PKD Foundation

Independent Auditor’s Report and Financial Statements

June 30, 2023 and 2022
PKD Foundation
June 30, 2023 and 2022

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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, 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 PKD Foundation as of June 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 “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.

Emphasis of Matters

As discussed in Note 17 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As described in Note 5 to the financial statements, in 2023, PKD Foundation adopted ASC 842, Leases. Our opinion is not modified with respect to this matter.

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, LLP

Kansas City, Missouri
February 9, 2024
# PKD Foundation

## Statements of Financial Position

**June 30, 2023 and 2022**

## Assets

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$450,811</td>
<td>$920,093</td>
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<tr>
<td>Contributions receivable</td>
<td>1,395,758</td>
<td>1,175,430</td>
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<tr>
<td>Other receivables</td>
<td>169,516</td>
<td>146,328</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>317,235</td>
<td>275,895</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>2,333,320</strong></td>
<td><strong>2,517,746</strong></td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td><strong>26,376,792</strong></td>
<td><strong>24,266,034</strong></td>
</tr>
<tr>
<td><strong>Property and Equipment, net</strong></td>
<td><strong>373,477</strong></td>
<td><strong>310,207</strong></td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right-of-use assets - operating leases</td>
<td>207,933</td>
<td>-</td>
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<tr>
<td>Contributions receivable</td>
<td>3,796,361</td>
<td>4,003,889</td>
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<tr>
<td>Lease deposit</td>
<td>15,533</td>
<td>15,533</td>
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<tr>
<td><strong>Total other assets</strong></td>
<td><strong>4,019,827</strong></td>
<td><strong>4,019,422</strong></td>
</tr>
</tbody>
</table>

| **Total assets** | $33,103,416 | $31,113,409 |

*See Notes to Financial Statements*
### Liabilities and Net Assets

#### Current Liabilities
- Current portion of finance (2023)/capital (2022) lease liabilities: $66,908
- Current portion of operating lease liabilities: $54,569
- Accounts payable: $301,618
- Accrued expenses: $86,016
- Deferred revenue: $-
- Deferred rent: $-

Total current liabilities: $509,111

#### Finance (2023)/Capital (2022) Lease Liabilities
- $-

#### Operating Lease Liabilities
- $153,364

#### Deferred Rent
- $-

Total liabilities: $662,475

#### Net Assets

**Without donor restrictions**
- Undesignated: $6,190,974
- Board designated: $10,609,233

Net assets without donor restrictions: $16,800,207

**With donor restrictions**
- Perpetual in nature: $1,000,000
- Purpose restrictions: $9,448,615
- Time-restricted for future periods: $5,192,119

Net assets with donor restrictions: $15,640,734

Total net assets: $32,440,941

Total liabilities and net assets: $33,103,416 $31,113,409
PKD Foundation  
Statements of Activities  
Years Ended June 30, 2023 and 2022

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
<td>(As Restated - Note 17)</td>
</tr>
<tr>
<td><strong>Revenues, Gains and Other Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions of cash and other financial assets</td>
<td>$7,849,787</td>
<td>$1,726,370</td>
<td>$9,576,157</td>
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<tr>
<td>Contribution of nonfinancial assets</td>
<td>300,108</td>
<td>-</td>
<td>300,108</td>
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<tr>
<td>Other income</td>
<td>4</td>
<td>-</td>
<td>4</td>
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<tr>
<td>Net investment return</td>
<td>691,736</td>
<td>43,934</td>
<td>735,670</td>
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<tr>
<td>Net unrealized gains (losses) on investments</td>
<td>665,370</td>
<td>73,930</td>
<td>739,300</td>
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<tr>
<td>Satisfaction of purpose restrictions</td>
<td>313,293</td>
<td>-</td>
<td>313,293</td>
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<tr>
<td>Satisfaction of time restrictions</td>
<td>1,409,201</td>
<td>(1,409,201)</td>
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<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>$11,229,499</td>
<td>$121,740</td>
<td>$11,351,239</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>4,002,784</td>
<td>-</td>
<td>4,002,784</td>
</tr>
<tr>
<td>Education and support</td>
<td>1,951,408</td>
<td>-</td>
<td>1,951,408</td>
</tr>
<tr>
<td>Awareness and advocacy</td>
<td>1,275,785</td>
<td>-</td>
<td>1,275,785</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>7,229,977</td>
<td>-</td>
<td>7,229,977</td>
</tr>
<tr>
<td>Administrative</td>
<td>1,183,568</td>
<td>-</td>
<td>1,183,568</td>
</tr>
<tr>
<td>Development</td>
<td>989,538</td>
<td>-</td>
<td>989,538</td>
</tr>
<tr>
<td><strong>Total support services</strong></td>
<td>2,173,106</td>
<td>-</td>
<td>2,173,106</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td>9,403,083</td>
<td>-</td>
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<tr>
<td><strong>Change in Net Assets</strong></td>
<td>1,826,416</td>
<td>121,740</td>
<td>1,948,156</td>
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<tr>
<td><strong>Net Assets, Beginning of Year, as Previously Reported</strong></td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Adjustment for Correction</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td><strong>Net Assets, Beginning of Year, as Restated</strong></td>
<td>14,973,791</td>
<td>15,518,994</td>
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<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$16,800,207</td>
<td>$15,640,734</td>
<td>$32,440,941</td>
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</tbody>
</table>

