VASCULAR
CURES

Combined
Financial Statements

For the years ended
June 30, 2021 and 2020
With Independent Auditors' Report Thereon

Contents

Vascular Cures and Pacific Vascular Research Institute
274 Redwood Shores Parkway #717
Redwood City, California 94065
(650) 368-6022
Web Site: www.vascularcures.org

WWW.MRCPA.COM OFFICE: 925.314.0390

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Vascular Cures and Pacific Vascular Research Institute

We have audited the accompanying combined financial statements of Vascular Cures and Pacific Vascular Research Institute (California nonprofit organizations) which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Vascular Cures and Pacific Vascular Research Institute as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Regalia & Associates

Danville, California
April 15, 2022

Combined Statements of Financial Position
June 30, 2021 and 2020

ASSETS

	2021	2020
Current Assets:		
Cash and cash equivalents	$ 488,670	$ 244,787
Contributions receivable	711,083	335,550
Investments	2,924,071	2,565,823
Total current assets	4,123,824	3,146,160
Noncurrent Assets:		
Contributions receivable, net of discount	-	291,262
Property and equipment, net	-	474
Total noncurrent assets	-	291,736
Total assets	$ 4,123,824	$ 3,437,896

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities:		
Accounts payable and accrued liabilities	$ 19,999	$ 141
Accrued payroll liabilities	13,061	9,811
Deferred revenue	280,642	-
Refundable advances	137,244	56,626
Total current liabilities	450,946	66,578
Noncurrent Liabilities:		
Refundable advances - noncurrent	112,290	-
Total liabilities	563,236	66,578
Net assets:		
Without donor restrictions	420,037	284,219
With donor restrictions:		
Time and purpose	1,358,051	1,304,599
Perpetual in nature	1,782,500	1,782,500
Total net assets	3,560,588	3,371,318
Total liabilities and net assets	$ 4,123,824	$ 3,437,896

Combined Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Net Assets			
		With Donor Restrictions		
	Without Donor Restrictions	Time and Purpose	Perpetual in Nature	Total
Revenue and support:				
Contributions	$ 42,502	$ 250,722	$ -	**$ 293,224**
Government contributions	56,626			**56,626**
In-kind revenue	-	-	-	**-**
Event income	72,199	-	-	**72,199**
Sponsorships and other	20,160	-	-	**20,160**
Net investment income	37	567,998	-	**568,035**
Net assets released from restriction	496,006	(496,006)	-	**-**
Appropriation of endowment funds	278,000	(278,000)	-	**-**
Change in unamortized discount	-	8,738	-	**8,738**
Total revenue and support	965,530	53,452	-	**1,018,982**
Expenses:				
Program services:				
Impact Network	179,392	-	-	**179,392**
Patient Partners	70,926	-	-	**70,926**
Working Groups	41,829	-	-	**41,829**
Wylie Scholar Program	160,249	-	-	**160,249**
Education and Community Awareness	149,442	-	-	**149,442**
ALPS - Fiscal Sponsorship	34,233			**34,233**
Total program services	636,071	-	-	**636,071**
General and administrative	85,440	-	-	**85,440**
Development	108,201	-	-	**108,201**
Total expenses	829,712	-	-	**829,712**
Increase in net assets	135,818	53,452	-	**189,270**
Net assets at beginning of year	284,219	1,304,599	1,782,500	**3,371,318**
Net assets at end of year	**$ 420,037**	**$ 1,358,051**	**$ 1,782,500**	**$ 3,560,588**

