

**NATIONAL FOUNDATION FOR THE
CENTERS FOR DISEASE CONTROL
AND PREVENTION, INC.**

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

**NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL
AND PREVENTION, INC.**
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Report of Independent Auditor

To the Board of Trustees
National Foundation for the Centers for Disease Control and Prevention, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of the National Foundation for the Centers for Disease Control and Prevention, Inc. (the “Foundation”), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Foundation as of June 30, 2023 were audited by other auditors whose report dated January 11, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibility 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 generally accepted auditing standards 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Atlanta, Georgia
December 17, 2024

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22,288,506	\$ 26,502,910
Restricted cash	-	143,910
Contributions and grants receivable, net	31,967,628	44,471,344
Contract receivables, net	17,363,570	18,695,949
Investments	82,915,807	81,392,346
Prepaid and other assets	8,028,673	6,458,252
Operating lease right-of-use assets	2,581,864	3,118,831
Property and equipment, net	1,108,529	920,665
Total Assets	\$ 166,254,577	\$ 181,704,207
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,139,769	\$ 2,000,089
Accrued payroll and related expenses	3,960,362	4,718,099
Deferred revenues	1,074,917	1,403,358
Contracts payable	250,143	635,344
Grants payable	2,704,082	7,999,170
Operating lease liabilities	4,365,791	5,253,905
Total Current Liabilities	18,495,064	22,009,965
Net Assets:		
Without donor restrictions:		
Undesignated	34,130,043	53,164,538
Board designated for strategic initiatives	15,489,066	-
Board designated endowment	500,000	-
Total Without Donor Restrictions	50,119,109	53,164,538
With donor restrictions:		
Restricted by purpose or time	84,740,615	95,606,873
Restricted in perpetuity	12,899,789	10,922,831
Total With Donor Restrictions	97,640,404	106,529,704
Total Net Assets	147,759,513	159,694,242
Total Liabilities and Net Assets	\$ 166,254,577	\$ 181,704,207

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024 (WITH SUMMARIZED TOTALS FOR 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2023 Summarized Total</u>
Contributions, Gains (Losses), Other Support, and Transfers:				
Federal grants	\$ -	\$ 70,149,307	\$ 70,149,307	\$ 138,262,435
Non-federal grants and contributions of cash and other financial assets	1,416,452	40,410,887	41,827,339	63,516,702
Contributions of nonfinancial assets	3,586	-	3,586	5,334,948
Indirect cost recovery	205,518	11,762,637	11,968,155	23,502,835
Total grants and contributions	<u>1,625,556</u>	<u>122,322,831</u>	<u>123,948,387</u>	<u>230,616,920</u>
Service revenue	66,501,901	-	66,501,901	51,633,820
Other revenue	39,558	-	39,558	1,462
Refund – donor-restricted gifts	(76,733)	(528,351)	(605,084)	(191,006)
Investment returns, net	1,309,446	4,462,442	5,771,888	2,711,848
Net assets released from restriction	<u>135,146,222</u>	<u>(135,146,222)</u>	<u>-</u>	<u>-</u>
Total contributions, gains (losses), other support, and transfers	<u>204,545,950</u>	<u>(8,889,300)</u>	<u>195,656,650</u>	<u>284,773,044</u>
Program Costs and Other Expenses				
Program costs:				
Emergency response and workforce solutions	71,664,218	-	71,664,218	167,812,900
Non-infectious disease	59,463,236	-	59,463,236	48,273,502
Infectious disease	48,336,306	-	48,336,306	52,200,544
Other programs	<u>5,809,621</u>	<u>-</u>	<u>5,809,621</u>	<u>4,280,003</u>
Total program costs	<u>185,273,381</u>	<u>-</u>	<u>185,273,381</u>	<u>272,566,949</u>
Supporting services:				
Management and general expenses	18,780,684	-	18,780,684	19,986,135
Fundraising expenses	<u>3,537,314</u>	<u>-</u>	<u>3,537,314</u>	<u>3,449,077</u>
Total supporting services	<u>22,317,998</u>	<u>-</u>	<u>22,317,998</u>	<u>23,435,212</u>
Total program costs and other expenses	<u>207,591,379</u>	<u>-</u>	<u>207,591,379</u>	<u>296,002,161</u>
Change in net assets	(3,045,429)	(8,889,300)	(11,934,729)	(11,229,117)
Net assets at beginning of year	<u>53,164,538</u>	<u>106,529,704</u>	<u>159,694,242</u>	<u>170,923,359</u>
Net assets at end of year	<u>\$ 50,119,109</u>	<u>\$ 97,640,404</u>	<u>\$ 147,759,513</u>	<u>\$ 159,694,242</u>

