	15,533
Total Other Assets	1,563,475	2,771,787
Total Assets	$ 36,993,653	$ 34,638,627

	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of operating lease liabilities	$ 67,677	$ 64,789
Accounts payable	399,052	648,119
Accrued expenses	143,899	92,333
Deferred revenue	126,184	-
Total Current Liabilities	736,812	805,241
Operating Lease Liabilities	67,400	135,077
Total Liabilities	804,212	940,318
Net Assets		
Without donor restrictions		
Undesignated	4,548,621	5,327,662
Board designated	17,775,647	13,266,231
Net assets without donor restrictions	22,324,268	18,593,893
With donor restrictions		
Perpetual in nature	1,000,000	1,000,000
Purpose restrictions	10,124,611	10,169,903
Time-restricted for future periods	2,740,562	3,934,513
Net assets with donor restrictions	13,865,173	15,104,416
Total Net Assets	36,189,441	33,698,309
Total Liabilities and Net Assets	$ 36,993,653	$ 34,638,627

PKD Foundation
Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions of cash and other financial assets	$ 9,021,708	$ 698,517	$ 9,720,225	$ 6,241,117	$ 1,956,083	$ 8,197,200
Contribution of nonfinancial assets	304,512	-	304,512	523,819	-	523,819
Other income (loss)	41,000	-	41,000	(15,688)	-	(15,688)
Net investment return	2,369,473	133,423	2,502,896	2,568,082	90,603	2,658,685
Satisfaction of purpose restrictions	466,188	(466,188)	-	1,190,191	(1,190,191)	-
Satisfaction of time restrictions	1,604,995	(1,604,995)	-	1,392,813	(1,392,813)	-
Total Revenues, Gains and Other Support	13,807,876	(1,239,243)	12,568,633	11,900,334	(536,318)	11,364,016
Expenses						
Program services						
Research	4,751,682	-	4,751,682	4,790,352	-	4,790,352
Education and support	1,261,961	-	1,261,961	1,303,167	-	1,303,167
Awareness and advocacy	1,586,486	-	1,586,486	1,897,372	-	1,897,372
Total program services	7,600,129	-	7,600,129	7,990,891	-	7,990,891
Administrative	1,548,977	-	1,548,977	1,112,465	-	1,112,465
Development	928,395	-	928,395	1,003,292	-	1,003,292
Total support services	2,477,372	-	2,477,372	2,115,757	-	2,115,757
Total Expenses	10,077,501	-	10,077,501	10,106,648	-	10,106,648
Change in Net Assets	3,730,375	(1,239,243)	2,491,132	1,793,686	(536,318)	1,257,368
Net Assets, Beginning of Year	18,593,893	15,104,416	33,698,309	16,800,207	15,640,734	32,440,941
Net Assets, End of Year	$ 22,324,268	$ 13,865,173	$ 36,189,441	$ 18,593,893	$ 15,104,416	$ 33,698,309

PKD Foundation
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	2025					
	Research	Education and Support	Awareness and Advocacy	Administrative	Development	Total Expenses
Expenses						
Salaries and benefits	$ 871,735	$ 639,151	$ 876,755	$ 1,119,112	$ 719,002	$ 4,225,755
Travel and meetings	92,174	17,358	25,224	67,620	33,207	235,583
Printing, postage and telephone	31,217	16,756	23,289	25,970	17,565	114,797
Office supplies	5,878	4,309	5,912	7,506	4,848	28,453
Dues, fees, publication and professional development	64,879	9,040	12,401	15,745	10,170	112,235
Equipment and software	39,988	155,318	117,848	24,379	35,868	373,401
Advertising and education	-	228,012	102,058	42,007	-	372,077
Professional fees	286,449	91,374	403,324	222,094	93,181	1,096,422
Bank and credit card fees	1,469	1,077	1,477	1,875	1,211	7,109
Occupancy	29,814	8,111	11,809	6,924	6,244	62,902
Insurance	15,453	7,324	3,472	1,645	4,708	32,602
Conferences, special events and awards	-	82,005	-	-	-	82,005
External research and development funding	3,198,059	-	-	-	-	3,198,059
Depreciation	114,567	2,126	2,917	14,100	2,391	136,101
Total Functional Expenses	$ 4,751,682	$ 1,261,961	$ 1,586,486	$ 1,548,977	$ 928,395	$ 10,077,501