Combined Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Net Assets			
		With Donor Restrictions		
	Without Donor Restrictions	Time and Purpose	Perpetual in Nature	Total
Revenue and support:				
Contributions	$ 336,961	$ 809,600	$ -	$ 1,146,561
In-kind revenue	11,425	-	-	11,425
Event income	7,500	-	-	7,500
Net investment income	2,489	(11,212)	-	(8,723)
Net assets released from restriction	248,877	(248,877)	-	-
Change in unamortized discount	-	(8,738)	-	(8,738)
Total revenue and support	607,252	540,773	-	1,148,025
Expenses:				
Program services:				
Impact Network	235,033	-	-	235,033
Wylie Scholar Program	164,586	-	-	164,586
Education and Community Awareness	108,094	-	-	108,094
Total program services	507,713	-	-	507,713
General and administrative	90,200	-	-	90,200
Development	141,467	-	-	141,467
Total expenses	739,380	-	-	739,380
Increase (decrease) in net assets	(132,128)	540,773	-	408,645
Net assets at beginning of year	416,347	763,826	1,782,500	2,962,673
Net assets at end of year	$ 284,219	$ 1,304,599	$ 1,782,500	$ 3,371,318

Combined Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating activities:		
Increase in net assets	**$ 189,270**	$ 408,645
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	**474**	1,438
Net realized and unrealized investment (gains) losses	**(539,498)**	56,208
Change in unamortized discount	**(8,738)**	8,738
Changes in:		
Contributions receivable	**(75,533)**	(635,549)
Prepaid expenses	**-**	1,895
Accounts payable and accrued liabilities	**19,858**	(5,355)
Accrued payroll liabilities	**3,250**	(1,000)
Deferred revenue	**280,642**	-
Refundable advances	**192,908**	56,626
Net cash provided by (used for) operating activities	**62,633**	(108,354)
Investing activities:		
Acquisition of investments and reinvestment of earnings	**(28,541)**	(47,485)
Proceeds from disposition of investments	**209,791**	41,073
Net cash provided by (used for) for investing activities	**181,250**	(6,412)
Net increase (decrease) in cash and cash equivalents	**243,883**	(114,766)
Cash and cash equivalents at beginning of year	**244,787**	359,553
Cash and cash equivalents at end of year	**$ 488,670**	$ 244,787
Additional cash flow information:		
State registration taxes paid	**$ 150**	$ 75
Interest paid	**$ -**	$ -

Combined Statement of Functional Expenses
For the Year Ended June 30, 2021

	Impact Network	Patient Partners	Working Groups	Wylie Scholar Program	Education and Community Awareness	ALPS - Fiscal Sponsorship	Total Program Services	General and Admin-istrative	Develop-ment	Total
Salaries and wages	$ 59,335	$ 61,328	$ 36,993	$ 8,761	$ 118,288	$ -	$ 284,705	$ 40,185	$ 57,993	**$ 382,883**
Payroll taxes	4,559	5,213	2,609	793	10,209	-	23,383	3,375	4,505	**31,263**
Health insurance and other	2,205	2,975	1,671	482	6,091	-	13,424	1,978	2,232	**17,634**
Total salaries and benefits	66,099	69,516	41,273	10,036	134,588	-	321,512	45,538	64,730	**431,780**
Accounting	-	-	-	-	-	-	-	32,034	-	**32,034**
Bank and finance charges	-	-	-	-	-	-	-	2,026	1,887	**3,913**
Consulting	-	-	-	-	-	-	-	-	14,498	**14,498**
Depreciation	-	-	-	-	-	-	-	474	-	**474**
Events and activities	10	8	2	1	4,835	-	4,856	6	23,221	**28,083**
Fiscal sponsor expenses	-	-	-	-	-	34,233	34,233	-	-	**34,233**
Insurance	117	198	128	35	420	-	898	3,337	128	**4,363**
IT infrastructure	340	848	272	83	4,766	-	6,309	963	905	**8,177**
Marketing and communication	14	8	10	2	2,321	-	2,355	8	1,728	**4,091**
Miscellaneous	42	236	12	8	894	-	1,192	17	21	**1,230**
Office and supplies	16	12	3	1	23	-	55	151	13	**219**
Office infrastructure	-		-	-	563	-	563	-	562	**1,125**
Postage and shipping	59	100	64	18	386	-	627	70	475	**1,172**
Printing and reproduction	-	-	-	-	-	-	-	24	-	**24**
Professional fees	-	-	-	-	418	-	418	264	-	**682**
Rent	-	-	-	-	-	-	-	125	-	**125**
Research support	112,500	-	-	150,000	-	-	262,500	-	-	**262,500**
Telephone and internet	-	-	-	-	-	-	-	338	-	**338**
Travel, meals, and meetings	195	-	65	65	228	-	553	65	33	**651**
Totals	**$ 179,392**	**$ 70,926**	**$ 41,829**	**$ 160,249**	**$ 149,442**	**$ 34,233**	**$ 636,071**	**$ 85,440**	**$ 108,201**	**$ 829,712**