See Notes to Financial Statements
<table>
<thead>
<tr>
<th>Expenses</th>
<th>Research</th>
<th>Education and Awareness</th>
<th>Administration</th>
<th>Development</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$613,002</td>
<td>$675,172</td>
<td>$677,295</td>
<td>$999,667</td>
<td>$686,470</td>
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<tr>
<td>Travel and meetings</td>
<td>118,458</td>
<td>25,556</td>
<td>26,336</td>
<td>49,797</td>
<td>29,550</td>
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<tr>
<td>Printing, postage and telephone</td>
<td>25,679</td>
<td>23,125</td>
<td>36,435</td>
<td>1,098</td>
<td>15,286</td>
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<td>Office supplies</td>
<td>468</td>
<td>586</td>
<td>460</td>
<td>514</td>
<td>942</td>
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<tr>
<td>Dues, fees, publication and professional</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and software</td>
<td>2,260</td>
<td>2,901</td>
<td>225</td>
<td>9,711</td>
<td>16,535</td>
</tr>
<tr>
<td>Advertising and education</td>
<td>47,836</td>
<td>170,183</td>
<td>60,443</td>
<td>37,060</td>
<td>73,290</td>
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<td>Professional fees</td>
<td>435,527</td>
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<td>317,144</td>
<td>29,316</td>
<td>138,248</td>
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<td>Bank and credit card fees</td>
<td>1,885</td>
<td>1,884</td>
<td>1,953</td>
<td>2,182</td>
<td>1,841</td>
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<tr>
<td>Occupancy</td>
<td>62,880</td>
<td>34,555</td>
<td>26,133</td>
<td>20,990</td>
<td>18,723</td>
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<tr>
<td>Insurance</td>
<td>9,313</td>
<td>5,103</td>
<td>3,871</td>
<td>6,019</td>
<td>2,773</td>
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<tr>
<td>Conferences, special events and awards</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External research and development funding</td>
<td>2,557,035</td>
<td>11,706</td>
<td>8,429</td>
<td>7,374</td>
<td>5,880</td>
</tr>
<tr>
<td>Depreciation</td>
<td>128,341</td>
<td>11,706</td>
<td>8,429</td>
<td>7,374</td>
<td>5,880</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>$4,002,784</td>
<td>$1,951,408</td>
<td>$1,275,785</td>
<td>$1,183,568</td>
<td>$989,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Research</th>
<th>Education and Awareness</th>
<th>Administration</th>
<th>Development</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$661,139</td>
<td>$806,267</td>
<td>$756,214</td>
<td>$581,247</td>
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<td>Travel and meetings</td>
<td>28,759</td>
<td>14,050</td>
<td>186</td>
<td>23,459</td>
<td>49,998</td>
</tr>
<tr>
<td>Printing, postage and telephone</td>
<td>18,902</td>
<td>14,713</td>
<td>27,733</td>
<td>6,410</td>
<td>13,576</td>
</tr>
<tr>
<td>Office supplies</td>
<td>277</td>
<td>-</td>
<td>-</td>
<td>1,308</td>
<td>101</td>
</tr>
<tr>
<td>Dues, fees, publication and professional</td>
<td></td>
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<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and software</td>
<td>47,558</td>
<td>135,303</td>
<td>52,988</td>
<td>40,770</td>
<td>36,640</td>
</tr>
<tr>
<td>Advertising and education</td>
<td>-</td>
<td>32,463</td>
<td>4,821</td>
<td>-</td>
<td>961</td>
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<tr>
<td>Professional fees</td>
<td>242,021</td>
<td>321,908</td>
<td>313,857</td>
<td>62,921</td>
<td>122,083</td>
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<tr>
<td>Bank and credit card fees</td>
<td>3,035</td>
<td>3,552</td>
<td>3,391</td>
<td>2,600</td>
<td>2,345</td>
</tr>
<tr>
<td>Occupancy</td>
<td>34,630</td>
<td>52,736</td>
<td>24,387</td>
<td>44,369</td>
<td>55,406</td>
</tr>
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<td>Insurance</td>
<td>3,801</td>
<td>10,442</td>
<td>2,677</td>
<td>5,569</td>
<td>6,081</td>
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<td>Conferences, special events and awards</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External research and development funding</td>
<td>2,031,238</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>Depreciation</td>
<td>111,143</td>
<td>19,941</td>
<td>28,260</td>
<td>23,518</td>
<td>18,979</td>
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<td>Loss on disposal or impairment of property</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>$3,191,871</td>
<td>$1,687,658</td>
<td>$1,215,137</td>
<td>$1,063,116</td>
<td>$847,708</td>
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</tbody>
</table>