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Contributions, Gains (Losses), Other Support, and Transfers:			
Federal grants	\$ -	\$ 138,262,435	\$ 138,262,435
Non-federal grants and contributions of cash and other financial assets	1,403,364	62,113,338	63,516,702
Contributions of nonfinancial assets	132,888	5,202,060	5,334,948
Indirect cost recovery	108,635	23,394,200	23,502,835
Total grants and contributions	1,644,887	228,972,033	230,616,920
Service revenue	51,633,820	-	51,633,820
Other revenue	1,462	-	1,462
Refund – donor-restricted gifts	-	(191,006)	(191,006)
Investment returns, net	78,375	2,633,473	2,711,848
Net assets released from restriction	248,153,251	(248,153,251)	-
Total contributions, gains (losses), other support, and transfers	301,511,795	(16,738,751)	284,773,044
Program Costs and Other Expenses			
Program costs:			
Emergency response and workforce solutions	167,812,900	-	167,812,900
Non-infectious disease	48,273,502	-	48,273,502
Infectious disease	52,200,544	-	52,200,544
Other programs	4,280,003	-	4,280,003
Total program costs	272,566,949	-	272,566,949
Supporting services:			
Management and general expenses	19,986,135	-	19,986,135
Fundraising expenses	3,449,077	-	3,449,077
Total supporting services	23,435,212	-	23,435,212
Total program costs and other expenses	296,002,161	-	296,002,161
Change in net assets	5,509,634	(16,738,751)	(11,229,117)
Net assets at beginning of year	47,654,904	123,268,455	170,923,359
Net assets at end of year	\$ 53,164,538	\$ 106,529,704	\$ 159,694,242

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024 WITH SUMMARIZED TOTALS FOR 2023

	Program Costs					Supporting Services			Summarized Total 2023
	Emergency Response and Workforce Solutions	Non-Infectious Disease	Infectious Disease	Other Programs	Total Programs	Management and General	Fundraising	Total	
Personnel cost	\$ 65,620,942	\$ 20,071,380	\$ 6,935,413	\$ 1,688,634	\$ 94,316,369	\$ 12,528,280	\$ 2,372,184	\$ 109,216,833	\$ 177,100,431
Program awards	1,888,404	8,514,824	23,394,390	443,909	34,241,527	306,948	-	34,548,475	24,253,721
Other professional fees	2,056,942	26,837,466	15,387,161	3,132,475	47,414,044	2,121,280	460,179	49,995,503	73,201,728
Project supplies	91,680	260,934	1,337,182	3,563	1,693,359	-	-	1,693,359	2,373,456
Contributed goods and services	-	-	3,586	-	3,586	-	-	3,586	5,334,948
Office expenses	163,331	287,054	75,778	208,335	734,498	698,402	575,276	2,008,176	3,355,503
Conferences and meetings	90,613	468,092	85,565	93,639	737,909	128,862	8,341	875,112	712,511
Occupancy	496,099	151,741	52,432	12,766	713,038	94,715	17,934	825,687	733,472
Travel	379,291	2,440,398	640,944	144,293	3,604,926	238,772	22,988	3,866,686	4,273,063
Depreciation	174,966	53,517	18,492	4,502	251,477	33,405	6,326	291,208	234,340
Technology	552,064	376,015	404,677	30,700	1,363,456	2,002,202	54,666	3,420,324	3,421,195
Other expenses	149,886	1,815	686	46,805	199,192	627,818	19,420	846,430	1,007,793
Total Expenses	<u>\$ 71,664,218</u>	<u>\$ 59,463,236</u>	<u>\$ 48,336,306</u>	<u>\$ 5,809,621</u>	<u>\$ 185,273,381</u>	<u>\$ 18,780,684</u>	<u>\$ 3,537,314</u>	<u>\$ 207,591,379</u>	<u>\$ 296,002,161</u>

