

COPD Foundation, Inc.
(Not-For-Profit Organization)
Financial Statements and Supplementary Information
June 30, 2021

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Independent Auditor's Report

To the Board of Directors of
COPD Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of COPD Foundation, Inc. (a not-for-profit organization), hereafter referred to as the "Organization", which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of financial assistance, on page 15, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the COPD Foundation, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021 our consideration of COPD Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COPD Foundation, Inc.'s internal control over financial reporting and compliance.

ZOMMA Group, LLP

ZOMMA Group, LLP
Coral Gables, Florida
October 11, 2021

COPD Foundation, Inc.
(Not-For-Profit Organization)
Statements of Financial Position
June 30, 2021
(With Summarized Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,876,265	\$ 2,539,024
Marketable securities	5,188,565	3,859,890
Accounts receivable	1,672,165	2,951,395
Prepaid expenses	596,356	722,571
Total current assets	<u>10,333,351</u>	<u>10,072,880</u>
Property and equipment, net	20,324	13,537
Marketable securities, long term	<u>437,452</u>	<u>447,420</u>
Total assets	<u><u>\$ 10,791,127</u></u>	<u><u>\$ 10,533,837</u></u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	\$ 548,534	\$ 1,025,722
Deferred revenues	2,266,151	2,672,111
Total current liabilities	<u>2,814,685</u>	<u>3,697,833</u>
Long term debt		
Paycheck Protection Program Loan	<u>-</u>	<u>304,870</u>
Total liabilities	<u>2,814,685</u>	<u>4,002,703</u>
Net assets		
Without donor restrictions	2,899,789	1,678,821
With donor restrictions	5,076,653	4,852,313
Total net assets	<u>7,976,442</u>	<u>6,531,134</u>
Total liabilities and net assets	<u><u>\$ 10,791,127</u></u>	<u><u>\$ 10,533,837</u></u>

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

COPD Foundation, Inc.
(Not-For-Profit Organization)
Statements of Activities
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Totals</u>	
			<u>2021</u>	<u>2020</u>
Public support				
Grant - Federal	\$ 440,257	\$ -	\$ 440,257	\$ 1,058,910
Contributions and other revenues	3,690,738	3,980,432	7,671,170	7,783,341
Investment and interest income	991,141	-	991,141	128,896
Special events (net of direct costs of \$144,376)	163,658	-	163,658	282,320
Publications and other income	100,400	-	100,400	93,175
Net assets released from restrictions	3,756,092	(3,756,092)	-	-
Total public support	9,142,286	224,340	9,366,626	9,346,642
Functional expenses				
Program services	6,919,614	-	6,919,614	7,464,951
General and support services	799,920	-	799,920	411,506
Fundraising	797,183	-	797,183	1,017,792
Total functional expenses	8,516,717	-	8,516,717	8,894,249
Excess of public support over expenses	625,569	224,340	849,909	452,393
Other change in net assets				
Insurance settlement proceeds	290,529	-	290,529	-
Paycheck protection program funds	304,870	-	304,870	-
Change in net assets	1,220,968	224,340	1,445,308	452,393
Net assets – beginning of year	1,678,821	4,852,313	6,531,134	6,078,741
Net assets – end of year	<u>\$ 2,899,789</u>	<u>\$ 5,076,653</u>	<u>\$ 7,976,442</u>	<u>\$ 6,531,134</u>

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

COPD Foundation, Inc.
(Not-For-Profit Organization)
Statements of Functional Expenses
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for 2020)

