

**SJÖGREN'S FOUNDATION, INC.**  
**(a nonprofit organization)**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2024**  
**with Summarized Comparative Information for the year ended**  
**June 30, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Sjögren's Foundation, Inc.  
Reston, Virginia

### **Opinion**

We have audited the accompanying financial statements of Sjögren's Foundation, 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 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 Auditors' 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.

### **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 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.

## **Auditors' 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 auditors' 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, including omissions, 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, 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 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 Summarized Comparative Information**

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2023. 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Income and Expenses by Department 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.

*Renner and Company, CPA, P.C.*

Alexandria, Virginia  
October 31, 2024

**SJÖGREN'S FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2024 (with Comparative Information as of June 30, 2023)**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 917,056	\$ 696,719
Accounts receivable, net of allowance	223,294	13,473
Inventory	17,109	13,185
Prepaid expenses	<u>20,159</u>	<u>18,879</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,177,618</u>	<u>742,256</u>
<b>PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation</b>	<u>49,992</u>	<u>77,324</u>
<b>OTHER ASSETS</b>		
Investments	2,833,654	2,657,226
Intangible assets - website development, net of accumulated depreciation	9,911	23,126
Deposits	8,949	8,949
Right of use asset - operating lease	<u>87,681</u>	<u>185,396</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,940,195</u>	<u>2,874,697</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,167,805</u>	<u>\$ 3,694,277</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,784	\$ 18,962
Grants payable	375,000	125,000
Accrued expenses	57,641	73,530
Deferred revenue	561,934	394,017
Finance lease liability, current portion	6,517	9,170
Operating lease liability, current portion	<u>101,748</u>	<u>111,773</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,111,624</u>	<u>732,452</u>
<b>LONG TERM LIABILITIES</b>		
Grants payable, net of current portion	100,000	225,150
Finance lease liability, net of current portion	23,455	26,278
Operating lease liability, net of current portion	<u>20,529</u>	<u>144,674</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<u>143,984</u>	<u>396,102</u>
<b>TOTAL LIABILITIES</b>	<u>1,255,608</u>	<u>1,128,554</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,911,301	1,564,827
With donor restrictions	<u>1,000,896</u>	<u>1,000,896</u>
<b>TOTAL NET ASSETS</b>	<u>2,912,197</u>	<u>2,565,723</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,167,805</u>	<u>\$ 3,694,277</u>

See Notes to Financial Statements.

**SJÖGREN'S FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2024 (with Summarized Comparative Information for the year ended June 30, 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 2,501,469	\$ -	\$ 2,501,469	\$ 2,175,312
Membership dues	254,353	-	254,353	268,230
Special events, net of direct costs	231,981	-	231,981	274,779
Conferences	187,432	-	187,432	203,722
Bequests and planned giving	174,683	-	174,683	265,884
Investment income	105,833	-	105,833	49,800
Other	37,084	-	37,084	51,843
Product sales	24,738	-	24,738	31,951
Royalties	5,314	-	5,314	2,130
Newsletter	846	-	846	17,717
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,523,733</b>	<b>-</b>	<b>3,523,733</b>	<b>3,341,368</b>
<b>EXPENSES</b>				
Program	2,779,942	-	2,779,942	2,460,588
Management and general	164,349	-	164,349	165,326
Fundraising	232,968	-	232,968	220,273
<b>TOTAL EXPENSES</b>	<b>3,177,259</b>	<b>-</b>	<b>3,177,259</b>	<b>2,846,187</b>
<b>CHANGE IN NET ASSETS</b>	<b>346,474</b>	<b>-</b>	<b>346,474</b>	<b>495,181</b>
<b>NET ASSETS, beginning of year</b>	<b>1,564,827</b>	<b>1,000,896</b>	<b>2,565,723</b>	<b>2,070,542</b>
<b>NET ASSETS, end of year</b>	<b>\$ 1,911,301</b>	<b>\$ 1,000,896</b>	<b>\$ 2,912,197</b>	<b>\$ 2,565,723</b>

See Notes to Financial Statements.