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Costs					Supporting Services		
	Emergency Response					Management and		
	and Workforce	Non-Infectious	Infectious	Other	Total	and	Fundraising	Total
	Solutions	Disease	Disease	Programs	Programs	General		
Personnel cost	\$ 143,248,429	\$ 10,462,779	\$ 6,130,573	\$ 2,148,346	\$ 161,990,127	\$ 12,913,050	\$ 2,197,254	\$ 177,100,431
Program awards	5,885,664	8,901,424	8,754,011	279,935	23,821,034	432,687	-	24,253,721
Other professional fees	7,928,342	25,973,831	34,743,143	1,483,393	70,128,709	2,643,086	429,933	73,201,728
Project supplies	460,472	147,822	1,762,819	2,343	2,373,456	-	-	2,373,456
Contributed goods and services	5,010,163	-	192,785	-	5,202,948	132,000	-	5,334,948
Office expenses	1,923,200	115,273	66,078	13,736	2,118,287	666,331	570,885	3,355,503
Conferences and meetings	228,754	231,522	56,380	48,209	564,865	130,450	17,196	712,511
Occupancy	593,272	43,332	25,390	8,898	670,892	53,480	9,100	733,472
Travel	1,283,562	2,246,228	412,838	127,938	4,070,566	176,898	25,599	4,273,063
Depreciation	-	-	-	93,736	93,736	93,736	46,868	234,340
Technology	1,203,709	94,018	53,091	72,479	1,423,297	1,911,453	86,445	3,421,195
Other expenses	47,333	57,273	3,436	990	109,032	832,964	65,797	1,007,793
Total Expenses	<u>\$ 167,812,900</u>	<u>\$ 48,273,502</u>	<u>\$ 52,200,544</u>	<u>\$ 4,280,003</u>	<u>\$ 272,566,949</u>	<u>\$ 19,986,135</u>	<u>\$ 3,449,077</u>	<u>\$ 296,002,161</u>

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (11,934,729)	\$ (11,229,117)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	291,208	234,340
Amortization of right-of-use assets	536,967	525,971
Realized and unrealized gains on investments	(3,188,513)	(894,118)
Contributions restricted for long-term investment	(1,976,958)	(6,190,006)
Change in allowance for uncollectible contributions and grants	382,500	(7,792,301)
Change in operating assets and liabilities:		
Contributions and grants receivable	12,121,216	30,014,451
Contract receivables	1,332,379	(16,062,668)
Prepaid and other assets	(1,570,421)	749,055
Accounts payable and accrued expenses	4,139,680	672,223
Accrued payroll and related expenses	(757,737)	(12,639,924)
Deferred revenues	(328,441)	318,016
Contracts payable	(385,201)	(144,186)
Grants payable	(5,295,088)	(8,270,178)
Operating lease liabilities	(888,114)	(851,978)
Net cash flows from operating activities	<u>(7,521,252)</u>	<u>(31,560,420)</u>
Cash flows from investing activities:		
Purchases of investments	(8,016,737)	(48,659,576)
Sales of investments	9,681,789	46,337,595
Purchase of property and equipment	(479,072)	(42,163)
Net cash flows from investing activities	<u>1,185,980</u>	<u>(2,364,144)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	1,976,958	6,190,006
Net cash flows from financing activities	<u>1,976,958</u>	<u>6,190,006</u>
Net change in cash, cash equivalents, and restricted cash	(4,358,314)	(27,734,558)
Cash, cash equivalents, and restricted cash, beginning of year	<u>26,646,820</u>	<u>54,381,378</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 22,288,506</u>	<u>\$ 26,646,820</u>
Presented on statements of financial position as:		
Cash and cash equivalents	\$ 22,288,506	\$ 26,502,910
Restricted cash	-	143,910
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 22,288,506</u>	<u>\$ 26,646,820</u>
Schedule of noncash transactions:		
Lease liabilities arising from obtaining right-of-use assets:		
Operating leases	<u>\$ -</u>	<u>\$ 6,105,883</u>

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

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 1—Description of the organization

The National Foundation for the Centers for Disease Control and Prevention, Inc. (the “Foundation”) is a foundation that was formed by federal law, incorporated as a Georgia non-profit organization in 1993, and began operations in 1995. The Foundation, while a separately incorporated organization, synergistically works with the Centers for Disease Control and Prevention (“CDC”) to forge effective partnerships by connecting people, resources and ideas to fight threats to health and safety. The Foundation’s vision is to improve the health and well-being of all people by substantially enhancing the impact of the CDC and the public health system.

The Foundation is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC, is subject to federal income tax. The federal legislation authorizing the Foundation specifies that the Foundation shall not be an agency or instrumentality of the federal government, and officers, employees, and members of the Board of Directors (the “Board”) of the Foundation shall not be officers or employees of the federal government.

The Foundation is a dynamic organization with hundreds of programs throughout the world to address various public health challenges. Each year, programs and funding sources might change, affecting the timing of revenue streams and expenses, and thus changes in net assets. Additionally, the revenue recognition accounting, as described in Note 2, can result in program contribution revenues being recognized in a different period from the applicable program costs and expenses, which can also impact the change in net assets in any given reporting period.

The Foundation’s major programs include the following:

Emergency Response and Workforce Solutions – The Foundation provides critical, flexible support to address public health emergencies and emerging challenges worldwide. These activities include delivering resources to respond to infectious disease outbreaks; providing direct aid for natural disasters and humanitarian crises; and strengthening community capacity to mitigate health crises, such as the opioid epidemic. The Foundation also works with public health authorities on a variety of other activities, such as distributing personal protective equipment during emergencies, enhancing overdose prevention initiatives, developing systems for crisis monitoring and response and more.

