

**COPD Foundation, Inc.**  
**(Not-For-Profit Organization)**  
**Financial Statements and Supplementary Information**  
**June 30, 2024**

<b>Independent Auditor's Report</b>	1 – 3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
<b>Notes to Financial Statements</b>	8 – 15
<b>Supplementary Information</b>	
Schedule of Financial Assistance	16
<b>Reporting Section</b>	
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 <i>Government Auditing Standards</i>	17 – 18



## Independent Auditor's Report

To the Board of Directors of  
COPD Foundation, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

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, 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 present fairly, in all material respects, the financial position of the Organization 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 and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 COPD Foundation, Inc. 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 opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about COPD Foundation, Inc.'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 generally accepted auditing standards and *Government Auditing Standards*, 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 COPD Foundation, Inc. '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 COPD Foundation, Inc. '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.



## **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 16, 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 January 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 December 17, 2024 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**

Coral Gables, Florida  
December 17, 2024

**COPD Foundation, Inc.**  
**(Not-For-Profit Organization)**  
**Statements of Financial Position**  
**June 30, 2024**  
**(With Summarized Comparative Totals for 2023)**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,383,768	\$ 3,320,835
Marketable securities	3,299,538	4,042,892
Accounts receivable, net	1,992,319	735,281
Prepaid expenses	870,516	409,885
Total current assets	<u>9,546,141</u>	<u>8,508,893</u>
Property and equipment, net	14,215	17,609
Marketable securities, long term	<u>591,655</u>	<u>385,208</u>
<b>Total assets</b>	<u><u>\$ 10,152,011</u></u>	<u><u>\$ 8,911,710</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities		
Accounts payable and other current liabilities	\$ 815,420	\$ 1,057,638
Deferred revenues	3,900,153	2,629,446
Total current liabilities	<u>4,715,573</u>	<u>3,687,084</u>
<b>Net assets</b>		
Without donor restrictions	2,008,668	1,158,628
With donor restrictions	3,427,770	4,065,998
<b>Total net assets</b>	<u><u>5,436,438</u></u>	<u><u>5,224,626</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 10,152,011</u></u>	<u><u>\$ 8,911,710</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, 2024**  
**(With Summarized Comparative Totals for 2023)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Totals</u>	
			<u>2024</u>	<u>2023</u>
<b>Public support</b>				
Grant - Federal	\$ 16,816	\$ -	\$ 16,816	\$ 29,337
Contributions and other revenues	7,599,244	2,810,346	10,409,590	7,465,783
Publications and other income	158,446	-	158,446	160,312
Net assets released from restrictions	3,448,574	(3,448,574)	-	-
<b>Total public support</b>	<u>11,223,080</u>	<u>(638,228)</u>	<u>10,584,852</u>	<u>7,655,432</u>
<b>Functional expenses</b>				
Program services	7,919,258	-	7,919,258	6,857,246
General and support services	2,183,456	-	2,183,456	2,044,450
Fundraising	752,674	-	752,674	747,483
<b>Total functional expenses</b>	<u>10,855,388</u>	<u>-</u>	<u>10,855,388</u>	<u>9,649,179</u>
Excess (deficiency) of public support over expenses	367,692	(638,228)	(270,536)	(1,993,747)
<b>Other change in net assets</b>				
Investment and interest (expense) income	482,348	-	482,348	418,799
<b>Change in net assets</b>	850,040	(638,228)	211,812	(1,574,948)
Net assets – beginning of year	<u>1,158,628</u>	<u>4,065,998</u>	<u>5,224,626</u>	<u>6,799,574</u>
<b>Net assets – end of year</b>	<u><u>\$ 2,008,668</u></u>	<u><u>\$ 3,427,770</u></u>	<u><u>\$ 5,436,438</u></u>	<u><u>\$ 5,224,626</u></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, 2024**  
**(With Summarized Comparative Totals for 2023)**