**SJÖGREN'S FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024 (with Summarized Comparative Information for the year ended June 30, 2023)**

	2024			2023	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ 1,245,358	\$ 88,582	\$ 111,125	\$ 1,445,065	\$ 1,397,731
Payroll taxes	85,428	6,076	7,623	99,127	86,624
Employee benefits	134,095	9,538	11,965	155,598	173,435
Accounting	-	32,747	-	32,747	34,173
Amortization	11,387	812	1,016	13,215	13,216
Awards	3,421	245	1,921	5,587	3,349
Awareness activities	287,953	-	-	287,953	134,708
Audio and visual	-	-	-	-	21,284
Bad debt	-	-	-	-	1,500
Bank and credit card fees	20,700	1,473	10,520	32,693	38,274
Contracted services	47,087	1,284	1,612	49,983	79,770
Depreciation	25,524	1,817	2,278	29,619	26,231
Dues, subscriptions and registration fees	27,172	288	30,029	57,489	40,253
Equipment rental	24,101	1,109	1,393	26,603	26,063
Food and beverage	693	616	-	1,309	1,439
Insurance	12,551	892	1,120	14,563	18,963
Interest	-	2,246	-	2,246	946
Legal	-	5,054	-	5,054	9,293
Maintenance and repairs	30,608	2,177	2,731	35,516	27,175
Miscellaneous	108,577	474	4,257	113,308	109,005
Payroll processing fees	15,773	1,122	1,407	18,302	8,557
Postage and delivery	54,585	452	11,925	66,962	81,597
Printing, duplicating and office supplies	88,771	363	23,286	112,420	78,092
Product costs	10,745	-	-	10,745	11,226
Rent	77,606	5,519	6,925	90,050	89,006
Research grants	390,313	-	-	390,313	275,678
Staff development	13,345	-	-	13,345	14,502
Telephone	20,568	1,463	1,835	23,866	16,368
Travel	43,581	-	-	43,581	27,729
<b>TOTAL EXPENSES</b>	<b>\$ 2,779,942</b>	<b>\$ 164,349</b>	<b>\$ 232,968</b>	<b>\$ 3,177,259</b>	<b>\$ 2,846,187</b>

See Notes to Financial Statements.



**SJÖGREN'S FOUNDATION, INC.****STATEMENT OF CASH FLOWS****Year Ended June 30, 2024 (with Comparative Information for the year ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations		
Support and revenue	\$ 3,375,996	\$ 3,453,564
Interest and dividends	84,069	13,146
	<u>3,460,065</u>	<u>3,466,710</u>
Cash used in operations		
Payment to suppliers and employees	3,080,531	2,694,076
Interest paid	2,246	946
	<u>3,082,777</u>	<u>2,695,022</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>377,288</u>	<u>771,688</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment and property	(2,287)	(35,533)
Purchase of investments	(1,284,551)	(2,011,191)
Sale of investments	1,129,887	549,634
	<u>(156,951)</u>	<u>(1,497,090)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(156,951)</u>	<u>(1,497,090)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease	-	(54)
	<u>-</u>	<u>(54)</u>
<b>NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	220,337	(725,456)
<b>CASH AND RESTRICTED CASH, beginning of year</b>	<u>696,719</u>	<u>1,422,175</u>
<b>CASH AND RESTRICTED CASH, end of year</b>	<u>\$ 917,056</u>	<u>\$ 696,719</u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Unrealized gain in market value of investments	\$ (23,220)	\$ (12,314)
Increase in investment value	23,220	12,314
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**SJÖGREN'S FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2024 (with Comparative Information for the year ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CHANGE IN NET ASSETS</b>	<u>\$ 346,474</u>	<u>\$ 495,181</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Realized and gains losses on investments	(21,764)	(36,654)
Depreciation and amortization	42,834	39,447
Non-cash occupancy costs	<u>-</u>	<u>(104,499)</u>
<b>NET ADJUSTMENTS</b>	<u>21,070</u>	<u>(101,706)</u>
<b>CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH ASSETS</b>		
Accounts receivable, net of allowance	(209,821)	73,817
Inventory	(3,924)	(5,946)
Prepaid expenses	(1,280)	(8,487)
Right of use asset	<u>97,715</u>	<u>(185,396)</u>
	<u>(117,310)</u>	<u>(126,012)</u>
<b>LIABILITIES</b>		
Accounts payable	(10,178)	11,645
Grants payable	124,850	68,900
Accrued expenses	(15,889)	34,313
Deferred revenue	167,917	97,472
Lease liabilities	<u>(139,646)</u>	<u>291,895</u>
	<u>127,054</u>	<u>504,225</u>
<b>NET CHANGES IN ASSETS AND LIABILITIES</b>	<u>9,744</u>	<u>378,213</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 377,288</u></u>	<u><u>\$ 771,688</u></u>