	2024					
	Research	Education and Support	Awareness and Advocacy	Administrative	Development	Total Expenses
Expenses						
Salaries and benefits	$ 878,826	$ 591,816	$ 820,508	$ 895,384	$ 714,694	$ 3,901,228
Travel and meetings	106,044	28,102	33,125	56,439	34,003	257,713
Printing, postage and telephone	19,919	32,782	48,000	3,598	7,314	111,613
Office supplies	5,779	7,545	5,340	1,852	6,954	27,470
Dues, fees, publication and professional development	3,084	4,063	900	11,834	13,293	33,174
Equipment and software	46,028	167,416	61,015	29,919	51,200	355,578
Advertising and education	140,600	198,675	285,938	-	-	625,213
Professional fees	290,569	136,222	622,150	91,338	160,348	1,300,627
Bank and credit card fees	1,791	1,107	1,614	1,554	1,441	7,507
Occupancy	26,301	14,412	10,931	8,795	7,832	68,271
Insurance	13,604	7,454	5,654	4,541	4,051	35,304
Conferences, special events and awards	29,556	110,213	-	-	458	140,227
External research and development funding	3,153,559	-	-	-	-	3,153,559
Depreciation	74,692	3,360	2,197	7,211	1,704	89,164
Total Functional Expenses	$ 4,790,352	$ 1,303,167	$ 1,897,372	$ 1,112,465	$ 1,003,292	$ 10,106,648

PKD Foundation
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	$ 2,491,132	$ 1,257,368
Items not requiring (providing) cash		
Depreciation	136,101	89,164
Net realized and unrealized gains on investments	(1,681,383)	(1,738,202)
Noncash operating lease expense	85,639	42,058
Loss on disposal of property and equipment	-	30,699
Changes in		
Contributions receivable	1,193,952	1,257,606
Other receivables	(117,687)	154,093
Prepaid expenses	(11,355)	160,204
Accounts payable and accrued expenses	(197,501)	352,818
Operating lease liability	(95,828)	(39,106)
Deferred revenue	126,184	-
Net Cash Provided by Operating Activities	1,929,254	1,566,702
Investing Activities		
Proceeds from disposition of investments	5,430,039	7,306,130
Purchases of investments	(7,916,718)	(7,361,188)
Purchases of property and equipment	(435,141)	(213,810)
Proceeds from the sale of property and equipment	-	22,401
Net Cash Used in Investing Activities	(2,921,820)	(246,467)
Financing Activities		
Principal payments on finance lease obligations	-	(66,908)
Net Cash Used in Financing Activities	-	(66,908)
Increase (Decrease) in Cash	(992,566)	1,253,327
Cash, Beginning of Year	1,704,138	450,811
Cash, End of Year	$ 711,572	$ 1,704,138
Supplemental Cash Flows Information		
Interest paid	$ 1,105	$ 693
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 31,039

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

PKD Foundation (the Foundation) was formed in 1982 as a Missouri nonprofit organization to support scientific research into the cause, treatment and cure of polycystic kidney disease (PKD). In 2018, the Foundation adopted a new vision statement, “#endPKD” and a new mission statement, “WE GIVE HOPE. We fund research, advocate for patients and build a community for all impacted by PKD.”

The Foundation operates from an administrative office in Kansas City, Missouri, but conducts fundraising and funds research throughout the United States, Canada, Israel, Germany, and Scotland.

Program Services

<u>Research</u>

Since its founding in 1982, the Foundation has invested more than $50 million in research, clinical and scientific grants, awards, fellowships and scientific meetings, making it the largest private funder of PKD research. The Foundation’s financial commitment over the years has seen results on a local, national and even global level, including initiating funding for young investigators from around the world; supporting innovative research ideas; and providing seed funding to research to allow researchers world-wide to apply for larger National Institute of Health (NIH) grants. Initiatives included in research are outlined below:

Research Grants: Support for basic laboratory research aimed at increasing understanding of the genetic and pathological processes involved in PKD as well as research with an obvious or direct potential to accelerate the development of potential therapies.

Research Fellowships: Support and recognize early-career scientists whose achievements and potential identify them as rising stars – the next generation of scientific leaders in PKD research. The fellowships aim to attract promising trainees who will obtain significant research experience as they initiate and – we hope – spend long and productive careers in PKD research.

PKD Outcomes Consortium Project (PKDOC): A significant collaboration between the Foundation, Critical Path Institute, representatives of the pharmaceutical industry, PKD clinicians and the U.S. Food and Drug Administration (FDA). It was created to facilitate clinical trial development for PKD therapies by establishing a clear regulatory pathway for the pharmaceutical industry to evaluate the effectiveness of potential treatments.