Combined Statement of Functional Expenses
For the Year Ended June 30, 2020

	Impact Network	Wylie Scholar Program	Education and Community Awareness	Total Program Services	General and Admin-istrative	Develop-ment	Total
Salaries and wages	$ 86,782	$ 12,957	$ 82,868	$ 182,607	$ 29,309	$ 60,394	$ 272,310
Payroll taxes	5,472	848	8,454	14,774	3,266	4,035	22,075
Health insurance	2,382	378	3,863	6,623	2,832	1,732	11,187
Total salaries and benefits	94,636	14,183	95,185	204,004	35,407	66,161	305,572
Accounting	-	-	-	-	30,647	-	30,647
Bank and finance charges	-	-	-	-	2,345	224	2,569
Consulting	-	-	-	-	-	66,000	66,000
Depreciation	-	-	-	-	1,438	-	1,438
Events and activities	-	-	3,707	3,707	-	542	4,249
In-kind services and goods	-	-	-	-	11,425	-	11,425
Insurance	344	55	519	918	4,602	226	5,746
IT infrastructure	530	22	3,203	3,755	620	2,093	6,468
Marketing and communication	-	-	3,074	3,074	-	2,839	5,913
Miscellaneous	374	61	611	1,046	276	277	1,599
Office and supplies	1	-	1	2	20	1	23
Postage and shipping	-	-	-	-	264	-	264
Professional fees	-	108	1,733	1,841	1,074	153	3,068
Printing and reproduction	154	-	-	154	-	-	154
Rent	-	-	-	-	250	-	250
Research support	136,100	150,151	-	286,251	-	-	286,251
Telephone and internet	-	-	-	-	239	-	239
Travel, meals, and meetings	2,894	6	61	2,961	1,593	2,951	7,505
Totals	$ 235,033	$ 164,586	$ 108,094	$ 507,713	$ 90,200	$ 141,467	$ 739,380

Notes to Combined Financial Statements
June 30, 2021 and 2020

1. Organization

Vascular Cures, formerly the Pacific Vascular Research Foundation, is a nonprofit public benefit corporation that was incorporated in California on March 29, 1982. The organization changed its name in April 2008 to The Foundation for Accelerated Vascular Research, and then again on November 13, 2009 to Vascular Cures – The Foundation for Accelerated Vascular Research, and once again on April 1, 2010 to Vascular Cures.

Vascular Cures is dedicated to reducing pain, disability, and death from vascular conditions outside of the heart. We do this through supporting innovative patient-centered research, catalyzing breakthrough collaborations and empowering people in their vascular health journeys. Vascular Cures is working to change vascular healthcare both for the patient and with the patient. Our work involves enabling better treatments and care that more closely align with patient needs, ultimately contributing to a world where everyone has the opportunity to enjoy vascular health. As a neutral and trusted member of the vascular health ecosystem, Vascular Cures facilitates novel collaborations between the most influential parties in healthcare including patients, health systems, payers, biopharma, device manufacturers, and regulatory agencies. We give vascular patients who otherwise lack the awareness, channels, and opportunities to be full participants in their own care the mechanism to have their voice consistently included and prioritized in innovation.

Vascular Cures receives financial support from the general public and grant giving institutions and foundations, and supports health programs and medical research in the area of vascular disease by the use of grants and contributions.

In July 1999, VC formed the Pacific Vascular Research Institute (the “Institute”), a nonprofit public benefit corporation. The Institute provides funds to a vascular research laboratory, known as the Laboratory for Accelerated Vascular Research (“LAVR”), within the Parnassus facilities of the University of California, San Francisco (“UCSF”). The Institute is managed by leaders of Vascular Cures and does not receive independent funding.