See Notes to Financial Statements
PKD Foundation
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$1,948,156</td>
<td>$7,943,116</td>
</tr>
<tr>
<td>Items not requiring (providing) cash</td>
<td></td>
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<tr>
<td>Depreciation</td>
<td>161,730</td>
<td>201,841</td>
</tr>
<tr>
<td>Net realized and unrealized (gains) losses on investments</td>
<td>(704,966)</td>
<td>3,285,754</td>
</tr>
<tr>
<td>Debt forgiveness</td>
<td>-</td>
<td>(483,385)</td>
</tr>
<tr>
<td>Noncash operating lease expense</td>
<td>148,102</td>
<td>-</td>
</tr>
<tr>
<td>Gain on lease termination</td>
<td>(23,726)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>-</td>
<td>56,668</td>
</tr>
<tr>
<td>Changes in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(12,800)</td>
<td>(3,923,272)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(23,188)</td>
<td>(67,941)</td>
</tr>
<tr>
<td>Trust held by others</td>
<td>-</td>
<td>857,095</td>
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<tr>
<td>Prepaid expenses</td>
<td>(41,340)</td>
<td>(1,178)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(14,420)</td>
<td>178,768</td>
</tr>
<tr>
<td>Operating lease liability</td>
<td>(186,787)</td>
<td>-</td>
</tr>
<tr>
<td>Research grants payable</td>
<td>-</td>
<td>(300,000)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(1,407)</td>
<td>(1,801,198)</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>-</td>
<td>(31,123)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$1,249,354</td>
<td>5,915,145</td>
</tr>
<tr>
<td><strong>Investing Activities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Proceeds from disposition of investments</td>
<td>8,987,217</td>
<td>3,142,947</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(10,393,009)</td>
<td>(9,803,571)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(225,000)</td>
<td>(90,860)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,630,792)</td>
<td>(6,751,484)</td>
</tr>
<tr>
<td><strong>Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal payments on finance (2023)/capital (2022) lease obligations</td>
<td>(87,844)</td>
<td>(86,308)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(87,844)</td>
<td>(86,308)</td>
</tr>
<tr>
<td><strong>Decrease in Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(469,282)</td>
<td>(922,647)</td>
</tr>
<tr>
<td><strong>Cash, Beginning of Year</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>920,093</td>
<td>1,842,740</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$450,811</td>
<td>$920,093</td>
</tr>
</tbody>
</table>

**Supplemental Cash Flows Information**

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>$2,178</td>
<td>$4,240</td>
</tr>
<tr>
<td>Increase in right-of-use asset and operating lease liability due to lease modifications</td>
<td>158,999</td>
<td>-</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
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). Originally formed as PKR Foundation, the Foundation amended its articles in 2001 to change its name to PKD Foundation. 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, Europe and Japan.

Program Services

Research

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.
PKD Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Education and Support

The Foundation supports the PKD community through more than 55 volunteer-led chapters across the United States. Chapters provide meaningful opportunities for the local community to gather together to learn from experts or in support of each other. Chapters raise funds for the Foundation through events like Cocktails for a Cure and the Walk for PKD, the Foundation’s signature event to raise funds and awareness. Walks take place in more than 50 cities across the nation each year since 2000.