	Program Expenses						Supporting Services			
	Research & Medical	Public & Professional Education	Community	Policy & Advocacy	Publications	Total Program Expenses	General and Support Services	Fundraising	Combined Totals	
									2021	2020
Personnel costs										
Salaries	\$ 1,038,354	\$ 365,963	\$ 188,042	\$ 5,313	\$ 116,087	\$ 1,713,759	\$ 485,652	\$ 412,753	\$ 2,612,164	\$ 2,706,826
Payroll taxes	76,359	30,699	13,424	432	9,770	130,684	9,880	32,443	173,007	195,501
Employee benefits	199,946	62,229	24,943	1,271	6,209	294,598	9,557	50,845	355,000	317,045
Total personnel costs	\$ 1,314,659	\$ 458,891	\$ 226,409	\$ 7,016	\$ 132,066	\$ 2,139,041	\$ 505,089	\$ 496,041	\$ 3,140,171	\$ 3,219,372
Contract services	\$ 3,160,322	\$ 197,020	\$ 153,540	\$ 155,559	\$ 72,500	\$ 3,738,941	\$ 54,497	\$ 200,841	\$ 3,994,279	\$ 3,901,044
Awards and grants	200,596	-	-	-	-	200,596	500	-	201,096	790,670
Professional fees	163,768	6,521	391	-	-	170,680	202,837	27,042	400,559	36,286
Supplies	46,106	10,119	279	81	118	56,703	861	2,385	59,949	100,074
Telephones	11,272	2,175	1,218	321	607	15,593	2,139	1,973	19,705	21,841
Online services	48,689	7,410	35,366	277	4,025	95,767	1,848	1,705	99,320	94,668
Postage and shipping	2,544	500	117	31	59	3,251	221	1,820	5,292	(12,516)
Occupancy	17,037	3,287	1,840	485	918	23,567	3,761	2,982	30,310	67,199
Printing and publication	5,533	7,073	-	-	-	12,606	-	-	12,606	35,027
Travel	844	-	-	-	-	844	-	-	844	206,958
Meals	-	-	-	-	-	-	-	-	-	30,570
Conferences and meetings	2,899	-	-	-	-	2,899	-	-	2,899	22,535
Licenses and fees	291,500	17,796	53,098	1,956	4,538	368,888	14,018	31,926	414,832	277,112
Dues and subscriptions	50,183	4,127	3,752	5,621	1,263	64,946	3,255	27,268	95,469	72,126
Insurance	18,284	3,528	1,975	520	985	25,292	3,386	3,200	31,878	24,944
Depreciation	-	-	-	-	-	-	7,508	-	7,508	6,339
Total functional expenses	\$ 5,334,236	\$ 718,447	\$ 477,985	\$ 171,867	\$ 217,079	\$ 6,919,614	\$ 799,920	\$ 797,183	\$ 8,516,717	\$ 8,894,249

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

COPD Foundation, Inc.
(Not-For-Profit Organization)
Statements of Cash Flows
For the Year Ended June 30, 2021
(With Summarized Comparative for 2020)

	2021	2020
Cash flows from operating activities		
Cash received from grants and revenues	\$ 10,936,385	\$ 8,025,876
Cash paid for daily operations	(9,266,142)	(8,464,062)
Realized loss on investments	(188,749)	(81,117)
Unrealized (gain)/loss on investments	(697,841)	86,943
Net cash (used in) provided by operating activities	783,653	(432,360)
Cash flows from investing activities		
Purchase of property and equipment	(14,295)	(5,704)
Purchase of investment securities	(3,414,568)	(4,497,761)
Proceeds from sale of investment securities	2,982,451	5,628,775
Net cash (used in) provided by investing activities	(446,412)	1,125,310
Cash flows from financing activities		
Payment on note payable	-	(250,000)
Proceeds from Paycheck Protection Program borrowing	-	304,870
Net cash provided by financing activities	-	54,870
Net increase in cash and cash equivalents	337,241	747,820
Cash and cash equivalents – beginning of year	2,539,024	1,791,204
Cash and cash equivalents – end of year	\$ 2,876,265	\$ 2,539,024
The net change in net assets may be reconciled to		
Net cash provided by (used in) operating activities as follows		
Change in net assets	\$ 1,445,308	\$ 452,393
Add items which do not affect cash		
Depreciation	7,508	6,339
Realized gain on investments	(188,749)	(81,117)
Unrealized (gain)/loss on investments	(697,841)	86,943
Forgiveness of PPP loan	(304,870)	-
Add or (deduct) changes in operating assets and liabilities		
Deferred revenue	(405,960)	1,704,365
Grant and other receivables	1,279,230	(1,320,766)
Prepaid expenses	126,215	(418,527)
Accounts payable and accrued expenses	(477,188)	(861,990)
Net cash (used in) provided by operating activities	\$ 783,653	\$ (432,360)

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

Note 1 Organization and Purpose

COPD Foundation, Inc. (COPD or the “Organization”) was incorporated in the state of Florida in 2004 as a not-for-profit organization. COPD’s mission is to speed innovations which will make treatment more effective and affordable, to undertake initiatives that result in expanded services for COPD patients, and improve the lives of patients with COPD and related disorders (through scientific research, education & awareness) that will lead to prevention and a stop in the progression of COPD. The Organization’s activities focus on achieving these results through research, education and advocacy programs that will lead to prevention and someday, a cure for the disease.

Note 2 Summary of Significant Accounting Policies

Basis of Financial Statements Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. In addition, the statement of functional expenses includes prior year summarized information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Note 2 Summary of Significant Accounting Policies (continued)

Use of Estimates

In preparing the financial statements of the Organization, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the statement of financial position date, and the revenues and expenses for the period then ended. Actual results could differ from those estimates. A description of some of the estimates used in the preparation of the financial statements is included in the following significant accounting policies.

