

**National Foundation for the Centers for
Disease Control and Prevention, Inc.**

FINANCIAL STATEMENTS

June 30, 2023 and 2022



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REPORT





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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the National Foundation for the Centers for Disease Control and Prevention, Inc. (the Foundation) (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 National Foundation for the Centers for Disease Control and Prevention, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended June 30, 2023, the Foundation adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

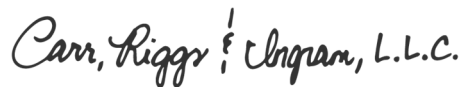
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 11, 2024



FINANCIAL STATEMENTS



National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 26,502,910	\$ 54,103,715
Restricted cash	143,910	277,663
Contributions and grants receivable, net	44,471,344	66,693,494
Contract receivables	18,695,949	2,633,281
Investments	81,392,346	78,176,247
Prepaid and other assets	6,458,252	7,207,307
Operating lease right-of-use assets	3,118,831	-
Property and equipment, net	920,665	1,112,842
Total assets	\$ 181,704,207	\$ 210,204,549
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,403,447	\$ 2,413,208
Accrued payroll and related expenses	4,718,099	17,358,023
Contracts payable	635,344	779,530
Grants payable	7,999,170	16,269,348
Unamortized leasehold allowance	-	1,104,200
Deferred rent	-	1,356,881
Operating lease liabilities	5,253,905	-
Total liabilities	22,009,965	39,281,190
Net assets		
Without donor restrictions	53,164,538	47,654,904
With donor restrictions		
Restricted by purpose or time	95,606,873	118,535,826
Restricted in perpetuity	10,922,831	4,732,629
Total with donor restrictions	106,529,704	123,268,455
Total net assets	159,694,242	170,923,359
Total liabilities and net assets	\$ 181,704,207	\$ 210,204,549

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Activities

<i>For the year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total	2022 Summarized Total
Contributions, Gains (Losses), Other Support and Transfers				
Federal grants	\$ -	\$ 138,262,435	\$ 138,262,435	\$ 154,916,155
Non-federal grants and contributions of cash and other financial assets	1,403,364	63,489,084	64,892,448	73,076,560
Contributions of nonfinancial assets	132,888	5,202,060	5,334,948	5,813,578
Indirect cost recovery	108,635	23,394,200	23,502,835	29,008,628
Total grants and contributions	1,644,887	230,347,779	231,992,666	262,814,921
Service revenue	51,633,820	-	51,633,820	6,084,897
Other revenue	1,462	-	1,462	421,146
Refund – donor-restricted gifts	-	(191,006)	(191,006)	(1,336,571)
Reduction – donor-restricted gifts	-	(1,375,746)	(1,375,746)	(7,523,070)
Interest and dividend income, net	169,158	1,648,572	1,817,730	1,414,286
Net realized and unrealized gains (losses) on investments	(90,783)	984,901	894,118	(3,516,831)
Net assets released from restriction	248,153,251	(248,153,251)	-	-
Total contributions, gains (losses), other support and transfers	301,511,795	(16,738,751)	284,773,044	258,358,778
Program Costs and Other Expenses				
<i>Program costs</i>				
Emergency response	167,812,900	-	167,812,900	227,841,125
Non-infectious disease	48,273,502	-	48,273,502	33,019,363
Infectious disease	52,200,544	-	52,200,544	54,424,492
Other programs	4,280,003	-	4,280,003	10,242,488
Total program costs	272,566,949	-	272,566,949	325,527,468
<i>Supporting services</i>				
Management and general expenses	19,986,135	-	19,986,135	18,289,428
Fundraising expenses	3,449,077	-	3,449,077	3,323,204
Total supporting services	23,435,212	-	23,435,212	21,612,632
Total program costs and other expenses	296,002,161	-	296,002,161	347,140,100
Change in net assets	5,509,634	(16,738,751)	(11,229,117)	(88,781,322)
Net assets at beginning of year	47,654,904	123,268,455	170,923,359	259,704,681
Net assets at end of year	\$ 53,164,538	\$ 106,529,704	\$ 159,694,242	\$ 170,923,359