Non-Infectious Disease (“NID”) – The Foundation implements programs focused on chronic disease prevention, injury and violence prevention, and other similar health challenges, as well as work to strengthen public health systems through efforts including modernizing public health systems and processes. The Foundation aims to implement innovative programs that improve health outcomes in communities around the world; leverage public health entrepreneurship to transform NID prevention strategies; nurture and develop a future-forward and future-ready multisectoral workforce; and build and support transformative public health partnerships in the United States and globally.

Infectious Disease (“ID”) – The Foundation’s ID programs support the critical work of preventing, detecting, and responding to infectious disease outbreaks and other public health emergencies. The team oversees a range of innovative projects, including research on new prevention and treatments, technology advances that improve disease surveillance, and capacity building to expand laboratory capabilities.

Other Programs – The Foundation’s other programs encompass initiatives aimed at enhancing the skills and capabilities of public health teams and their community partners to strengthen public health systems and improve outcomes. These initiatives provide tailored technical assistance, capacity building, and broad learning opportunities, fostering collaboration and emphasizing partnerships, relationships, and practical support to address evolving public health challenges. In addition to these efforts, other programs also include expenditures related to the Foundation’s endowment funds and board-designated projects.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation – The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). The Financial Accounting Standards Board (“FASB”) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (“ASC”) and related Accounting Standards Updates (“ASU”).

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the reporting of allowances for doubtful accounts, allocation of functional expenses, estimated lives of fixed assets, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets – The Foundation classifies its net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets may be used at the discretion of the Foundation’s management and the Board. The Foundation has chosen to provide further classification information about net assets without donor restrictions on the consolidated statements of financial position. The sub-classifications are as follows:

Board-Designated – Represents resources set aside by the Board to be used for specific activities within guidelines established by the Board.

Undesignated – Represents the cumulative net assets without donor restrictions excluding board- designated as described above.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time, or stipulations that the Foundation maintains them perpetually.

Revenues and Expenses – Revenues are recognized when Foundation assets are enhanced or its liabilities are settled (or a combination of both) due to receipt of contributions, rendering services, or other activities. Expenses, including program costs, are recognized when Foundation assets are used, or liabilities are incurred, to render services, provide funding for other service providers, or perform other ongoing activities.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support revenue in net assets with donor restrictions, with a corresponding release from restriction. Contributions subject to donor-imposed restrictions that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – Contributions, including unconditional promises to give, are recognized as revenue in the period received, provided there is no right of return of the assets received and no indicators of barriers imposed by the donor. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of the future cash flows with discounts computed using risk-adjusted rates commensurate with the associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management’s judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

The Foundation is the recipient of certain federal cost-reimbursement grants which are subject to certain conditions and restrictions typically met by incurring qualifying expenses for a program. Revenue is recognized for these grants as expenditures allowed by the grant are incurred and the requirements of applicable federal cost principles are met.

As of June 30, 2024 and 2023, conditional federal grants awarded for which qualifying expenses have not been incurred and for which revenue has not been recognized totaled approximately \$115,300,000 and \$63,740,000, respectively. In addition, conditional non-federal grants and contributions not recognized as of June 30, 2024 and 2023 totaled approximately \$5,300,000 and \$2,950,000, respectively.

Refund on Donor-Restricted Contributions – Refund on donor-restricted contributions represents amounts originally contributed to support specific projects, however, due to cost savings and/or other project circumstances, all funds received were not expended. In accordance with donor requests, the excess funds received were returned to the donor or the outstanding receivable was cancelled, and a corresponding loss was recognized.

Indirect Cost Recovery – Indirect cost recovery consists of revenue recognized on both federal and non-federal grants and contributions to support the Foundation’s shared administrative and other costs incurred in administering the programs funded by those grants and contributions. For the years ended June 30, 2024 and 2023, approximately \$6,109,000 and \$15,580,000, respectively, of indirect cost recovery was related to federal grants, and approximately \$5,859,000 and \$7,920,000, respectively, was related to non-federal grants and contributions.

Contributed Goods and Services – In accordance with accounting principles generally accepted in the United States of America, contributed goods and services are recorded at estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Generally, such services include specific programmatic expertise.