On a national level, the Foundation empowers PKD patients and caregivers to manage PKD while maintaining a high quality of life. The Foundation provides resources across the continuum of disease progression for patients, caregivers, parents, etc. Resources include webinars, enduring webcasts, videos, a comprehensive website (pkdcure.org/education), handbooks and other print materials. The annual PKD national conference (PKDCon) is the Foundation’s largest education event bringing together the entire PKD community, including patients, caregivers, volunteers, researchers and clinicians.

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, 2023 and 2022, no cash equivalents were held.

At June 30, 2023, the Foundation’s cash accounts exceeded federally insured limits by approximately $201,000.
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:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, fixtures, and equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>3 years</td>
</tr>
</tbody>
</table>

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 year ended June 30, 2023. Impairment losses of $32,963 were recognized for the year ended June 30, 2022.
The loss is included in loss on disposal or impairment of property and equipment in the accompanying statements of functional expenses. Fair value was determined based on remaining net book value of leasehold improvements for the portion of the office space that was forfeited through the lease amendment.

**Deferred Revenue**

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

**Deferred Rent**

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Foundation recognized rent expense on the straight-line basis over the noncancelable lease term and option renewal periods where failure to exercise such option would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. Deferred rent consists of the difference between cash payments and the recognition of rent expense on a straight-line basis over the life of the lease. With the adoption of ASC 842, *Leases*, as further discussed in *Note 5*, deferred rent was reclassified as a component of the ROU assets.

**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 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:

<table>
<thead>
<tr>
<th>Nature of the Gift</th>
<th>Value Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditional gifts, with or without restriction</td>
<td>Not recognized until the gift becomes unconditional, <em>i.e.</em>, the donor-imposed barrier is met</td>
</tr>
<tr>
<td>Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds</td>
<td></td>
</tr>
</tbody>
</table>
## Nature of the Gift

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

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, 2023 and 2022 were $0 and $300,000, 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, management and general and fundraising categories based on the estimate of time spent on each area and other methods.

Paycheck Protection Program Loans

The Foundation received two Paycheck Protection Program loans established by the CARES Act and other subsequent legislation provided by the Small Business Administration (SBA). The Foundation has elected to account for the funding as long-term debt by applying ASC Topic 470, Debt; Subtopic 405-20, Liabilities-Extinguishments of Liabilities.

In August 2021, the Foundation received formal approval that the second PPP loan and accrued interest had been forgiven in full by the SBA.

Revisions

Certain immaterial revisions have been made to the 2022 financial statements for the presentation of deferred rent and accounts payable within the statements of financial position. These revisions did not have a significant impact on the financial statement line items impacted.
Note 2: Contributions Receivable

Contributions receivable includes promises to give at discount rates of 2 percent for both the years ended June 30, 2023 and 2022, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>$1,395,758</td>
<td>$1,175,430</td>
</tr>
<tr>
<td>Due within one to five years</td>
<td>3,950,453</td>
<td>4,201,986</td>
</tr>
<tr>
<td></td>
<td>5,346,211</td>
<td>5,377,416</td>
</tr>
<tr>
<td>Less Unamortized discount</td>
<td>154,092</td>
<td>198,097</td>
</tr>
<tr>
<td></td>
<td>$5,192,119</td>
<td>$5,179,319</td>
</tr>
</tbody>
</table>

Note 3: Beneficial Interest in Trust

During 2021, the Foundation was named as an irrevocable beneficiary of a trust held and administered by an independent trustee. The Foundation’s beneficial interest in the trust was included as trust held by others in the statements of financial position for the remaining estimated value that is due to the Foundation per the trustee and the trust agreement. The estimated value of the expected future cash flows was $857,000 which represents the remaining fixed portion of the trust assets due to the Foundation at June 30, 2021.

During 2022, the Foundation received the final distribution of remaining fixed portion of the trust assets due to the Foundation totaling $857,000. The distribution received from the trust during the year ended June 30, 2022, is recorded as contributions within the statements of activities.

Note 4: Property and Equipment

Property and equipment at June 30, 2023 and 2022, consists of:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment and software</td>
<td>$1,108,515</td>
<td>$885,230</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>735,038</td>
<td>575,023</td>
</tr>
<tr>
<td></td>
<td>$373,477</td>
<td>$310,207</td>
</tr>
</tbody>
</table>
Note 5: Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Foundation adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Foundation elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Foundation has lease agreements with nonlease components that relate to the lease components. The Foundation elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Foundation elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Foundation did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of $337,166 and $399,577, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our statements of activities or cash flows.