Autosomal Dominant Polycystic Kidney Disease (ADPKD) Registry: An online, direct-to-patient, longitudinal Registry for individuals diagnosed with ADPKD in the United States. The Registry also provides targeted clinical study recruitment for both academic and industry-sponsored studies in patients.

<u>Education and Support</u>

The Foundation empowers individuals affected by PKD to proactively manage their condition, secure high-quality care, and seek social and emotional support. Educational resources include webinars, videos, handbooks, and online materials, as well as the PKD Connect Conference (PKDCON), which brings together patients, caregivers, researchers, and clinicians to share knowledge and support.

At the community level, the Foundation manages over 50 volunteer-led communities to support patients and families by providing opportunities to connect, learn, raise awareness, and help raise critical funds by hosting events, such as the Walk for PKD. Additionally, the Foundation's Centers of Excellence program brings together expert clinicians, researchers, and support teams dedicated to improving treatment and advancing research.

Awareness and Advocacy

The Foundation uses marketing to increase disease awareness, promote the Foundation's services and inspire the public to support the Foundation's mission. Marketing materials include *PKD Life* magazine (a bi-annual publication), a monthly email newsletter, social media, the PKD Blog and pkdcure.org (the Foundation's website). In addition, Foundation representatives and volunteers directly engage legislators to encourage support of legislation that increases funding for and awareness of PKD. The Foundation advocates for PKD patients in policymaking, drug development and regulatory decision-making at the state and federal level. The Foundation's goals are to raise awareness and further legislation, regulation and federal funding opportunities that improve the lives of everyone in the PKD community.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. At June 30, 2025 and 2024, no cash equivalents were held.

At June 30, 2025, the Foundation's cash accounts exceeded federally insured limits by approximately $462,000.

Investments and Net Investment Return

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and real estate interest trusts are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment acquisitions over $1,500 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under finance (2023)/capital (2022) lease obligations and leasehold improvements are depreciated over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture, fixtures, and equipment	5 years
Computer hardware and software	3 years

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized for the years ended June 30, 2025 and 2024.

Deferred Revenue

Revenue from grants and donations is deferred and recognized over the periods to which the revenues relate.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The board of directors has designated, from net assets without donor restrictions, net assets to support research and a board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value

Nature of the Gift	Value Recognized
Unconditional gifts, with or without restriction	
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional contributions which are received in advance of the condition being met are recorded as a deferred revenue.

Grants

Grant expenses are recorded when the Foundation notifies the recipient of their unconditional promise to give, which is when the grant is paid. Grants authorized and unpaid at year end are reported as liabilities in the statements of financial position. Grants payable for the years ended June 30, 2025 and 2024 were approximately $70,000 and $413,000, respectively, and were expected to be paid within one year.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, administrative and development categories based on the estimate of time spent on each area and other methods.

Revisions

Certain immaterial revisions have been made to the 2024 financial statements to properly report dividend and interest income with the statement of cash flows and total financial assets available to support general operations within one year within Note 9 – Liquidity and Availability.

Note 2. Contributions Receivable

Contributions receivable includes promises to give at discount rates of 2% for both the years ended June 30, 2025 and 2024, as follows:

	2025	2024
Due within one year	$ 1,322,000	$ 1,370,000
Due within one to five years	1,447,266	2,643,403
	2,769,266	4,013,403
Less		
Unamortized discount	28,705	78,890
	$ 2,740,561	$ 3,934,513

Note 3. Property and Equipment

Property and equipment at June 30, 2025 and 2024, consists of:

	2025	2024
Equipment and software	$ 1,110,395	$ 788,075
Accumulated depreciation	353,399	337,879
	$ 756,996	$ 450,196

Note 4. Leases

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

The Foundation combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office space.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Foundation has entered into the following lease arrangements:

Finance Leases

The Foundation leases software, which expired in December 2023. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Foundation leases office space in Kansas City, Missouri, which expires in May 2027. Lease payments have an escalating fee schedule consistent with individual lease contract rates. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Foundation has no material related-party leases. The Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants. As of June 30, 2025, the Foundation has not entered into additional operating leases that have not yet commenced.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2025 and 2024 are:

	2025	2024
Lease Cost		
Operating lease cost	$ 62,902	$ 68,255
Finance lease cost		
Amortization of right-of-use assets	-	26,550
Interest on lease liabilities	-	592
Total lease cost	$ 62,902	$ 95,397