Service Revenue – Service revenue is recognized over time as performance obligations are rendered. Service revenue consists of revenue from State-funded contracts to provide staff to health departments nationwide, which is recognized using the output method for performance obligations to be utilized over time. At June 30, 2024 and 2023, related contract assets consist of contract receivables totaled \$17,363,570 and \$18,695,949, respectively.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of interest-bearing checking accounts, savings accounts, money market accounts, Treasury bills, and certificates of deposit with maturities of three months or less. Cash and cash equivalents which are not reserved or restricted are available for operating activities.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Restricted Cash – Restricted cash consists of endowment contributions that have not been transferred to investments at year end.

Investments – Investment securities are stated at fair value, generally determined based on quoted market prices or estimated fair value and are recorded within the various net asset classifications based upon the existence or absence of donor restrictions. If an investment is held directly by the Foundation and an active market with quoted prices exists, the fair value reported is the market price of an identical security. Valuation of shares in mutual funds is based on share values reported by the funds as of the last business day of the fiscal year.

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statements of activities and is a component of investment return, net.

Property and Equipment – All acquisitions of property and equipment and expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets and are in excess of \$5,000 are capitalized at cost at the date of acquisition or at estimated fair value at date of donation if acquired as gifts. Repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful life of the asset. Capitalized leasehold improvements are depreciated over the shorter of the life of the asset or the life of the corresponding lease.

Contracts Receivable – Contracts receivable consist primarily of amounts due to the Foundation under contracts with third party organizations and are stated at cost less an allowance for credit losses. Amounts are considered past due when they are not paid within the terms agreed upon by the Foundation and the third party. The allowance for credit losses is based on the Foundation's assessment of the collectability of contract receivables. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Foundation makes ongoing estimates relating to the collectability of contracts receivable and records an allowance for estimated losses expected from the inability of third party organizations to make required payments. The Foundation establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a third party organization's ability to pay, and creditworthiness of third party organizations. These inputs are used to determine a range of expected credit losses and an allowance is recorded within that range. Contracts receivable are written off when there is no reasonable expectation of recovery. The allowance for credit losses at June 30, 2024 was \$147,692. There was no allowance for credit losses at June 30, 2023.

Contracts Payable – Contracts payable represent payments received in advance on contracts that the Foundation holds on behalf of the CDC and others. Funds are disbursed as projects reach certain checkpoints or reach completion.

Grants Payable – The Foundation disburses a portion of its project funds as cost reimbursement grants. Recognition of these funds as program expenses is contingent upon the recipient properly expending and documenting the expenditure as directed by the Foundation. Once these established conditions are met, the respective amounts are expensed and accrued as grants payable until the Foundation provides reimbursement.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Leases – The Foundation determines if an arrangement is or contains a lease at inception. After the implementation of ASU 2016-02, leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and lease liabilities for any short-term leases. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Fair Value of Financial Instruments – Assets and liabilities recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs to measure their fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The estimates are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. These estimates may differ substantially from amounts that could be realized in an immediate sale or settlement of the instrument.

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses and other assets, accounts payable, accrued expenses, deferred revenues, contracts payable, grants payable and other liabilities approximate fair value because of the short maturity of these financial instruments. The carrying amount of contributions and grants receivable approximate fair value since contributions to be received after one year are discounted at a rate commensurate with the risk involved. Fair value of investments is disclosed in Note 7.

Compensated Absences – Foundation policies allow employees who work 20 or more hours per week to receive from 80 to 192 hours of vacation annually, based upon position. Employees may carry over up to 1.5 times their annual vacation. An accrual for unused vacation days has been included with accrued payroll and related expenses on the statements of financial position.

Risk Management – The Foundation is exposed to risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; material disasters; and liability. The Foundation carries commercial, cyber and directors’ and officers’ insurance addressing each of these identified risks.

Advertising Expense – The Foundation’s policy is to expense all public relations, advertising, and marketing costs as they are incurred. These costs, included with management and general expenses, totaled \$764,057 and \$312,431 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Other expenses that are common to several functions, such as personnel cost, occupancy, technology, and depreciation are allocated among the programs and supporting activities based on time spent and estimates of usage.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Income Taxes – The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of June 30, 2024 and 2023, the Foundation has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Adoption of New Accounting Standard – Effective July 1, 2023, the Foundation adopted FASB, ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequent related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This new guidance requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Foundation adopted this new accounting standard using the modified retrospective method and, therefore, the comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no significant impact to the Foundation’s change in net assets for the current period due to the adoption of this standard.

Reclassifications – Certain reclassifications have been made to present last year’s financial statements on a basis comparable to the current year’s financial statements. These reclassifications were not significant and had no effect on the change in net assets or total net assets.