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 expires 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, 2023, 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 year ended June 30, 2023 are:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Cost</td>
<td></td>
</tr>
<tr>
<td>Operating lease cost</td>
<td>$165,236</td>
</tr>
<tr>
<td>Finance lease cost</td>
<td></td>
</tr>
<tr>
<td>Amortization of right-of-use assets</td>
<td>$106,200</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>$2,156</td>
</tr>
<tr>
<td>Total lease cost</td>
<td>$273,592</td>
</tr>
</tbody>
</table>

Other Information

Cash paid for amounts included in the measurement of lease liabilities

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows from operating leases</td>
<td>$126,600</td>
</tr>
<tr>
<td>Operating cash flows from finance leases</td>
<td>$2,156</td>
</tr>
<tr>
<td>Financing cash flows from finance leases</td>
<td>$87,844</td>
</tr>
</tbody>
</table>

Weighted-average remaining lease term

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>3.66 years</td>
</tr>
<tr>
<td>Finance leases</td>
<td>0.50 years</td>
</tr>
</tbody>
</table>

Weighted-average discount rate

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>4.00%</td>
</tr>
<tr>
<td>Finance leases</td>
<td>1.77%</td>
</tr>
</tbody>
</table>

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2023, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Finance Leases</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$67,500</td>
<td>$54,569</td>
</tr>
<tr>
<td>2025</td>
<td>-</td>
<td>62,455</td>
</tr>
<tr>
<td>2026</td>
<td>-</td>
<td>63,893</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>43,276</td>
</tr>
<tr>
<td>Total future undiscounted lease payments</td>
<td>67,500</td>
<td>224,193</td>
</tr>
<tr>
<td>Less interest</td>
<td>(592)</td>
<td>(16,260)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>$66,908</td>
<td>$207,933</td>
</tr>
</tbody>
</table>
Note 6: 2022 Capital Leases – ASC 840

Capital lease obligations include software under capital lease expiring at various dates through December 2023, including imputed interest ranging from 1.8 percent to 5.0 percent; secured by the underlying software. The cost of the equipment under the capital lease is included in the balance sheet as property and equipment. As of June 30, 2022, the cost and accumulated amortization of the capital lease software was $400,000 and $292,500, respectively. Amortization of the capital lease is included in depreciation expense. Minimum lease payments required by the lease are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$90,000</td>
</tr>
<tr>
<td>2024</td>
<td>$67,500</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>157,500</td>
</tr>
<tr>
<td></td>
<td>Less interest</td>
</tr>
<tr>
<td></td>
<td>$2,748</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$160,248</td>
</tr>
</tbody>
</table>

Note 7: 2022 Operating Leases – ASC 840

The Foundation has entered into a noncancellable operating lease for office space, which, as of June 30, 2022, expires in February 2024. This lease requires the Foundation to pay all executory costs (property taxes, maintenance and insurance). Rental expense for all operating leases was approximately $525,000 for the year ended June 30, 2022.

Note 8: Defined Contribution Plan

The Foundation has a defined contribution plan that covers substantially all full-time employees. For the years ended June 30, 2023 and 2022, the Foundation made discretionary contributions equal to 12.0 percent of participant’s eligible gross wages. The retirement plan expense was approximately $245,000 and $216,000 for the years ended June 30, 2023 and 2022, respectively.

Note 9: Contractual Services

The Foundation has contracted with ADP Totalsource, Inc. (ADP) as part of a client service agreement effective August 1, 2014 to engage in a co-employment relationship with the Foundation. ADP 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 changed vendors and began using Tri-Net in December 2022. The Foundation has paid approximately $3,115,000 and $3,093,000 to ADP and Tri-Net as part of these agreements for the years ended June 30, 2023 and 2022, respectively, which includes the payment of salaries, various employee benefits and fees.
Note 10: Net Assets