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Activities (Continued)

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Contributions, Gains (Losses), Other Support and Transfers			
Federal grants	\$ -	\$ 154,916,155	\$ 154,916,155
Non-federal grants and contributions of cash and other financial assets	1,849,514	71,227,046	73,076,560
Contributions of nonfinancial assets	176,000	5,637,578	5,813,578
Indirect cost recovery	82,781	28,925,847	29,008,628
Total grants and contributions	2,108,295	260,706,626	262,814,921
Service revenue	6,084,897	-	6,084,897
Other revenue	383,575	37,571	421,146
Refund – donor-restricted gifts	-	(1,336,571)	(1,336,571)
Reduction – donor-restricted gifts	-	(7,523,070)	(7,523,070)
Interest and dividend income, net	1,294,529	119,757	1,414,286
Net realized and unrealized gains (losses) on investments	(2,241,080)	(1,275,751)	(3,516,831)
Net assets released from restriction	351,292,502	(351,292,502)	-
Total contributions, gains (losses), other support and transfers	358,922,718	(100,563,940)	258,358,778
Program Costs and Other Expenses			
<i>Program costs</i>			
Emergency response	227,841,125	-	227,841,125
Non-infectious disease	33,019,363	-	33,019,363
Infectious disease	54,424,492	-	54,424,492
Other programs	10,242,488	-	10,242,488
Total program costs	325,527,468	-	325,527,468
<i>Supporting services</i>			
Management and general expenses	18,289,428	-	18,289,428
Fundraising expenses	3,323,204	-	3,323,204
Total supporting services	21,612,632	-	21,612,632
Total program costs and other expenses	347,140,100	-	347,140,100
Change in net assets	11,782,618	(100,563,940)	(88,781,322)
Net assets at beginning of year	35,872,286	223,832,395	259,704,681
Net assets at end of year	\$ 47,654,904	\$ 123,268,455	\$ 170,923,359

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Functional Expenses

	Program Costs					Supporting Services		
<i>For the year ended June 30, 2023</i>	Emergency Response	Non-Infectious Disease	Infectious Disease	Other Programs	Total Programs	Management and General	Fundraising	Total
Personnel cost	\$ 143,248,429	\$ 10,462,779	\$ 6,130,573	\$ 2,148,346	\$ 161,990,127	\$ 12,913,050	\$ 2,197,254	\$ 177,100,431
Program awards	5,885,664	8,901,424	8,754,011	279,935	23,821,034	432,687	-	24,253,721
Other professional fees	7,928,342	25,973,831	34,743,143	1,483,393	70,128,709	2,643,086	429,933	73,201,728
Project supplies	460,472	147,822	1,762,819	2,343	2,373,456	-	-	2,373,456
Contributed goods and services	5,010,163	-	192,785	-	5,202,948	132,000	-	5,334,948
Office expenses	1,923,200	115,273	66,078	13,736	2,118,287	666,331	570,885	3,355,503
Conferences and meetings	228,754	231,522	56,380	48,209	564,865	130,450	17,196	712,511
Occupancy	593,272	43,332	25,390	8,898	670,892	53,480	9,100	733,472
Travel	1,283,562	2,246,228	412,838	127,938	4,070,566	176,898	25,599	4,273,063
Depreciation	-	-	-	93,736	93,736	93,736	46,868	234,340
Technology	1,203,709	94,018	53,091	72,479	1,423,297	1,911,453	86,445	3,421,195
Other expenses	47,333	57,273	3,436	990	109,032	832,964	65,797	1,007,793
Total	\$ 167,812,900	\$ 48,273,502	\$ 52,200,544	\$ 4,280,003	\$ 272,566,949	\$ 19,986,135	\$ 3,449,077	\$ 296,002,161

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Functional Expenses (Continued)