	Program Expenses						Supporting Services		Combined Totals	
	Research & Medical	Bronchiectasis	Public & Professional Education	Community Outreach	Policy & Advocacy	360Net Operations	Total Program Services	General and Administrative	Fundraising	
										2024 2023
Personnel costs										
Salaries	\$ 549,628	\$ 448,447	\$ 470,993	\$ 289,035	\$ 93,086	\$ -	\$ 1,851,189	\$ 1,034,645	\$ 386,531	\$ 3,272,365 \$ 2,962,995
Payroll taxes	42,419	34,639	36,869	21,105	6,939	-	141,971	77,126	29,892	248,989 234,615
Employee benefits	92,778	89,094	95,201	51,922	19,468	-	348,463	182,263	74,205	604,931 552,152
Total personnel costs	<u>\$ 684,825</u>	<u>\$ 572,180</u>	<u>\$ 603,063</u>	<u>\$ 362,062</u>	<u>\$ 119,493</u>	<u>\$ -</u>	<u>\$ 2,341,623</u>	<u>\$ 1,294,034</u>	<u>\$ 490,628</u>	<u>\$ 4,126,285</u> <u>\$ 3,749,762</u>
Contract services	\$ 2,906,634	\$ 1,009,319	\$ 244,223	\$ 220,429	\$ 249,845	\$ 25,654	\$ 4,656,104	\$ 448,076	\$ 132,742	\$ 5,236,922 \$ 4,717,924
Awards and grants	-	20,000	1,000	-	-	-	21,000	500	-	21,500 3,000
Professional fees	-	-	-	-	-	-	-	43,643	-	43,643 106,014
Supplies	26,568	5,553	2,467	397	332	-	35,317	14,259	6,328	55,904 38,111
Telephones	-	-	-	-	-	-	-	21,483	-	21,483 21,389
Online services	14,379	9,105	6,807	14,407	-	-	44,698	55,889	6,911	107,498 89,288
Postage and shipping	938	160	3,782	30	66	-	4,976	1,686	2,638	9,300 5,478
Occupancy	-	-	-	-	-	-	-	11,412	-	11,412 25,402
Printing and publication	7,824	10,130	45,499	30	1,112	-	64,595	383	10,933	75,911 32,595
Travel	20,065	3,337	8,349	9,273	48,316	-	89,340	18,294	1,404	109,038 96,949
Meals	(656)	5,875	174	-	12,999	126	18,518	8,211	22,470	49,199 8,808
Conferences and meetings	222,648	21,579	15,115	1,095	481	-	260,918	702	20,837	282,457 112,256
Licenses and fees	127,827	147,582	27,129	44,511	2,066	-	349,115	157,284	23,827	530,226 494,139
Dues and subscriptions	13,555	600	2,835	147	8,586	1,434	27,157	42,203	32,715	102,075 86,115
Insurance	2,272	1,119	1,328	976	202	-	5,897	58,638	1,241	65,776 55,019
Depreciation	-	-	-	-	-	-	-	6,759	-	6,759 6,930
Total functional expenses	<u>\$ 4,026,879</u>	<u>\$ 1,806,539</u>	<u>\$ 961,771</u>	<u>\$ 653,357</u>	<u>\$ 443,498</u>	<u>\$ 27,214</u>	<u>\$ 7,919,258</u>	<u>\$ 2,183,456</u>	<u>\$ 752,674</u>	<u>\$ 10,855,388</u> <u>\$ 9,649,179</u>