Fair Value Measurements

Fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consist of a) - valuations based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable unadjusted quoted prices for similar assets and liabilities in active markets (Level 2), and c) - valuations based on inputs that are unobservable and are supported by little or no market activity, therefore, requiring management's best estimate of what market participants would use as fair value (Level 3). A description of the Organization's accounting principles and basis of presentation with regards to the fair market value of its assets and liabilities follows:

Financial Assets and Liabilities

The Organization reflects certain financial assets and liabilities such as cash and cash equivalents, marketable securities, accounts receivable, payables, prepaid expense and accrued expenses at their carrying values in accordance with generally accepted accounting principles in the United States.

Non-Financial Assets

The Organization's non-financial assets comprise of assets which are measured at fair value on a nonrecurring basis such as property and equipment. The Organization's property and equipment as further explained in Note 4 is tested for impairment and adjusted to fair market value based on a Level 2 or 3 type of valuation when circumstances indicate that the carrying value of an asset may not be recoverable.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Investments

Investments include marketable securities (debt and equity securities) and are classified as available-for-sale.

Investments in marketable securities are carried at fair value on the statement of financial position in current assets, with the change in fair value during the period included in earnings.

Note 2 Summary of Significant Accounting Policies (continued)

Investments (continued)

These investments' fair value is determined using Level 1 inputs, when available, such as the bid-and-asked prices publicly reported as of the date of the financial statements. Level 1 inputs generally provide the most reliable evidence of fair value. Level 2 inputs were only used when Level 1 inputs were not available.

Realized gains and losses are determined from the proceeds from the sale in excess of related costs. Investment transactions are recognized on a trade date basis. Interest income is recognized when earned and dividend income is recognized on the ex-dividend date. Interest and dividend income is included in investment income in the accompanying statement of activities.

The preceding methods may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future values. While management believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date and these differences could be material.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with these securities.

Accounts Receivable

The Organization considers the accounts receivable to be collectible; accordingly, no allowance for doubtful accounts is required. When amounts are determined to be uncollectible, they are charged to operations.

Property and Equipment

Property and equipment is recorded at cost when purchased or constructed, or at market value when donated. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is included in the statement of activities and is computed on the straight-line basis over the estimated useful life of the assets.

Impairment

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the years ended June 30, 2021 and 2020.

Note 2 Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the programs and supporting service activities have been directly charged. Management and general costs primarily consist of management fees, accounting and audit expenses, and miscellaneous administrative expense.

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2021 and 2020. This is primarily composed of revenue for new research studies as well as ongoing studies.

Accrued Compensated Absences

The amount of leave earned but not taken by employees is recorded and included as other current liability on the statement of position. The amount reflects, as of June 30, 2021 and 2020, all unused personal time off and taxes payable.

Income Taxes

The Organization is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the years ended June 30, 2021 and 2020, would be subject to federal income taxes. The Organization's information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by FAS ASC 740-10 *Accounting For Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at June 30, 2021 and 2020, for which the ultimate deductibility is highly certain but for which there are uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. The Organization has determined that no amount required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2021 and 2020.

Recently Issued Accounting Standards

The Organization has adopted Accounting Standards Update ("ASU") No. 2014-09 – *Revenue from Contract Customers* (Topic 606), as amended. This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization implemented such ASU as of January 1, 2020, due to the fact that such standard was delayed one year as a result of the COVID-19 Pandemic. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

Note 2 Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

The Organization has adopted Accounting Standards Update No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605). The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounting for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has adopted such ASU as of January 1, 2020. There was no impact to net assets or changes in net assets.

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization will implement the new changes, if any, for the year ended June 30, 2023, if applicable.

Note 3 Investments

Investments as of June 30, 2021 and 2020, as set forth by levels within the fair value hierarchy, consists of the following:

	2021		2020	
	Fair Value Level 1	Cost	Fair Value Level 1	Cost
U.S. equity securities	\$ 4,363,954	\$ 3,455,209	\$ 2,289,074	\$ 2,079,186
Fixed income securities	1,262,063	1,220,169	2,018,236	1,980,804
	5,626,017	4,675,378	4,307,310	4,059,990
Current	(5,188,565)	(4,263,856)	(3,859,890)	(3,646,186)
Non Current	\$ 437,452	\$ 411,522	\$ 447,420	\$ 413,804

The fair value of long-term investments totaled \$437,452 and \$447,420 at June 30, 2021 and 2020, respectively, with a scheduled maturity date of March 2026.

Note 4 Property and Equipment

Property and equipment as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>	<u>Useful Lives (Years)</u>
Furniture and equipment	\$ 50,531	\$ 54,799	5
Less: accumulated depreciation	<u>30,207</u>	<u>41,262</u>	
	<u>\$ 20,324</u>	<u>\$ 13,537</u>	

Depreciation expense for the years ending June 30, 2021 and 2020 totaled \$7,508 and \$6,339, respectively.