2. Summary of Significant Accounting Policies

Basis of Combination – The combined financial statements include all accounts of Vascular Cures and the Institute. All significant intercompany accounts and transactions have been eliminated in the combination. Unless otherwise noted, these combined entities are hereinafter referred to as “VC.”

Basis of Presentation – The combined financial statements of VC have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to VC’s ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

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

Use of Estimates - The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – VC's cash and cash equivalents consist of cash on deposit in checking accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Contributions Receivable – VC records receivables that are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the combined statement of activities.

Receivables and Credit Policies – VC has determined that no allowance for doubtful uncollectible accounts receivable is required based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Concentrations of Credit Risk – Financial instruments that potentially subject VC to concentrations of credit risk consist principally of cash and cash equivalents and deposits. VC maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. VC manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, VC has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of VC's mission.

Investments and Endowment – VC follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that VC could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2021 and 2020. Although management is not aware of any factors that would significantly affect the estimated fair value amounts at such dates, current estimates of fair value may differ significantly from the statements presented.

Investments include cash and equivalents, mutual funds, and exchange traded funds. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. When applicable, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the combined statement of activities and changes in net assets.

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

Investments and Endowment *(continued)* – VC's endowment consists of a diverse mixture of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by ASC 958.320, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. VC has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, VC classifies as net assets with donor restrictions – perpetual in nature the original value of gifts donated to the permanent endowment, whether made at the time of original establishment of the endowment or at a later time. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – perpetual in nature is classified as either net assets with donor restrictions – time and purpose or net assets without donor restrictions until those amounts are appropriated for expenditure by VC in a manner consistent with the standard of prudence prescribed by SPMIFA.

Property and Equipment – VC's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

Costs of maintenance and repairs are expensed currently. VC reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. VC has determined that no long-lived assets were impaired during the years ended June 30, 2021 and 2020.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

<u>Net assets without donor restrictions</u>
Net assets without donor restrictions represent funds available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as shown in Note 6.

<u>Net assets with donor restrictions</u>
Net assets with donor restrictions represent funds subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released 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.

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

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). VC groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1
Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2
Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3
Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

In-Kind Contributions - In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to VC's program services, administration, and development activities; however, the combined financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

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

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the combined statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities,* which requires VC to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and benefits, insurance, and other overhead) have been allocated based on time and effort using VC's payroll allocations. Other expenses (such as accounting, consulting, research support and other direct costs) have been allocated in accordance with the specific services received from vendors.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 958)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

VC has adopted *Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of its financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way VC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Income taxes – Financial statement presentation follows the recommendations of *ASC 740, Income Taxes.* Under ASC 740, VC is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. Management believes VC has adequately evaluated its current tax positions and has concluded as of June 30, 2021 and 2020, VC does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

VC has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that VC continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

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

Reclassifications - Certain reclassifications have been made to the 2020 combined financial statements in order to conform to the presentation used in 2021. The reclassifications had no impact on previously reported net assets.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. VC has adjusted the presentation of these statements accordingly.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the combined financial statements are issued (or within one year after the date that the combined financial statements are available to be issued, when applicable). As of April 15, 2022 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that VC has the ability to continue as a going concern.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, VC has incorporated these clarifying standards within the audited financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents of $488,670 and $244,787 at June 30, 2021 and 2020, respectively, include funds domiciled in noninterest-bearing bank accounts. *Concentration*: Deposits may exceed federally insured limits during certain times of the year. VC attempts to minimize its credit risk associated with cash equivalents by utilizing highly capitalized financial institutions.