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, 2024**  
**(With Summarized Comparative for 2023)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Cash received from grants and revenues	\$ 9,810,831	\$ 9,032,915
Cash paid for daily operations	(10,280,771)	(8,657,667)
Realized loss on investments	(221,577)	(117,633)
Unrealized (gain)/loss on investments	(92,726)	(107,508)
<b>Net cash (used in) provided by operating activities</b>	<u>(784,243)</u>	<u>150,107</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(4,034)	(1,597)
Purchase of investment securities	(2,909,137)	(2,655,336)
Proceeds from sale of investment securities	3,760,347	3,845,581
<b>Net cash (used in) provided by investing activities</b>	<u>847,176</u>	<u>1,188,648</u>
<b>Net increase in cash and cash equivalents</b>	<b>62,933</b>	<b>1,338,755</b>
Cash and cash equivalents – beginning of year	<u>3,320,835</u>	<u>1,982,080</u>
<b>Cash and cash equivalents – end of year</b>	<u><u>\$ 3,383,768</u></u>	<u><u>\$ 3,320,835</u></u>
<b>The net change in net assets may be reconciled to</b>		
<b>Net cash provided by (used in) operating activities as follows</b>		
Change in net assets	\$ 211,812	\$ (1,574,948)
Add items which do not affect cash		
Depreciation	6,759	6,930
Realized gain on investments	(221,577)	(117,633)
Unrealized (gain)/loss on investments	(92,726)	(107,508)
Add or (deduct) changes in operating assets and liabilities		
Deferred revenue	1,270,707	712,942
Accounts receivable	(1,256,369)	958,684
Prepaid expenses	(460,631)	117,129
Accounts payable and other current liabilities	(242,218)	154,511
<b>Net cash (used in) provided by operating activities</b>	<u><u>\$ (784,243)</u></u>	<u><u>\$ 150,107</u></u>

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. The COPD Foundation’s mission is to help millions of people live longer and healthier lives by advancing research, advocacy, and awareness to stop COPD, bronchiectasis, and NTM lung disease. Embracing innovation, we engage, educate, and empower our community through a unique 360-degree approach. We mobilize partnerships between patients, caregivers, health care professionals, researchers, academic institutions, government agencies, patient advocacy groups, and industry leaders with a common mission.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Financial Statements Presentation**

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles in the United States ("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, 2023, 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, 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 and marketable securities. 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 and Credit Losses**

Accounts receivable are stated net of allowance for credit losses. When amounts are determined to be uncollectible, they are written off against the allowance. As of June 30, 2024, no allowance for credit losses was deemed necessary by management. The allowance for credit losses at June 30, 2023 amounted to \$2,450.

**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.

**Note 2 Summary of Significant Accounting Policies (continued)**

**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, 2024 and 2023.

**Revenue Recognition**

**Grant Revenue**

Grant revenues are recognized in the period expenditures are incurred in compliance with the terms of the grant.

**Program Services**

Program Service fees are recognized at the point in time the Organization provides research services.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**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, 2024 and 2023. This is primarily composed of revenue for new research studies as well as ongoing studies. In this connection, deferred revenues constitute contract liabilities. Approximately \$2.4 million of deferred revenue, as of June 30, 2023, was recognized as revenue in the current year.

**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, 2024 and 2023, all unused personal time off and taxes payable. The amount payable at June 30, 2024 and 2023 amounted to \$159,855 and \$117,587, respectively.

**Note 2 Summary of Significant Accounting Policies (continued)**

**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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023.

**Leases**

FASB Accounting Standard Codification ("ASC") 842, *Leases*, requires leases to be capitalized as a right of use asset with a corresponding liability for leases with terms of more than twelve months. The Organization has only one short term lease and therefore the short-term lease exemption has been elected by management. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset, are not recorded on the Statement of Financial Position.

**Recent Accounting Pronouncements**

*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 326"). ASU 326, as amended revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The adoption of this standard did not have an impact on the Organization's financial statements.

**Note 3 Investments**

Investments as of June 30, 2024 and 2023, as set forth by levels within the fair value hierarchy, consists of the following:

	<b>2024</b>		<b>2023</b>	
	<b>Fair Value Level 1</b>	<b>Cost</b>	<b>Fair Value Level 1</b>	<b>Cost</b>
U.S. equity securities	\$ 2,872,762	\$ 2,332,007	\$ 3,594,395	\$ 3,598,501
Fixed income securities	1,018,431	1,040,376	833,705	1,933,985
	<u>3,891,193</u>	<u>3,372,383</u>	<u>4,428,100</u>	<u>5,532,486</u>
Current	<u>(3,299,538)</u>	<u>(2,764,204)</u>	<u>(4,042,892)</u>	<u>(4,263,856)</u>
Non Current	<u>\$ 591,655</u>	<u>\$ 608,179</u>	<u>\$ 385,208</u>	<u>\$ 1,268,630</u>

The fair value of long-term investments totaled \$591,655 and \$385,208 at June 30, 2024 and 2023, respectively, with a scheduled maturity dates through September 2053.