Subsequent Events – Management has evaluated subsequent events through the date the financial statements were available to be issued, December 17, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3—Liquidity and availability of resources

The schedule below reflects the Foundation’s financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 22,288,506	\$ 26,502,910
Cash - restricted in perpetuity	-	143,910
Contributions and grants receivable, net	31,967,628	44,471,344
Contracts receivable	17,363,570	18,695,949
Investments	82,915,807	81,392,346
Total financial assets at year-end	<u>154,535,511</u>	<u>171,206,459</u>
Less net assets unavailable to meet cash needs for general expenditures within one year:		
Board designated for strategic initiatives	(15,489,066)	-
Board designated endowment	(500,000)	-
Subject to purpose or time restrictions	(84,740,615)	(95,606,873)
Donor-restricted endowment to be retained into perpetuity	<u>(12,899,789)</u>	<u>(10,922,831)</u>
Financial assets available to be used within one year	<u>\$ 40,906,041</u>	<u>\$ 64,676,755</u>

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3—Liquidity and availability of resources (continued)

Program costs are predominantly funded with donor-restricted funds whereas management and general and fundraising expenses are predominantly covered with funding from sources without donor restriction. Because a donor's restriction requires resources to be used for a particular purpose or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As of June 30, 2024, the Foundation's governing board has designated, from net assets without donor restrictions, \$15,489,066 to support the strategic initiatives of the Foundation and \$500,000 to support the CDC Museum Public Health Academy Endowed Fund. These designations were established by the governing board which may undesignated these funds in the event of an immediate liquidity need.

Due to the donor restrictions described above, certain financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4—Contributions and grants receivable, net

Contributions and grants receivable at June 30 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Contributions and grants receivable	\$ 34,338,414	\$ 47,049,432
Less allowance for uncollectible pledges	(1,120,199)	(737,699)
Less present value discount	(1,250,587)	(1,840,389)
Contributions and grants receivable, net	<u>\$ 31,967,628</u>	<u>\$ 44,471,344</u>

Contributions and grants receivable are due as follows:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 28,850,832	\$ 12,693,463
One year to five years	5,487,582	34,355,969
Contributions and grants receivable	<u>\$ 34,338,414</u>	<u>\$ 47,049,432</u>

Discounts on contributions and grants receivable in excess of one year were calculated as of the date of donation using rates commensurate with the risk involved (rates range from 3.25% to 5.42%). Amortization of discounts is recorded as additional contribution revenue based on the nature of the contributions, in accordance with donor-imposed restrictions on the contributions.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 5—Investments

The following is a summary of investments at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,607,295	\$ 177,930
U.S. government and agency securities	33,594,670	49,926,265
Corporate bonds	18,636,276	17,659,557
Mutual funds	17,412,479	3,800,808
Exchange traded funds	10,665,087	9,827,786
Total investments	<u>\$ 82,915,807</u>	<u>\$ 81,392,346</u>

Investment returns, net for the years ended June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 2,726,047	\$ 1,936,866
Net realized and unrealized gains	3,188,513	894,119
Investment fees	(142,672)	(119,137)
Total investment returns, net	<u>\$ 5,771,888</u>	<u>\$ 2,711,848</u>

Note 6—Property and equipment, net

The components of property and equipment, net at June 30 are as follows:

	<u>Estimated Useful Lives</u>	<u>2024</u>	<u>2023</u>
Leasehold improvements	12 years	\$ 2,120,065	\$ 2,120,065
Equipment and furnishings	3 to 7 years	426,939	405,072
Software	3 years	1,309,241	852,037
Total depreciable property and equipment		3,856,245	3,377,174
Less accumulated depreciation		(2,747,716)	(2,456,509)
Total property and equipment, net		<u>\$ 1,108,529</u>	<u>\$ 920,665</u>

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 7—Fair value hierarchy

Fair value is determined based on the assumptions that market participants would use in pricing assets or liabilities. As a basis for considering market participant assumptions in fair value measurements, standards established a three-tier hierarchy to distinguish between various types of inputs used in determining the value of an organization’s financial instruments.

Level inputs as defined by ASC 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than Level 1 quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different hierarchy levels. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the valuation of the Foundation’s financial assets measured at fair value, based on the level of input utilized to measure fair value. Measurement at fair value on a recurring basis as of June 30 was as follows:

	Fair Value Measurements at June 30, 2024:			
	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Cash and cash equivalents	\$ 2,607,295	\$ 2,607,295	\$ -	\$ -
U.S. government and agency securities	33,594,670	33,594,670	-	-
Corporate bonds	18,636,276	-	18,636,276	-
Mutual Funds	17,412,479	17,412,479	-	-
Exchange traded funds	10,665,087	10,665,087	-	-
	<u>\$ 82,915,807</u>	<u>\$ 64,279,531</u>	<u>\$ 18,636,276</u>	<u>\$ -</u>

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 7—Fair value hierarchy (continued)

	Fair Value Measurements at June 30, 2023:			
	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Cash and cash equivalents	\$ 177,930	\$ 177,930	\$ -	\$ -
U.S. government and agency securities	49,926,265	49,926,265	-	-
Corporate bonds	17,659,557	-	17,659,557	-
Mutual Funds	3,800,808	3,800,808	-	-
Exchange traded funds	9,827,786	9,827,786	-	-
	<u>\$ 81,392,346</u>	<u>\$ 63,732,789</u>	<u>\$ 17,659,557</u>	<u>\$ -</u>

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2, or 3.