Note 5 Paycheck Protection Program Loan

In May 2020, the Organization received loan proceeds in the amount of \$304,870 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to businesses for amounts based on the average monthly payroll expenses of the qualifying business. The Organization used the entire loan amount for qualifying expenses. In December 2020, the loan was forgiven in full and recognized as revenue in the accompanying statements of activities.

Note 6 Insurance Settlement Proceeds

During the current year, the Organization resolved claims relating to the termination of several executive and management employees. The Organization filed claims with their professional liability insurance carrier and was reimbursed \$290,529. These proceeds were recognized as revenue in the accompanying statements of activities.

Note 7 Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research Network	\$ 3,733,944	\$ 3,853,171
Care Delivery	-	354,056
Publications - JCOPDF	-	30,000
Community	<u>127,830</u>	-
Public & Professional Education	<u>118,658</u>	-
Total donor restricted net assets	<u>\$ 3,980,432</u>	<u>\$ 4,237,227</u>

Note 7 Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research Network	\$ 3,063,884	\$ 3,465,827
Care Delivery	-	362,140
Publications - JCOPDF	3,500	875
Community	132,986	-
Public & Professional Education	269,309	-
Policy & Advocacy	26,083	-
Released due to fulfillment of terms	260,330	82,069
Total net assets released from restrictions	<u>\$ 3,756,092</u>	<u>\$ 3,910,911</u>

Note 8 Commitments and Contingencies

Commitments

The Organization has several leases for office space, however, most of them are on a month to month basis. Rental expense for the years ended June 30, 2021 and 2020 amounted to \$30,167 and \$67,198, respectively.

The Organization has a lease for office space, located in Washington DC, which expires in November 2021. The minimum rental commitment under their, Miami location, operating lease approximates \$8,700 for the year ending June 30, 2021.

Contingencies

Expenses reflected in the accompanying financial statements relating to government programs are subject to audit by the respective grantor. The possible disallowance by the related Organization of any item charged to the program cannot be determined at this time. No provision for any liability that may result has been made to the financial statements. Management is of the opinion that no material liability will result from such audits.

Note 9 Credit Risk

At times during the year, the Organization's cash balances were in excess of the federal insured limits of \$250,000. At June 30, 2021 and 2020, the Organization's uninsured cash balances approximated \$2,233,000 and \$1,531,000. However, the Organization maintains its cash with a high quality financial institution which the Organization believes limits the risk of having uninsured deposits.

Note 10 COVID Uncertainty

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial position, liquidity, and future changes in net assets.

Note 11 Employees' 401 K

The Organization has a 401 K Roth Plan. This plan is a voluntary retirement savings program eligible to all full-time employees. Such plan provides for the Organization to match up to 4% of safe harbor of the employee's annual salary providing that the employee is eligible for the plan benefits. The Organization contributed \$47,057 and \$40,967 for the years ended June 30, 2021 and 2020.

Note 12 Business Concentration

The Organization's services are substantially paid for by private grants and contributions. For the years ended June 30, 2021 and 2020, the Organization's private grants and contributions approximate 82% and 83% of total revenues.

Note 13 Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by the amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2021</u>	<u>2020</u>
Current assets, excluding non-financial assets	\$ 9,736,995	\$ 9,350,309
Less: donor restrictions for specific purposes		
Note payable	-	250,000
Donor restricted assets	<u>5,076,653</u>	<u>4,525,997</u>
	5,076,653	4,775,997
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,660,342</u></u>	<u><u>\$ 4,574,312</u></u>

Note 14 Subsequent Events

Subsequent events have been evaluated through October 11, 2021, which is the date the financial statements were available to be issued.

Supplementary Information

COPD Foundation, Inc.
(Not-For-Profit Organization)
Schedule of Financial Assistance
For the Year Ended June 30, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract Grant Number	Expenditures
Federal Agency			
National Institute of Health			
<i>Passed through University of Pittsburgh</i>			
Lung Diseases Research – INSIGHT	93.838	5U01HL128954	\$ 254,121
Lung Diseases Research – RETHINC	93.838	5U01HL128954	175,116
<i>Passed through University of Chicago</i>			
The Virtual Mentored Implementation to Reduce REVISITS Study	93.838	1R01HL146644-01A1	9,499
The Virtual Mentored Implementation to Reduce REVISITS Study	93.838	5R01HL146644-02	1,521
Total expenditures of federal awards			\$ 440,257

Reporting Section



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
COPD Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of COPD Foundation, Inc. (a not-for-profit organization) (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

ZOMMA Group, LLP

ZOMMA Group, LLP
Coral Gables, Florida
October 11, 2021