See Notes to Financial Statements.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES**

##### **Organization and Purpose**

Sjögren's Foundation, Inc. (the Foundation) was founded in 1983 to provide patients practical information and coping strategies that help manage the impact of symptoms of Sjögren's disease. In addition, the Foundation is the clearinghouse for medical information and is the recognized national advocate for Sjögren's disease in the United States. The Foundation's mission is to educate patients and their families about Sjögren's disease, increase public and professional awareness of Sjögren's disease and encourage research into new treatments and a cure.

The Foundation was incorporated in New York as a nonprofit organization. It is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and has been granted public charity status by the Internal Revenue Service. Contributions to the Foundation are deductible for U.S. income tax purposes. The Foundation is supported by contributors and members throughout the United States. The Foundation receives no government support.

##### **Significant Accounting Policies**

###### **Basis of Accounting**

The Foundation maintains its records on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

###### **Summarized Information**

The financial statements include certain summarized comparative information in total, but not by each class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

###### **Cash and Cash Equivalents**

Cash consists of a noninterest-bearing checking account and an interest-bearing savings account. The Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. There are no cash equivalents as of June 30, 2024 and 2023. The Foundation considers cash and money market funds held within brokered accounts as investments.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Significant Accounting Policies (Continued)**

###### **Investments**

Investments with readily determinable market values are carried at fair value. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income in the Statement of Activities.

The Foundation invests in professionally managed portfolios that contain money market funds, mutual funds, exchange traded funds, and common stocks. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

###### **Accounts Receivable**

Accounts receivable are stated as unpaid balances, less any allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. Accounts receivable are considered past due if payments are not received within 60 days of the invoice date unless otherwise contracted between the Foundation and other party. Management periodically reviews accounts receivable to evaluate collectibility. Uncollectible receivables will be written off when management determines the receivable will not be collected.

###### **Inventory**

Product inventory is carried at cost.

###### **Property and Equipment**

Property in excess of is \$2,000 is capitalized and recorded at cost. Depreciation is calculated on the straight-line method over estimated useful lives. Immaterial items may be expensed at the discretion of management. Significant renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred.

###### **Website Development**

Website development expenditures are recorded at cost. These costs are being amortized over the estimated useful life of the website using straight-line basis. As of June 30, 2023, the Foundation incurred website development costs of \$66,075, of which, \$56,164 had been amortized.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Significant Accounting Policies (Continued)**

###### **Deferred Revenue**

Amounts received in advance for dues and sponsorships are deferred and recognized in the year to which they apply.

###### **Classes of Assets**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the Foundation classifies resources for accounting purposes into classes established according to their nature and purpose.

In accordance with U.S. GAAP, the Foundation's net assets are classified into two categories as follows:

###### **Net Assets Without Donor Restriction**

The Foundation includes operating net assets which are available for the general operations of the Association as net assets without donor restriction, as well as Board-designated net assets set aside for future use. There are no board designated net assets as of June 30, 2024 and 2023.

###### **Net Assets With Donor Restriction**

The Foundation reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Investment gains and losses earned on with donor restricted funds held by the Foundation are recorded as an increase or decrease in net assets without donor restriction.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Significant Accounting Policies (Continued)**

###### **Revenue Recognition**

Membership dues are recognized ratably over the membership period. Memberships received in advance are deferred to the appropriate membership period. Contributions received are recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. Grants received that are considered to be conditional promises to give are recorded as refundable advances until the conditions are substantially met. Conference revenues are recognized at the time of the event. Amounts received in advance are recorded as deferred revenue.