	2025	2024
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 71,875	$ 55,774
Operating cash flows from finance leases	-	592
Financing cash flows from finance leases	-	66,908
Weighted-average remaining lease term		
Operating leases	2.4 years	3.4 years
Weighted-average discount rate		
Operating leases	5.60%	5.54%

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2025, are as follows:

	Operating Leases
2026	$ 73,313
2027	69,895
2028	2,522
Total future undiscounted lease payments	145,730
Less interest	(10,653)
Lease liabilities	$ 135,077

Note 5. Defined Contribution Plan

The Foundation has a defined contribution plan that covers substantially all full-time employees. For the years ended June 30, 2025 and 2024, the Foundation made discretionary contributions equal to 12.0% of participant's eligible gross wages. The retirement plan expense was approximately $289,000 and $281,000 for the years ended June 30, 2025 and 2024, respectively.

Note 6. Contractual Services

The Foundation has contracted with Tri-Net as part of a client service agreement, effective December 2022, to engage in a co-employment relationship with the Foundation. Tri-Net provides personnel management services to the Foundation's employees including payment of salaries, wages, payroll taxes, employee benefits and procurement of workers' compensation insurance, and administration of claims. The Foundation has paid approximately $3,790,000 and $3,548,000 to Tri-Net as part of these agreements for the years ended June 30, 2025 and 2024, respectively, which includes the payment of salaries, various employee benefits and fees.

Note 7. Net Assets

Net Assets With Donor Restrictions

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

	2025	2024
Subject to expenditure for specified purpose		
Otsuka America sponsorship	$ 425,000	$ 625,000
Kaplan Prize	44	-
Autosomal recessive polycystic kidney disease (ARPKD) research	26,932	5,689
	451,976	630,689
Subject to the passage of time		
Pledges receivable	2,740,561	3,934,513
Endowments		
Subject to appropriation and expenditure for specified purpose		
Research and drug repurposing	9,320,356	9,186,934
Autosomal recessive polycystic kidney disease (ARPKD) research	352,280	352,280
	9,672,636	9,539,214
Not subject to spending policy and appropriation		
Endowment to be maintained in perpetuity	1,000,000	1,000,000
Total endowments	10,672,636	10,539,214
	$ 13,865,173	$ 15,104,416

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	2025	2024
Undesignated	$ 4,548,621	$ 5,327,662
Designated by the Board for research	70,715	1,045,621
Designated by the Board for endowment	17,704,932	12,220,610
Net assets without donor restrictions	$ 22,324,268	$ 18,593,893

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2025	2024
Expiration of time restrictions	$ 1,604,995	$ 1,392,813
Satisfaction of purpose restrictions		
Otsuka America sponsorship	200,000	-
Research and drug repurposing	266,188	1,190,191
	$ 2,071,183	$ 2,583,004

Note 8. Endowment

The Foundation's board of directors is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of three individual funds established for a variety of purposes. The endowment includes both donor-restricted and board-designated endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2025 and 2024, was:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 17,704,932	$ 9,231,835	$ 26,936,767
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	440,801	440,801
Total endowment funds	$ 17,704,932	$ 10,672,636	$ 28,377,568

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 12,220,610	$ 9,231,835	$ 21,452,445
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	307,379	307,379
Total endowment funds	$ 12,220,610	$ 10,539,214	$ 22,759,824

Change in endowment net assets for the fiscal years ended June 30, 2025 and 2024, was:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 12,220,610	$ 10,539,214	$ 22,759,824
Investment return, net	2,090,273	133,422	2,223,695
Contributions	3,394,049	-	3,394,049
	5,484,322	133,422	5,617,744
Endowment net assets, end of year	$ 17,704,932	$ 10,672,636	$ 28,377,568

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 9,296,360	$ 10,448,615	$ 19,744,975
Investment return, net	2,205,137	90,599	2,295,736
Contributions	719,113	-	719,113
	2,924,250	90,599	3,014,849
Endowment net assets, end of year	$ 12,220,610	$ 10,539,214	$ 22,759,824

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 4% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditure each year at a level that maintains the goal to have sufficient assets to meet spending needs as they become due. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 9. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 and 2024, comprise the following:

	2025	2024
Total financial assets available within one year	$ 34,504,796	$ 31,259,613
Donor-imposed restrictions		
Restricted funds	1,773,976	2,000,689
Endowments	10,672,636	10,539,214
Net financial assets after donor-imposed restrictions	22,058,184	18,719,710
Internal designations		
Board-designated for research	70,715	1,045,621
Board-designated endowments	17,704,932	12,220,610
	17,775,647	13,266,231
Financial assets available to meet cash needs for expenditures within one year	$ 4,282,537	$ 5,453,479

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Foundation forecasts its future cash flows and monitors its liquidity and reserves regularly.