	Program Costs					Supporting Services		
<i>For the year ended June 30, 2022</i>	Emergency Response	Non-Infectious Disease	Infectious Disease	Other Programs	Total Program	Management and General	Fundraising	Total
Personnel cost	\$ 176,052,259	\$ 8,095,076	\$ 5,198,181	\$ 3,984,227	\$ 193,329,743	\$ 8,857,092	\$ 2,098,195	\$ 204,285,030
Program awards	21,925,467	5,536,623	2,495,860	639,848	30,597,798	257,370	-	30,855,168
Other professional fees	14,152,450	18,928,228	43,357,924	5,190,331	81,628,933	5,261,450	478,489	87,368,872
Project supplies	4,266,667	112,184	3,154,005	5,595	7,538,451	-	-	7,538,451
Contributed goods and services	5,637,578	-	-	-	5,637,578	176,000	-	5,813,578
Office expenses	3,284,485	141,312	39,972	49,272	3,515,041	956,537	490,839	4,962,417
Conferences and meetings	69,081	12,027	31,123	15,189	127,420	25,421	11,535	164,376
Occupancy	643,332	29,581	18,995	14,559	706,467	32,366	7,667	746,500
Travel	521,851	73,412	74,272	44,599	714,134	60,626	5,605	780,365
Depreciation	-	-	-	118,176	118,176	118,176	59,089	295,441
Technology	1,227,159	35,996	23,422	96,754	1,383,331	1,789,284	140,230	3,312,845
Other expenses	60,796	54,924	30,738	83,938	230,396	755,106	31,555	1,017,057
Total	\$ 227,841,125	\$ 33,019,363	\$ 54,424,492	\$ 10,242,488	\$ 325,527,468	\$ 18,289,428	\$ 3,323,204	\$ 347,140,100

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ (11,229,117)	\$ (88,781,322)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	234,340	295,441
Amortization of right-of-use assets	525,971	-
Unrealized and realized loss (gain) on investments	(894,118)	3,516,831
Contributions restricted for long-term investment	(6,190,006)	(65,145)
Change in allowance for uncollectible pledges	(7,792,301)	(12,780,000)
Amortization of leasehold allowance	-	(176,672)
Change in assets and liabilities:		
Contributions and grants receivable	30,014,451	91,358,675
Contract receivables	(16,062,668)	(644,890)
Prepaid and other assets	749,055	(3,994,373)
Accounts payable and accrued expenses	990,239	1,372,638
Accrued payroll and related expenses	(12,639,924)	12,948,332
Contracts payable	(144,186)	(8,091,196)
Grants payable	(8,270,178)	3,462,510
Deferred rent	-	(124,828)
Operating lease liabilities	(851,978)	-
Net cash provided by (used in) operating activities	(31,560,420)	(1,703,999)
Investing Activities		
Purchases of investments	(48,659,576)	(44,097,378)
Sales of investments	46,337,595	45,343,936
Purchase of property and equipment	(42,163)	-
Net cash provided by (used in) investing activities	(2,364,144)	1,246,558
Financing Activities		
Contributions restricted for long-term investment	6,190,006	65,145
Net change in cash, cash equivalents, and restricted cash	(27,734,558)	(392,296)
Cash and cash equivalents, at beginning of year	54,381,378	54,773,674
Cash and cash equivalents, at end of year	\$ 26,646,820	\$ 54,381,378

(Continued)

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Statements of Cash Flows (Continued)

For the years ended June 30, **2023** **2022**

Presented on Statements of Financial Position as:

Cash and cash equivalents	\$ 26,502,910	\$ 54,103,715
Restricted cash	143,910	277,663

Cash and cash equivalents, at end of year	\$ 26,646,820	\$ 54,381,378
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Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets		
Operating leases	\$ 6,105,883	\$ -

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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

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

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

During the years ended June 30, 2023 and 2022, the CDC Foundation was involved in a variety of projects, such as responding to the COVID-19 pandemic in the United States and across the globe, including providing staff to health departments nationwide; strengthening the U.S. public health system; supporting the opioid crisis response; working with communities nationwide to increase vaccine confidence; saving lives through meningitis screening in Africa; achieving better outcomes for newborns in Cameroon, Chad and Burkina Faso; managing the Data for Health initiative to strengthen the availability of public health data to governments spread across the world; and a wide variety of other critical public health protection efforts.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the reporting of allowance for doubtful accounts, contributions receivable, allocation of functional expenses, depreciation of property and equipment, investments, and contributed nonfinancial assets (gifts-in-kind).