4. Contributions Receivable

Contributions receivable of $711,083 and $626,812 at June 30, 2021 and 2020, respectively, represent amounts due from various individuals and foundations which are expected to be collected as follows:

	2021	2020
Year ending June 30, 2021	$ -	$ 335,550
Year ending June 30, 2022	711,083	300,000
Subtotal	711,083	635,550
Less: Unamortized discount	-	(8,738)
Subtotal	711,083	626,812
Total amounts due within one year	(711,083)	(335,550)
Total grants receivable long-term (net)	$ -	$ 291,262

VC uses the direct write-off method with regards to receivables deemed uncollectible. There were no receivables written off during the years ended June 30, 2021 or 2020.

5. Liquidity

VC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. VC has various sources of liquidity at its disposal, including cash, cash equivalents, investments and the future collection of receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, VC considers all expenditures related to its ongoing activities of providing vascular research as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, VC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The following table shows the total financial assets held by VC and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures.

	2021	2020
Cash and cash equivalents	$ 488,670	$ 244,787
Investments	2,924,071	2,565,823
Contributions receivable	711,083	335,550
Less: amounts not available to be used within one year:		
Net assets with donor restrictions - time and purpose	(1,058,051)	(677,787)
Net assets with donor restrictions - perpetual in nature	(1,782,500)	(1,782,500)
Financial assets available to meet general expenditures over the next twelve months	$ 1,283,273	$ 685,873

A significant portion of the support that VC receives is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, VC must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditure within one year. As part of VC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Investments and Endowment

Investments consist of various mutual funds and exchange traded funds housed with outside brokerage firms. The estimated cost basis and fair value of investments are as follows at June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Mutual funds principally invested in fixed income	**$ 750,268**	**$ 776,654**	$ 805,014	$ 839,730
Mutual funds principally invested in equities	**681,951**	**943,176**	746,899	696,248
Money market mutual funds	**478,118**	**478,118**	381,996	381,996
Exchange traded funds	**465,296**	**726,123**	570,951	647,849
Total investments	**$ 2,375,633**	**$ 2,924,071**	$ 2,504,860	$ 2,565,823

In accordance with *ASC 958-205*, composition of endowment net assets and the changes in endowment net assets for the years ended June 30, 2021 and 2020 are summarized as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Time and Purpose Restrictions	Restrictions in Perpetuity	Total
Endowment net assets at July 1, 2019	$ 92,908	$ 740,212	$ 1,782,500	$ 2,615,620
Investment return:				
Dividends and interest	-	18,627	44,855	63,482
Net realized gains	-	3,358	8,085	11,443
Change in net unrealized gains and losses	-	(19,850)	(47,801)	(67,651)
Investment fees	-	(4,694)	(11,303)	(15,997)
Total investment return, net	-	(2,559)	(6,164)	(8,723)
Transfer of endowment earnings	-	(6,164)	6,164	-
Board-approved appropriation of funds	-	(76,382)	-	(76,382)
Other transfers	80,836	(45,528)	-	35,308
Endowment net assets at June 30, 2020	173,744	609,579	1,782,500	2,565,823
Investment return:				
Dividends and interest	37	11,449	33,585	45,071
Net realized gains	-	13,376	39,112	52,488
Change in net unrealized gains and losses	-	124,106	362,904	487,010
Investment fees	-	(4,213)	(12,320)	(16,533)
Total investment return, net	37	144,718	423,281	568,036
Transfer of endowment earnings	-	423,281	(423,281)	-
Board-approved appropriation of funds	-	(278,000)	-	(278,000)
Other transfers	68,212	-	-	68,212
Endowment net assets at June 30, 2021	**$ 241,993**	**$ 899,578**	**$ 1,782,500**	**$ 2,924,071**

6. Investments and Endowment (*continued*)

VC is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA" and the California equivalent enacted by SB 1329 in California) which requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted Madden and Margaret N. Stiegele Endowments absent explicit donor stipulations to the contrary. VC therefore classifies as net assets with donor restrictions – perpetual in nature (a) the original value of gifts donated to the permanent Madden and Margaret N. Stiegele Endowments and (b) the original value of subsequent gifts to the permanent Madden and Margaret N. Stiegele Endowments.