Net Assets With Donor Restrictions

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

<table>
<thead>
<tr>
<th>2023</th>
<th>2022</th>
<th>(As Restated - Note 17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject to expenditure for specified purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kaplan International prizes for PKD research</td>
<td>$ -</td>
<td>$ 8,924</td>
</tr>
<tr>
<td>Subject to the passage of time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>5,192,119</td>
<td>5,179,319</td>
</tr>
<tr>
<td>Endowments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subject to appropriation and expenditure for specified purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and drug repurposing</td>
<td>9,096,336</td>
<td>8,978,471</td>
</tr>
<tr>
<td>Autosomal recessive polycystic kidney disease (ARPKD) research</td>
<td>352,279</td>
<td>352,280</td>
</tr>
<tr>
<td>Total endowments</td>
<td>9,448,615</td>
<td>9,330,751</td>
</tr>
<tr>
<td>Not subject to spending policy and appropriation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment to be maintained in perpetuity</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total endowments</td>
<td>10,448,615</td>
<td>10,330,751</td>
</tr>
<tr>
<td>$ 15,640,734</td>
<td>$ 15,518,994</td>
<td></td>
</tr>
</tbody>
</table>

Net Assets Without Donor Restrictions

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

<table>
<thead>
<tr>
<th>2023</th>
<th>2022</th>
<th>(As Restated - Note 17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>$ 6,190,974</td>
<td>$ 6,317,921</td>
</tr>
<tr>
<td>Designated by the Board for research</td>
<td>1,312,873</td>
<td>1,884,778</td>
</tr>
<tr>
<td>Designated by the Board for endowment</td>
<td>9,296,360</td>
<td>6,771,092</td>
</tr>
<tr>
<td>Net assets without donor restrictions</td>
<td>$ 16,800,207</td>
<td>$ 14,973,791</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiration of time restrictions</td>
<td>$1,409,201</td>
<td>$2,023,823</td>
</tr>
<tr>
<td>Satisfaction of purpose restrictions</td>
<td>313,293</td>
<td>1,070,062</td>
</tr>
<tr>
<td>Research and drug repurposing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,722,494</td>
<td>$3,093,885</td>
</tr>
</tbody>
</table>

Note 11: 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, 2023 and 2022, was:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board-designated endowment funds</strong></td>
<td>$ 9,296,360</td>
<td>$ 9,231,835</td>
<td>$ 18,528,195</td>
</tr>
<tr>
<td><strong>Donor-restricted endowment funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Accumulated investment gains</td>
<td>-</td>
<td>216,780</td>
<td>216,780</td>
</tr>
<tr>
<td><strong>Total endowment funds</strong></td>
<td>$ 9,296,360</td>
<td>$ 10,448,615</td>
<td>$ 19,744,975</td>
</tr>
</tbody>
</table>

(As Restated - Note 17)

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board-designated endowment funds</strong></td>
<td>$ 6,771,092</td>
<td>$ 9,231,835</td>
<td>$ 16,002,927</td>
</tr>
<tr>
<td><strong>Donor-restricted endowment funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Accumulated investment gains</td>
<td>-</td>
<td>98,916</td>
<td>98,916</td>
</tr>
<tr>
<td><strong>Total endowment funds</strong></td>
<td>$ 6,771,092</td>
<td>$ 10,330,751</td>
<td>$ 17,101,843</td>
</tr>
</tbody>
</table>
PKD Foundation  
Notes to Financial Statements  
June 30, 2023 and 2022

Change in endowment net assets for the fiscal years ended June 30, 2023 and 2022, was:

<table>
<thead>
<tr>
<th></th>
<th>2023 Without Donor Restrictions</th>
<th>2023 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$6,771,092</td>
<td>$10,330,751</td>
<td>$17,101,843</td>
</tr>
<tr>
<td>Investment return, net</td>
<td>1,060,778</td>
<td>117,864</td>
<td>1,178,642</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,464,490</td>
<td>-</td>
<td>1,464,490</td>
</tr>
<tr>
<td></td>
<td>$2,525,268</td>
<td>117,864</td>
<td>2,643,132</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$9,296,360</td>
<td>$10,448,615</td>
<td>$19,744,975</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022 Without Donor Restrictions</th>
<th>2022 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$8,242,585</td>
<td>$10,729,504</td>
<td>$18,972,089</td>
</tr>
<tr>
<td>Investment loss, net</td>
<td>(2,552,557)</td>
<td>(283,617)</td>
<td>(2,836,174)</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,081,064</td>
<td>-</td>
<td>1,081,064</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditures</td>
<td>-</td>
<td>(115,136)</td>
<td>(115,136)</td>
</tr>
<tr>
<td></td>
<td>(1,471,493)</td>
<td>(398,753)</td>
<td>(1,870,246)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$6,771,092</td>
<td>$10,330,751</td>
<td>$17,101,843</td>
</tr>
</tbody>
</table>