Note 8—Endowments

The Foundation’s endowment consists of approximately 20 individual funds established by donors for a variety of purposes, including programs, awards, research, and operations. The Foundation’s endowments also includes funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Foundation interprets Georgia’s adoption of the Uniform Prudent Management of Institutional Funds Act (“GPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to the endowment fund. The remaining portion of the donor-restricted endowment fund in excess of the original fair value is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by GPMIFA.

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

- The duration and preservation of the endowment fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 8—Endowments (continued)

The endowment net asset composition by type of fund is as follows at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowments:			
Restricted in perpetuity	\$ -	\$ 12,899,789	\$ 12,899,789
Accumulated investment gains	-	4,527,258	4,527,258
Board-designated endowment	500,000	-	500,000
Total endowment funds	<u>\$ 500,000</u>	<u>\$ 17,427,047</u>	<u>\$ 17,927,047</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowments:			
Restricted in perpetuity	\$ -	\$ 10,922,831	\$ 10,922,831
Accumulated investment gains	-	2,733,381	2,733,381
Total endowment funds	<u>\$ -</u>	<u>\$ 13,656,212</u>	<u>\$ 13,656,212</u>

The changes in endowment net assets for the years ended June 30 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of the year	\$ -	\$ 13,656,212	\$ 13,656,212
Additions	500,000	-	500,000
Contributions	-	1,976,958	1,976,958
Investment returns, net	-	1,871,298	1,871,298
Amounts appropriated for expenditure	-	(77,421)	(77,421)
End of the year	<u>\$ 500,000</u>	<u>\$ 17,427,047</u>	<u>\$ 17,927,047</u>

	# 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of the year	\$ -	\$ 6,695,139	\$ 6,695,139
Contributions	-	6,190,006	6,190,006
Investment returns, net	-	805,485	805,485
Amounts appropriated for expenditure	-	(34,418)	(34,418)
End of the year	<u>\$ -</u>	<u>\$ 13,656,212</u>	<u>\$ 13,656,212</u>

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 8—Endowments (continued)

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for the endowment assets that attempt to provide for the preservation of assets, growth of capital and generation of income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to minimize the risk of large losses and generate a long-term rate of return to equal or exceed the appropriate market indices, and over time, exceed the rate of inflation in order to preserve the purchasing power of assets, and generate income to fund operations as needed. 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 capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk restraints.

Endowment Spending Policy – The Board encourages the growth of the Foundation endowment assets through a spending policy that will provide a predictable stream of income to the Foundation and to the appropriate restricted projects, while permitting reinvestment of any earnings above the approved spending rate. The initial payout is up to 4% of the 12-quarter trailing average fund balance as of June 30th of each year. In any year that the June 30 fair value of an endowment is less than its fair value at the time of original contribution, the Foundation will use an income-only approach to the spending rate.

Funds with Deficiencies – From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or GPMIFA requires the Foundation to retain as a fund of perpetual duration. No deficiencies of this nature were present for the years ended June 30, 2024 and 2023.

Note 9—Retirement plans

The Foundation has established a voluntary defined contribution retirement plan, in which all employees who work at least 20 hours per week are eligible to participate after 90 days of consecutive service. Upon meeting these eligibility requirements, employees are fully vested. Contributions under this plan are invested, at the discretion of the participant, in one or more of the available investment options at the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). The Foundation contributes 10% of a qualifying participant's compensation to the retirement plan, provided the participant contributes 2% of their compensation to the plan and completes 1,000 hours of service. Contributions to the retirement plan by the Foundation totaled \$6,729,245 and \$9,720,396 for the years ended June 30, 2024 and 2023, respectively.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 10—Net assets with donor restrictions