The remaining portion of the donor-restricted Madden and Margaret N. Stiegele Endowments not classified in net assets with donor restrictions – perpetual in nature is classified as net assets with donor restrictions – time or purpose until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, VC considers the following factors in marking a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization.
7. The investment policies of the organization

VC has an Investment Committee which has the responsibility for establishing VC's return objectives. The committee routinely oversees investment performance and reviews cash flows necessary to sustain VC's operating activities.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or UPMIFA requires VC to retain as a fund of perpetual duration. In accordance with *ASC 958.205.55.31*, there were no deficiencies of this nature required to be reported in net assets without donor restrictions as of June 30, 2021 and 2020. Although there were no deficiencies at June 30, 2021, future deficiencies could result from unfavorable market fluctuations which occur after the investment of new restricted contributions and continued appropriation for certain programs deemed prudent by management. VC's investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of the VC's management. Deficiencies of this nature, if any, will be reported in net assets without donor restrictions.

Return Objectives and Risk Parameters

VC has adopted investment and spending policies for endowment assets in an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds VC must hold in perpetuity or for a donor-specified period(s) as well as management designated funds. Under this policy, as approved by the Investment Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that approximate the price and yield results of the general market conditions while assuming a moderate level of investment risk.

6. Investments and Endowment *(continued)*

Strategies Employed for Achieving Objectives
To satisfy its long-term rate of return objectives, VC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). VC targets a diversified asset allocation that places a greater emphasis on certain investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
VC has a policy of appropriating endowment funds for distribution to cover certain research and operational costs on an as-needed basis as approved by the Board of Directors. Each endowment fund has a different policy as to the use of the funds and the amounts which can be disbursed. The Madden endowment provides for distributions of 5% for research or other expenses. The Stiegele endowment provides for distributions in excess of contributed principal ($1,000,000) for research. In accordance with these policies, VC appropriated $278,000 and $76,382 which represented the board-approved budgeted draws from its investment portfolio for the years ended June 30, 2021 and 2020, respectively.

In establishing this policy, VC considered the long-term expected return on its endowment. Accordingly, over the long term, VC expects the current spending policy to allow its endowment to grow at a moderate rate annually. This is consistent with VC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for the specified term as well as to provide additional real growth through new gifts and investment return.

7. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2021 is as follows:

	Totals	Level 1	Level 2	Level 3
Mutual funds principally invested in fixed income	$ 776,654	$ 776,654	$ -	$ -
Mutual funds principally invested in equities	943,176	943,176	-	-
Money market mutual funds	478,118	478,118	-	-
Exchange traded funds	726,123	726,123	-	-
	$ 2,924,071	$ 2,924,071	$ -	$ -

Composition of assets utilizing fair value measurements at June 30, 2020 is as follows:

	Totals	Level 1	Level 2	Level 3
Mutual funds principally invested in fixed income	$ 839,730	$ 839,730	$ -	$ -
Mutual funds principally invested in equities	696,248	696,248	-	-
Money market mutual funds	381,996	381,886	-	-
Exchange traded funds	647,849	647,849	-	-
	$ 2,565,823	$ 2,565,823	$ -	$ -

8. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Furniture and equipment	**$ 25,925**	$ 25,925
Software	**12,764**	12,764
Less: accumulated depreciation	**(38,689)**	(38,215)
Property and equipment, net	**$ -**	$ 474

Depreciation expense amounted to $474 and $1,438 for the years ended June 30, 2021 and 2020, respectively.

9. Refundable Advances

During June 2020, VC applied for and received $56,626 in a forgivable loan (bearing interest at the fixed rate of 1.0% per annum) under the Small Business Administration (SBA) Paycheck Protection Program ("PPP"). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the $2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA's 7(a) small business lending program to fund loans of up to $10 million per borrower which qualifying entities can spend to cover payroll, interest, rent, and utilities.

VC expended the funds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. In January 2021, VSC fulfilled all of the required conditions and received forgiveness of the PPP loan, recording the full $56,626 as contributed income. This amount is reflected in government contributions on the combined statements of activities and changes in net assets for the year ended June 30, 2021.