Note 10. Investments

	2025	2024
Money market mutual funds		
Fidelity Government Portfolio Class III	$ 7,732,757	$ 5,788,388
Other money market mutual funds	366,060	249,522
Other mutual funds invested in equity securities	14,564,201	12,718,616
Alternative investments	1,623,723	1,521,390
Common stock	6,077,869	6,524,665
Corporate bonds	895,357	736,789
Governmental securities	1,078,147	630,682
Total investments	$ 32,338,114	$ 28,170,052

Total investment return is comprised of the following:

	2025	2024
Interest and dividends	$ 821,513	$ 920,483
Realized gains (losses) on sale of investments	450,641	(236,943)
Unrealized gains on securities	1,230,742	1,975,145
Total investment income	$ 2,502,896	$ 2,658,685

Note 11. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises 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 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

	Fair Value Measurements Using				
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(A)]
June 30, 2025					
Money market mutual funds					
Fidelity Government Portfolio Class III	$ 7,732,757	$ 7,732,757	$ -	$ -	$ -
Other money market mutual funds	366,060	366,060	-	-	-
Other mutual funds invested in equity securities	14,564,201	14,564,201	-	-	-
Alternative investments	1,623,723	-	-	-	1,623,723
Common stock	6,077,869	6,077,869	-	-	-
Corporate bonds	895,357	-	895,357	-	-
Governmental securities	1,078,147	-	1,078,147	-	-
Total long-term investments	$ 32,338,114	$ 28,740,887	$ 1,973,504	$ -	$ 1,623,723

	Fair Value Measurements Using				
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(A)]
June 30, 2024					
Money market mutual funds					
Fidelity Government Portfolio Class III	$ 5,788,388	$ 5,788,388	$ -	$ -	$ -
Other money market mutual funds	249,522	249,522	-	-	-
Other mutual funds invested in equity securities	12,718,616	12,718,616	-	-	-
Alternative investments	1,521,390	-	-	-	1,521,390
Common stock	6,524,665	6,524,665	-	-	-
Corporate bonds	736,789	-	736,789	-	-
Governmental securities	630,682	-	630,682	-	-
Total long-term investments	$ 28,170,052	$ 25,281,191	$ 1,367,471	$ -	$ 1,521,390

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2025.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Real estate investment trust [A]	$ 472,795	$ -	Monthly	3 Months
Private equity funds [B]	470,110	-	Quarterly	1 Months
Debt funds [C]	680,818	-	Quarterly	3 Months
	$ 1,623,723	$ -		

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Real estate investment trust [A]	$ 462,321	$ -	Monthly	3 Months
Private equity funds [B]	436,419	-	Quarterly	1 Months
Debt funds [C]	622,650	-	Quarterly	3 Months
	$ 1,521,390	$ -		

(A) The real estate investment trust invests primarily in stabilized income-generating commercial real estate in the United States and, to a lesser extent, outside the United States. The trust also invests in real estate debt investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(B) This class includes investments in a globally diversified portfolio of private equity investments, which includes direct investments in the equity and/or debt of operating companies, primary and secondary investments in private equity funds managed by third-party managers and listed private equity investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(C) This class includes investments in primarily senior secured loans and securities of private companies in the United States. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 12. Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	2025	2024
Special event goods	$ 57,748	$ 31,572
Services	246,764	492,247
	$ 304,512	$ 523,819

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed goods for special events were utilized in the following programs: Development, Awareness & Advocacy, and Education & Support. The Foundation estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 13. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 33% and 26% of all contributions were received from three donors in 2025 and 2024, respectively.

Contributions Receivable

Approximately 84% of all contributions receivable were due from two donors at June 30, 2025 and 90% of all contributions receivable were due from two donors at June 30, 2024. Additionally, approximately 36% of contribution receivables were due from one related party at June 30, 2025.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Allowance for Uncollectible Contributions Receivable

Estimates associated with the allowance for uncollectible receivables is discussed in Note 1.

Functional Allocation of Expenses

Estimates used to allocate certain costs on a functional basis is discussed in Note 1.

Note 14. Subsequent Events

Subsequent events have been evaluated through December 16, 2025, which is the date the financial statements were available to be issued.