###### **Performance Obligations**

Membership dues are recognized over the membership period. The contract for membership dues is established once payment is received, for which the Foundation provides membership benefits for one year. With rates ranging from \$36 a year for U.S. residents and \$48 a year for non-U.S. residents, dues are nonrefundable.

Conference and general registrations are recognized at the time the event is held. The contract for conference and meeting registrations is established once payment is received, for which the Foundation provides access rights to the event either in person or virtually. Rates vary depending on the conference or meeting, day(s) of attendance, and membership status. Conference rates range from \$80 for members and \$100 for non-members. Refunds are provided on demand.

###### **Significant Judgments**

The Foundation's Board of Directors determines the price for its membership dues each year. The price for meetings and conferences is determined by management which accounts for all the expenses to be incurred and includes it in the transaction price.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Significant Accounting Policies (Continued)**

###### **Recognition of Support**

Contributions with donor-imposed restrictions are reported as restricted support; however, donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restriction. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

###### **Gifts In-Kind**

Donated goods and services are recorded at their estimated fair value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. In-kind contributions are reported in the statement of activities as both revenue and expense.

###### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, payroll taxes, employee benefits, amortization, awards, bank and credit card fees, contracted services, depreciation, dues, subscriptions and registration fees, equipment rental, food and beverage, insurance, maintenance and repairs, miscellaneous, payroll processing fees, postage and delivery, printing, duplicating and office supplies, rent, and telephone have been allocated among the program and supporting services based on level of effort.

###### **Income Taxes**

The Foundation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Under current Internal Revenue Service regulations, advertising revenue earned in the publication of the Foundation's magazine, less applicable deduction, is subject to unrelated business income tax. The Foundation had no net unrelated business income for the years ended June 30, 2024 and 2023.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Significant Accounting Policies (Continued)**

###### **Income Taxes**

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Foundation's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

###### **Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

###### **Adoption of New Accounting Standard**

In June 2016, the Financial Accounting Standards Board issued ASC 326 *Financial Instruments - Credit Losses* effective for years beginning after December 15, 2022 that significantly changed how entities measure credit losses for most financial assets, including trade receivables. The guidance implemented a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to this guidance were accounts receivable.

The Foundation adopted the standard effective July 1, 2023 with no effect on beginning net assets without donor restrictions. The impact of the adoption resulted primarily in enhanced disclosures only.



# SJÖGREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

### 1. ORGANIZATION AND PURPOSE, SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Significant Accounting Policies (Continued)

##### Liquidity and Availability of Assets

The Foundation maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Foundation reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Foundation's monthly financial reporting process.

The Foundation's financial assets available within one year to meet cash needs for general expenditures through June 30, 2025 are as follows:

##### Financial Assets

Cash	\$	917,056
Accounts receivable, net of allowance		223,294
Investments		<u>2,833,654</u>
Total Financial assets		3,974,004
Less amounts not available within one year		
Purpose restricted net assets		<u>(1,000,896)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$	<u><u>2,973,108</u></u>

### 2. CASH

Cash as of June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Checking	\$ 697,030	\$ 226,724
Savings	<u>220,026</u>	<u>469,995</u>
	<u><u>\$ 917,056</u></u>	<u><u>\$ 696,719</u></u>

The above balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts in excess of deposit insurance limits were \$734,833 and \$555,174 as of June 30, 2024 and 2023, respectively. No restricted cash was recorded as of June 30, 2024 and 2023, respectively.

# SJÖGREN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

### 3. INVESTMENTS

Investments are recorded at fair value as of June 30, 2024 and 2023 as shown below:

	2024		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and money market funds	\$ 285,058	\$ 285,058	\$ -
Money market funds	1,838,000	1,838,000	-
Exchange traded funds			
Mid-cap blend	23,747	43,702	19,955
Large blend	127,830	224,763	96,933
Mutual funds			
Mid cap growth	30,776	36,492	5,716
High yield bond	38,642	36,231	(2,411)
Intermediate core-plus bond	69,156	60,151	(9,005)
World bond-USD hedged	63,673	57,946	(5,727)
Foreign large blend	123,504	130,498	6,994
Short-term bond	124,005	120,813	(3,192)
	<u>\$ 2,724,391</u>	<u>\$ 2,833,654</u>	<u>\$ 109,263</u>
	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and money market funds	\$ 1,007,146	\$ 1,007,146	\$ -
Certificates of deposit	1,050,000	1,055,173	5,173
Exchange traded funds			
Mid-cap blend	21,807	37,610	15,803
Large blend	136,998	196,816	59,818
Mutual funds			
Mid cap growth	24,351	30,445	6,094
High yield bond	33,139	29,623	(3,516)
Foreign small/mid growth	70,825	54,127	(16,698)
Intermediate core-plus bond	56,263	48,110	(8,153)
World bond-USD hedged	54,373	47,059	(7,314)
Foreign large blend	57,121	53,821	(3,300)
Short-term bond	102,449	97,296	(5,153)
	<u>\$ 2,614,472</u>	<u>\$ 2,657,226</u>	<u>\$ 42,754</u>

## SJÖGREN'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

#### 3. INVESTMENTS (CONTINUED)

Recorded investment income, including interest on cash accounts for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Interest and dividends	\$ 91,967	\$ 20,031
Realized and unrealized gains	21,764	36,654
Investment management fees	(7,898)	(6,885)
	<u>\$ 105,833</u>	<u>\$ 49,800</u>

#### 4. FAIR VALUE MEASUREMENTS

The Foundation records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

**Level 1** inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

**Level 2** inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

**Level 3** inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

## SJÖGREN'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

#### 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of June 30, 2024 and 2023:

	2024	
	Fair Value	Level 1
Cash and money market funds	\$ 285,058	\$ 285,058
Money market funds	1,838,000	1,838,000
Exchange traded funds		
Mid-cap blend	43,702	43,702
Large blend	224,763	224,763
Mutual funds		
Mid cap growth	36,492	36,492
High yield bond	36,231	36,231
Intermediate core-plus bond	60,151	60,151
World bond-USD hedged	57,946	57,946
Foreign large blend	130,498	130,498
Short-term bond	120,813	120,813
	<u>\$ 2,833,654</u>	<u>\$ 2,833,654</u>
	2023	
	Fair Value	Level 1
Cash and money market funds	\$ 1,007,146	\$ 1,007,146
Certificates of deposit	1,055,173	1,055,173
Exchange traded funds		
Mid-cap blend	37,610	37,610
Large blend	196,816	196,816
Mutual funds		
Mid cap growth	30,445	30,445
High yield bond	29,623	29,623
Foreign small/mid growth	54,127	54,127
Intermediate core-plus bond	48,110	48,110
World bond-USD hedged	47,059	47,059
Foreign large blend	53,821	53,821
Short-term bond	97,296	97,296
	<u>\$ 2,657,226</u>	<u>\$ 2,657,226</u>

## SJÖGREN'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

#### 5. PROPERTY AND EQUIPMENT

A summary of information relative to property and equipment, and related depreciation for the year ended June 30, 2024 and 2023 is as follows:

	June 30, 2024			
	Cost	Depreciation/ amortization expense	Accumulated depreciation/ amortization	Useful life (years)
Office equipment	\$ 43,771	\$ 127	\$ 41,611	5-7
Equipment under capital lease	52,533	7,106	25,291	5
Leasehold improvements	166,103	22,386	145,513	7
	<u>\$ 262,407</u>	<u>\$ 29,619</u>	<u>\$ 212,415</u>	
	June 30, 2023			
	Cost	Depreciation/ amortization expense	Accumulated depreciation/ amortization	Useful life (years)
Office equipment	\$ 41,484	\$ 1,636	\$ 41,484	5-7
Equipment under capital lease	52,533	2,209	18,185	5
Leasehold improvements	166,103	22,386	123,127	7
	<u>\$ 260,120</u>	<u>\$ 26,231</u>	<u>\$ 182,796</u>	

#### 6. DEFERRED REVENUE

The balance of deferred revenue as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Dues collected in advance	\$ 255,297	\$ 214,717
Sponsorships and fees for future events	72,750	43,000
Advertising fees collected in advance	3,750	2,500
Other	230,137	133,800
	<u>\$ 561,934</u>	<u>\$ 394,017</u>