Refundable advances of $249,534 at June 30, 2021 (split between the current amount of $137,244 and noncurrent amount of $112,290) represent amounts received in advance for a conditional contribution. These amounts will be recognized as contributions when VC meets specified and measurable performance barriers.

10. In-Kind Revenue

VC received pro bono legal services totaling $11,425 during the year ended June 30, 2020, which are recorded as in-kind revenue in the combined statements of activities and changes in net assets and as in-kind services and goods in the combined statements of functional expenses. VC received no in-kind contributions during the year ended June 30, 2021.

11. Net Assets

Net assets without donor restrictions
Net assets without donor restrictions of $420,037 and $284,219 as of June 30, 2021 and 2020, respectively, represent the cumulative retained surpluses of VC since the organization's inception.

Net assets with donor restrictions – time and purpose
Net assets with donor restrictions are restricted for the following purposes as of June 30:

Restriction:	2021	2020
Advisory Board	**$ 3,749**	$ 15,634
ALPS – Fiscal sponsorship	**99,431**	-
Binkley (visiting professor program)	**600,106**	505,560
Madden	**248,955**	104,019
Margaret N. Stiegele	**50,517**	-
Project Voice	**37,544**	52,574
Impact Network	**17,749**	-
Time restricted gifts	**300,000**	635,550
Discount related to long-term receivables	**-**	(8,738)
Total net assets with donor restrictions	**$ 1,358,051**	$ 1,304,599

Net assets were released from donor restrictions during the years ended June 30, 2021 and 2020 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

Released from:	2021	2020
Advisory Board	**$ 11,885**	$ 4,366
ALPS – Fiscal sponsorship	**20,568**	-
Education and awareness	**52,022**	-
Innovation Summits	**-**	20,000
Madden	**-**	39,125
Margaret N. Stiegele	**-**	37,257
Project Voice	**15,030**	17,426
PROM-PAD program	**-**	33,614
Impact Network	**7,251**	-
Time restricted gifts	**335,550**	-
Wylie Scholar Program	**53,700**	97,089
Total net assets released from donor restrictions	**$ 496,006**	$ 248,877

11. Net Assets *(continued)*

Net assets with donor restrictions–perpetual in nature
VC has an ongoing endowment fund for the purpose of attracting contributions in order to provide a pool of funds to assist with long-term funding of vascular research. Net assets with donor restrictions which are perpetual in nature consist of the following at June 30:

Restricted for:	2021	2020
Madden endowment	**$ 782,500**	$ 782,500
Margaret N. Stiegele endowment	**1,000,000**	1,000,000
Net assets with donor restrictions-perpetual in nature	**$ 1,782,500**	$ 1,782,500

12. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences.* Under ASC 710.25, VC is required to record a liability for the estimated amounts of compensation for vacation and sick leave. Employees are permitted to accrue a specific number of hours for estimated future absences, and such accruals are recorded in the combined financial statements as an accrued liability on the combined statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued benefits amounted to $13,061 and $9,811 at June 30, 2021 and 2020, respectively.

13. Retirement Plan

VC offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b). Substantially all full-time employees are eligible for participation in the plan and are 100% vested in their deferred compensation balances. VC has the option of making contributions to the plan as determined annually by the organization’s Board of Directors. During the years ended June 30, 2021 and 2020, VC did not make matching contributions to the participating employee’s salary deferrals.

14. COVID-19

As a result of COVID-19 and its variants, the worldwide threat continues to (a) impact financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which VC conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management continues to monitor and evaluate its options. These financial statements reflect certain economic ramifications which impacted the years ended June 30, 2021 and 2020.

15. Commitments and Contingencies

In the normal course of business, VC could be subject to certain commitments and contingencies, such as commitments to enter into contracts and future funding agreements, which might not be fully reflected in the combined financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate VC to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond VC's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the combined financial statements.

16. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, VC has evaluated subsequent events through April 15, 2022, the date the combined financial statements were available to be issued. In the opinion of management, there are no subsequent events which are required to be disclosed.