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 percent 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 12: 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, 2023 and 2022, comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total financial assets</td>
<td>$32,189,238</td>
<td>$30,511,774</td>
</tr>
<tr>
<td>Donor-imposed restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted funds</td>
<td>5,192,119</td>
<td>5,188,243</td>
</tr>
<tr>
<td>Endowments</td>
<td>10,448,615</td>
<td>10,330,751</td>
</tr>
<tr>
<td>Net financial assets after donor-imposed restrictions</td>
<td>16,548,504</td>
<td>14,992,780</td>
</tr>
<tr>
<td>Internal designations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated for research</td>
<td>1,312,873</td>
<td>1,884,778</td>
</tr>
<tr>
<td>Board-designated endowments</td>
<td>9,296,360</td>
<td>6,771,092</td>
</tr>
<tr>
<td>Financial assets available to meet cash needs for expenditures within one year</td>
<td>$5,939,271</td>
<td>$6,336,910</td>
</tr>
</tbody>
</table>

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 13: Investments**

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money market mutual funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fidelity Government Portfolio Class III</td>
<td>$5,901,535</td>
<td>$7,158,654</td>
</tr>
<tr>
<td>Other money market mutual funds</td>
<td>452,202</td>
<td>304,132</td>
</tr>
<tr>
<td><strong>Mutual funds invested in equity securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Core MSCI EAFE ETF</td>
<td></td>
<td>1,043,255</td>
</tr>
<tr>
<td>iShares Core U.S. Aggregate</td>
<td></td>
<td>1,189,148</td>
</tr>
<tr>
<td>Vanguard Growth ETF</td>
<td></td>
<td>1,010,360</td>
</tr>
<tr>
<td>Vanguard Value ETF Index</td>
<td></td>
<td>1,295,721</td>
</tr>
<tr>
<td>Other mutual funds invested in equity securities</td>
<td>11,802,435</td>
<td>2,629,751</td>
</tr>
<tr>
<td><strong>Mutual funds invested in debt securities</strong></td>
<td>4,702,304</td>
<td>4,790,058</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>870,695</td>
<td>842,983</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$26,376,792</strong></td>
<td><strong>$24,266,034</strong></td>
</tr>
</tbody>
</table>

Total investment return is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$770,004</td>
<td>$456,850</td>
</tr>
<tr>
<td>Realized losses on sale of investments</td>
<td>(34,334)</td>
<td>(114,239)</td>
</tr>
<tr>
<td>Unrealized gains (losses) on securities</td>
<td>739,300</td>
<td>(3,171,515)</td>
</tr>
<tr>
<td><strong>Total investment income (loss)</strong></td>
<td><strong>$1,474,970</strong></td>
<td><strong>$ (2,828,904)</strong></td>
</tr>
</tbody>
</table>
Note 14: 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, 2023 and 2022:

<table>
<thead>
<tr>
<th>Fair Value Measurements Using</th>
<th>Total Fair Value</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Investments Measured at NAV(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2023</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fidelity Government Portfolio Class III</td>
<td>$ 5,901,535</td>
<td>$ 5,901,535</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Other money market mutual funds</td>
<td>452,202</td>
<td>452,202</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds invested in equity securities</td>
<td>11,802,435</td>
<td>11,802,435</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>870,695</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>870,695</td>
</tr>
<tr>
<td>Common stock</td>
<td>4,702,304</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>224,245</td>
<td>-</td>
<td>224,245</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Governmental securities</td>
<td>2,423,376</td>
<td>-</td>
<td>2,423,376</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total long-term investments</strong></td>
<td><strong>$ 26,376,792</strong></td>
<td><strong>$ 22,858,475</strong></td>
<td><strong>$ 2,647,621</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>
PKD Foundation
Notes to Financial Statements
June 30, 2023 and 2022

Fair Value Measurements Using

<table>
<thead>
<tr>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Investments Measured at NAV(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Fair Value</strong></td>
<td><strong>$24,266,034</strong></td>
<td><strong>$22,024,167</strong></td>
<td><strong>$1,398,884</strong></td>
</tr>
</tbody>
</table>

(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, 2023.