## SJÖGREN'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

A summary of activity in net assets with donor restriction for the years ended June 30, 2024 and 2023 is as follows:

	2024			
	Balance at June 30, 2022	Revenue and Support	Released	Balance at June 30, 2023
Kozel Bequest - Research	<u>\$ 1,000,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,896</u>
	2023			
	Balance at June 30, 2021	Revenue and Support	Released	Balance at June 30, 2022
Kozel Bequest - Research	<u>\$ 1,000,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,896</u>

#### 8. SPECIAL EVENTS - WALKS AND SIPS EVENTS

Special events revenue for the year ended June 30, 2024 and 2023 is presented in the accompanying financial statements as follows:

	2024	2023
Walks and Sips events support and revenue	\$ 288,521	\$ 300,828
Walks and Sips events direct costs	<u>(84,746)</u>	<u>(26,049)</u>
	<u>\$ 231,981</u>	<u>\$ 274,779</u>

#### 9. RETIREMENT PLAN

The Foundation established a 401(k) retirement plan for all eligible employees. Employees are eligible to join the plan after one year of employment. For the years ended June 30, 2024 and 2023, the Foundation contributed 3% of the employees' annual salary in the amount of \$37,144 and \$64,903, respectively.

#### 10. COMMITMENTS

##### Office Lease

The Foundation leases office space in Reston, Virginia, which commenced on January 1, 2018. The lease provides for base monthly rental payments of \$8,949 with a cost of living increase of 2.50% occurring each year. Rent expenses for the years ended June 30, 2024 and 2023 were \$78,580 and \$70,090, respectively.

## **SJÖGREN'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 (with Comparative Information as of and for the year ended June 30, 2023)**

#### **10. COMMITMENTS (CONTINUED)**

##### **Office Lease (Continued)**

The Foundation has used a discount rate of 4% to calculate the present value of the sum of the lease payments, which is its recorded lease liability. This rate represents the Foundation's incremental borrowing rate, determined to be the greater of the Wall Street Journal prime lending rate, plus 2%, or a floor of 4%.

The future minimum lease payment required under this lease is \$115,456 in 2025.

##### **Finance Lease - Copier Machine**

The Foundation has a finance lease agreement for a copy machine. The term for the lease agreement is from March 2023 to February 2028. The rate implicit in the lease is 0.42% per month. Lease expenses were \$9,170 and \$3,113 for the year ended June 30, 2024 and 2023, respectively. There are no renewal nor termination clauses within the lease. For this reason, neither option is considered reasonably certain for the calculation of the related right-of-use asset and lease liability. The right-of-use asset balances are \$27,628 and \$35,163 as of June 30, 2024 and 2023 for the lease, respectively.

The future minimum lease payments required under this lease are as follows:

2025	\$	8,544
2026		8,544
2027		8,544
2028		5,696
	\$	<u>31,328</u>

##### **Employment Commitment**

The Foundation has an agreement for employment for the Chief Executive Officer in which it could be required to pay severance of \$85,500 in the event the agreement is terminated for any reason other than "for cause."

#### **11. SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 31, 2024, the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**