Net assets were released from donor-imposed restrictions as a result of actions of the Foundation and/or passage of time for the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of program restrictions:		
Sponsored programs:		
Emergency response and workforce solutions	\$ 15,950,199	\$ 118,524,257
Non-infectious disease	55,729,060	47,700,491
Infectious disease	47,208,388	51,550,323
Other sponsored programs	<u>3,326,539</u>	<u>2,169,394</u>
Total sponsored programs	122,214,186	219,944,465
General operating purposes - operating grant	<u>913,522</u>	<u>1,454,254</u>
Satisfaction of program restrictions, total	123,127,708	221,398,719
Expiration of time restrictions - administrative fees recovered	11,941,093	26,720,114
Appropriation from donor-restricted endowment	<u>77,421</u>	<u>34,418</u>
Total releases from restriction	<u>\$ 135,146,222</u>	<u>\$ 248,153,251</u>

Donor-restricted net assets are available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Restricted by purpose or time:		
Sponsored programs:		
Emergency response and workforce solutions	\$ 5,903,221	\$ 5,533,143
Non-infectious disease	31,383,920	49,058,387
Infectious disease	32,169,126	27,183,013
Other sponsored programs	<u>10,757,090</u>	<u>11,098,949</u>
Total sponsored programs	80,213,357	92,873,492
Accumulated endowment earnings	<u>4,527,258</u>	<u>2,733,381</u>
Total restricted for purpose or time	84,740,615	95,606,873
Endowment assets restricted in perpetuity	<u>12,899,789</u>	<u>10,922,831</u>
Total net assets with donor restrictions	<u>\$ 97,640,404</u>	<u>\$ 106,529,704</u>

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 11—Transactions with affiliated organization

During the years ended June 30, 2024 and 2023, the Foundation received grant awards from CDC totaling approximately \$73,679,000 and \$151,100,000, to fund specific Foundation programs. In addition, the Foundation receives an annual operating grant from the CDC of \$1,250,000. As of June 30, 2024 and 2023, the Foundation had outstanding grant receivables from the CDC totaling \$8,027,540 and \$8,603,908, respectively.

The CDC also has authority to accept funds from the Foundation. During the years ended June 30, 2024 and 2023, the Foundation provided program funds to the CDC totaling approximately \$6,300,000 and \$13,500,000, respectively.

Note 12—Contributed nonfinancial assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Services	\$ 3,586	\$ 132,000
Advertising	-	5,010,163
Program supplies	-	192,785
Total	<u>\$ 3,586</u>	<u>\$ 5,334,948</u>

The Foundation recognizes donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

Donated services recognized primarily includes services performed by individuals loaned to the Foundation by the CDC for specific management and consulting expertise. The contributed services did not have donor-imposed restrictions and are reported in the financial statements based on the salaries of the loaned employees.

Contributed advertising includes internet advertising. These advertisements were donor-restricted and were utilized to amplify public health information. The fair value of these advertisements was estimated by the Foundation based on the date, time, and market in which each is displayed.

Program supplies were donor-restricted and were used in programs. The Foundation estimated the fair value of supplies on the basis of estimates of wholesale values that would be received for selling similar products.

NATIONAL FOUNDATION FOR THE CENTERS FOR DISEASE CONTROL AND PREVENTION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 13—Leases

The Foundation has obligations as a lessee for office space and office equipment with initial noncancelable terms in excess of one year. The Foundation has classified these leases as operating leases.

Required supplemental information related to the Foundation’s operating leases as of and for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating leases expense:		
Leases expense, included in program services	\$ 688,552	\$ 688,552
Total operating leases expense	<u>\$ 688,552</u>	<u>\$ 688,552</u>
Cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 688,552</u>	<u>\$ 688,552</u>
Lease term and discount rate:		
Weighted average remaining lease term—operating leases	4.24 years	5.24 years
Weighted average discount rate—operating leases	3.13%	3.13%

Future minimum lease payments under operating leases as of June 30, 2024 are as follows:

<u>Years Ending June 30,</u>		
2025		\$ 1,065,471
2026		1,081,388
2027		1,106,296
2028		1,133,965
2029		<u>285,230</u>
Total lease payments		4,672,350
Less present value discount		<u>(306,559)</u>
Total lease obligations		<u>\$ 4,365,791</u>

Note 14—Commitments and contingencies

Federal Grant Programs – The Foundation has received proceeds from various federal grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 15—Concentrations of credit risk

Throughout the year, the Foundation maintains bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits. Uninsured cash balances aggregated approximately \$21,100,000 and \$22,000,000 at June 30, 2024 and 2023, respectively. Management of the Foundation has evaluated and accepted the risk associated with uninsured cash balances.

Contributions receivable from Federal grants awarded by the CDC represented approximately 23% and 18% of total contributions receivable at June 30, 2024 and 2023, respectively, and contributions revenue from federal grants awarded by the CDC represented approximately 38% and 54% of total revenue for the years ended June 30, 2024 and 2023, respectively.