**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. See the table below for inputs and valuation techniques used for Level 3 securities.
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:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Unfunded Commitments</td>
</tr>
<tr>
<td>Real estate investment trust (A)</td>
<td>$ 455,705</td>
<td>$</td>
</tr>
<tr>
<td>Private equity funds (B)</td>
<td>$ 414,990</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$ 870,695</td>
<td>$</td>
</tr>
</tbody>
</table>

(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.
Note 15: Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Event Goods</td>
<td>$15,843</td>
<td>$16,760</td>
</tr>
<tr>
<td>Services</td>
<td>284,265</td>
<td>380,109</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$300,108</strong></td>
<td><strong>$396,869</strong></td>
</tr>
</tbody>
</table>

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 16: 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 35 percent and 41 percent of all contributions were received from three donors in 2023 and 2022, respectively.

**Contributions Receivable**

Approximately 77 percent and 97 percent of all contributions receivable were due from two donors at June 30, 2023 and 2022, respectively.
PKD Foundation  
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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.

General Litigation

The Foundation is periodically subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Foundation. Events could occur that would change this estimate materially in the near term.

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 17: Restatement of Prior-Year Financial Statements

In prior years, the Foundation improperly reported donor purpose restricted amounts as donor-designated endowments and implied restrictions on the associated investment return generated from such funds. The donors did not place any restriction on the funds to be utilized as an endowment, rather the designation of the purpose restricted amounts as an endowment was generated by the board. During 2023, the Foundation corrected this treatment and restated the 2022 financial statements to show these balances as board designated endowments with donor restrictions within the endowment footnote in Note 11 and also to properly report any investment return generated from these funds as without donor restrictions as there was no restriction placed on investment return by the donor or by law. This restatement did not result in a change in net assets in total, but did result in a change in the classification of net assets.
The following financial statement line items were affected by these corrections:

<table>
<thead>
<tr>
<th>Statement of Financial Position</th>
<th>2022 (As Previously Reported)</th>
<th>Effect of Change</th>
<th>2022 (As Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets without donor restrictions - board designated</td>
<td>$7,765,628</td>
<td>$890,242</td>
<td>$8,655,870</td>
</tr>
<tr>
<td>Net assets without donor restrictions</td>
<td>14,083,549</td>
<td>890,242</td>
<td>14,973,791</td>
</tr>
<tr>
<td>Net assets with donor restrictions - purpose restrictions</td>
<td>10,229,917</td>
<td>(890,242)</td>
<td>9,339,675</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>16,409,236</td>
<td>(890,242)</td>
<td>15,518,994</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement of Activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment return - without donor restrictions</td>
<td>$7,720</td>
<td>$301,807</td>
<td>$309,077</td>
</tr>
<tr>
<td>Net investment return - with donor restrictions</td>
<td>335,341</td>
<td>(301,807)</td>
<td>33,534</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on investments - without donor restrictions</td>
<td>-</td>
<td>(2,854,364)</td>
<td>(2,854,364)</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on investments - with donor restrictions</td>
<td>(3,171,515)</td>
<td>2,854,364</td>
<td>(317,151)</td>
</tr>
<tr>
<td>Total revenues, gains and other support - without donor restrictions</td>
<td>15,826,134</td>
<td>(2,552,557)</td>
<td>13,273,577</td>
</tr>
<tr>
<td>Total revenues, gains and other support - with donor restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets - without donor restrictions</td>
<td>122,472</td>
<td>2,552,557</td>
<td>2,675,029</td>
</tr>
<tr>
<td>Change in net assets - with donor restrictions</td>
<td>7,820,644</td>
<td>(2,552,557)</td>
<td>5,268,087</td>
</tr>
<tr>
<td>Net assets, beginning of year - without donor restrictions</td>
<td>6,262,905</td>
<td>3,442,799</td>
<td>9,705,704</td>
</tr>
<tr>
<td>Net assets, beginning of year - with donor restrictions</td>
<td>16,286,764</td>
<td>(3,442,799)</td>
<td>12,843,965</td>
</tr>
<tr>
<td>Net assets, end of year - without donor restrictions</td>
<td>14,083,549</td>
<td>890,242</td>
<td>14,973,791</td>
</tr>
<tr>
<td>Net assets, end of year - with donor restrictions</td>
<td>16,409,236</td>
<td>(890,242)</td>
<td>15,518,994</td>
</tr>
</tbody>
</table>

Additionally, in prior years, the Foundation improperly classified alternative investments as Level 1 investments. In 2023, the Foundation corrected this classification within Note 14 and correctly classified these investments measured at Net Asset Value (NAV).

Note 18: Subsequent Events

Subsequent events have been evaluated through February 9, 2024, which is the date the financial statements were available to be issued.