**SJÖGREN'S FOUNDATION**

**SCHEDULE OF INCOME AND EXPENSES BY DEPARTMENT**  
**Year Ended June 30, 2024**

	Operating	Strategic Governance	Newsletter	Conference	Product	Research	Industry and Membership	Fundraising	Government Relations	Awareness	Total
<b>SUPPORT AND REVENUE</b>											
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,008	\$ 1,235,450	\$ 895,011	\$ -	\$ -	\$ 2,501,469
Bequests and planned giving	-	-	-	-	-	-	-	174,683	-	-	174,683
Membership dues	-	-	-	-	-	-	254,353	-	-	-	254,353
Special events, net of direct costs	-	-	-	-	-	-	-	231,981	-	-	231,981
Conferences	-	-	-	187,432	-	-	-	-	-	-	187,432
Newsletter	-	-	846	-	-	-	-	-	-	-	846
Product sales	-	-	-	-	24,738	-	-	-	-	-	24,738
Investment income	105,833	-	-	-	-	-	-	-	-	-	105,833
Other	36,894	-	-	-	-	-	-	190	-	-	37,084
Royalties	-	-	-	-	5,314	-	-	-	-	-	5,314
<b>TOTAL SUPPORT AND REVENUE</b>	<b>142,727</b>	<b>-</b>	<b>846</b>	<b>187,432</b>	<b>30,052</b>	<b>371,008</b>	<b>1,489,803</b>	<b>1,301,865</b>	<b>-</b>	<b>-</b>	<b>3,523,733</b>
<b>EXPENSES</b>											
Salaries	88,582	28,468	78,756	89,161	16,474	381,353	193,783	111,125	59,826	397,537	1,445,065
Payroll taxes	6,076	1,953	5,402	6,116	1,130	26,160	13,293	7,623	4,104	27,270	99,127
Employee benefits	9,538	3,066	8,480	9,601	1,773	41,062	20,866	11,965	6,442	42,805	155,598
Accounting	32,747	-	-	-	-	-	-	-	-	-	32,747
Amortization	812	260	720	815	151	3,487	1,772	1,016	547	3,635	13,215
Awards	245	78	216	245	45	1,048	533	1,921	164	1,092	5,587
Awareness activities	-	-	-	-	-	-	-	-	-	287,953	287,953
Bank and credit card fees	1,473	473	1,309	1,482	274	6,339	3,221	10,520	994	6,608	32,693
Contracted services	1,284	413	27,687	1,294	239	5,533	5,285	1,612	868	5,768	49,983
Depreciation	1,817	583	1,614	1,827	338	7,816	3,972	2,278	1,226	8,148	29,619
Dues, subscriptions and registration fees	288	92	254	288	53	13,832	626	30,029	193	11,834	57,489
Equipment rental	1,109	357	987	1,118	206	4,780	2,429	1,393	750	13,474	26,603
Food and beverage	616	663	-	-	-	-	30	-	-	-	1,309
Insurance	892	287	794	899	166	3,843	1,953	1,120	603	4,006	14,563
Interest	2,246	-	-	-	-	-	-	-	-	-	2,246
Legal services donated	5,054	-	-	-	-	-	-	-	-	-	5,054
Maintenance and repairs	2,177	700	1,936	2,191	405	9,373	4,763	2,731	1,470	9,770	35,516
Miscellaneous	474	152	421	19,626	88	9,385	6,079	4,257	69,869	2,957	113,308
Payroll processing	1,122	361	997	1,129	209	4,830	2,454	1,407	758	5,035	18,302
Postage and delivery	452	145	47,173	456	85	1,951	992	11,925	307	3,476	66,962
Printing, duplicating and office supplies	363	117	53,541	16,974	67	1,562	11,523	23,286	245	4,742	112,420
Product costs	-	-	-	-	10,745	-	-	-	-	-	10,745
Rent	5,519	1,774	4,908	5,556	1,027	23,764	12,076	6,925	3,728	24,773	90,050
Research grants	-	-	-	-	-	390,313	-	-	-	-	390,313
Staff development	-	13,345	-	-	-	-	-	-	-	-	13,345
Telephone	1,463	470	1,301	1,473	272	6,298	3,200	1,835	988	6,566	23,866
Travel	-	6,861	-	8,447	-	12,943	949	-	-	14,381	43,581
<b>TOTAL EXPENSES</b>	<b>164,349</b>	<b>60,618</b>	<b>236,496</b>	<b>168,698</b>	<b>33,747</b>	<b>955,672</b>	<b>289,799</b>	<b>232,968</b>	<b>153,082</b>	<b>881,830</b>	<b>3,177,259</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (21,622)</b>	<b>\$ (60,618)</b>	<b>\$ (235,650)</b>	<b>\$ 18,734</b>	<b>\$ (3,695)</b>	<b>\$ (584,664)</b>	<b>\$ 1,200,004</b>	<b>\$ 1,068,897</b>	<b>\$ (153,082)</b>	<b>\$ (881,830)</b>	<b>\$ 346,474</b>

See Independent Auditors' Report.