Investment income is summarized as follows:

Dividend income	\$ 73,403
Unrealized gain on invesetments	92,726
Realized gain on investments	221,577
Interest income	94,642
	<u>\$ 482,348</u>

Investment income is reflected in the accompanying statement of activities.

**Note 4 Property and Equipment**

Property and equipment as of June 30, 2024 and 2023 consist of the following:

	<b>2024</b>	<b>2023</b>	<b>Useful Lives (Years)</b>
Furniture and equipment	\$ 49,012	\$ 47,300	5
Less: accumulated depreciation	<u>34,797</u>	<u>29,691</u>	
	<u>\$ 14,215</u>	<u>\$ 17,609</u>	

Depreciation expense for the years ending June 30, 2024 and 2023 totaled \$6,759 and \$6,930, respectively.

**Note 5 Net Assets with Donor Restrictions**

Net assets with donor restrictions consists of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Research and Medical	\$ 910,218	\$ 1,400,588
Bronchiectasis	1,577,570	631,876
Community	39,933	
Public & Professional Education	232,625	108,022
Fundraising	50,000	50,000
Total donor restricted net assets	<u>\$ 2,810,346</u>	<u>\$ 2,190,486</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Research and Medical	\$ 2,076,170	\$ 2,098,328
Bronchiectasis	1,083,688	\$ 810,822
Community	10,126	-
Public & Professional Education	278,590	116,258
Total net assets released from restrictions	<u>\$ 3,448,574</u>	<u>\$ 3,025,408</u>

**Note 6 Commitments and Contingencies**

**Commitments**

The Organization has several leases for office space, however, they are on a month to month basis. In this connection, the Organization has elected the short-term lease recognition exemption for such leases. Rental expense for the years ended June 30, 2024 and 2023 amounted to \$11,412 and \$25,402, respectively.

**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 7 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, 2024 and 2023, the Organization's uninsured cash balances approximated \$2,238,000 and \$1,510,000, respectively. However, the Organization maintains its cash with a high-quality financial institution which the Organization believes limits the risk of having uninsured deposits.

**Note 8 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 \$85,428 and \$79,088 for the years ended June 30, 2024 and 2023, respectively.

**Note 9 Business Concentration**

The Organization's services are substantially paid for by private grants and contributions. For the years ended June 30, 2024 and 2023, the Organization's private grants and contributions approximate 98% of total revenues.

**Note 10 Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Current assets, excluding non-financial assets	\$ 8,675,625	\$ 8,099,008
Less: donor restrictions for specific purposes		
Donor restricted assets	<u>3,427,770</u>	<u>4,065,998</u>
	<u>3,427,770</u>	<u>4,065,998</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,247,855</u></u>	<u><u>\$ 4,033,010</u></u>

**Note 11 Subsequent Events**

Subsequent events have been evaluated through December 17, 2024, 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, 2023**

Federal/State Agency, Pass-through Entity Federal Program/State Project	Federal Assistance Listing Number	Contract Grant Number	Expenditures
<b>Federal Agency</b>			
<b>U.S. Department of Health and Human Services, National Institute of Health</b>			
<i>Passed through Baystate Medical Center, Inc.</i>			
Improving Participation in Pulmonary Rehabilitation through Peer-Support and Storytelling	93.840	1R61HL157847-01	\$ 15,296
<i>Passed through the University of Chicago</i>			
The Virtual Mentored Implementation to Reduce REVISITS (Reducing Respiratory Emergent Visits Using Implementation Science Interventions Tailored to Setting) Study	93.838	1R01HL146644-01A1	<u>1,520</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 16,816</u></u>

## **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, 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, and have issued our report thereon dated December 17, 2024.

**Report on 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.

## **Report on 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***

Coral Gables, Florida  
December 17, 2024