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets may be used at the discretion of the Foundation's management and the board of directors.

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

Revenues and Expenses

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

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

Revenue Recognition

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

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

As of June 30, 2023 and 2022, conditional Federal grants awarded for which qualifying expenses have not been incurred and for which revenue has not been recognized totaled approximately \$63,740,000 and \$142,750,000, respectively.

Service Revenue

Service revenue is recognized over time as performance obligations are rendered, and totaled \$51,633,820 and \$6,084,897 for the years ended June 30, 2023 and 2022, respectively, as disclosed on the statements of activities. Service revenue predominantly consists of revenue from State-funded contracts to provide staff to health departments nationwide, which is recognized using the output method for performance obligations to be utilized over time. At June 30, 2023 and 2022, related contract assets consisting of contract receivables totaled \$18,695,949 and \$2,633,281, respectively.

Contributed Goods and Services

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash consists of endowment contributions restricted in perpetuity by donors that have not yet been transferred to investments at year end.

Investments

Investment securities are stated at fair value, generally determined based on quoted market prices or estimated fair value and are recorded within the various net asset classifications based upon the existence or absence of donor restrictions. Valuation of shares in mutual funds is based on share values reported by the funds as of the last business day of the fiscal year.

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment and expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets and are in excess of \$5,000 are capitalized at cost at the date of acquisition or at estimated fair value at date of donation if acquired as gifts. Repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful life of the asset. Land is not subject to depreciation. Capitalized leasehold improvements are depreciated over the shorter of the life of the asset or the life of the corresponding lease.

Contract Receivables

Contract receivables consist of amounts due to the Foundation under contracts with third party organizations. Amounts are considered past due when they are not paid within the terms agreed upon by the Foundation and the third party, and an allowance for uncollectible receivables is recorded as deemed necessary based on historical trends and specific account analysis. As of June 30, 2023, and 2022, the Foundation believes all contracts receivable are fully collectible and due within one year.

Refund on Donor-Restricted Contributions

During the years ended June 30, 2023 and 2022, the Foundation recognized refunds of \$191,006 and \$1,336,571, respectively, related to gifts received from donors in prior years for specific projects. When donors originally contributed to support these projects, the total cost of each project was estimated, and the donors agreed to fully fund these amounts. In the years ended June 30, 2023 and 2022, projects were completed for which the total gift amount originally provided by the donor was more than the project costs incurred. In accordance with donor requests, the excess funds received were returned to the donor or the outstanding receivable was cancelled, and a corresponding loss was recognized.

Reduction – Donor-Restricted Contributions

During the years ended June 30, 2023 and 2022, the Foundation recorded reductions in contributions receivable originally recorded in a prior year totaling \$1,375,746 and \$7,523,070, respectively. These reductions related to several factors, including the Foundation being able to complete a project at a cost lower than originally anticipated or a change in circumstances resulting in the Foundation discontinuing its working relationship with a donor. As a result of these factors, the remaining pledge due from the donor was reduced and a corresponding reduction in net assets was recognized.

Contracts Payable

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

Grants Payable

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Foundation leases office space and equipment. The Foundation determines if an arrangement is or contains a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Deferred Rent and Unamortized Leasehold Allowance

Deferred rent represents the cumulative difference between the rent expense recognized on the straight-line basis and the actual rent paid, prior to the implementation of ASU 2016-02. Unamortized leasehold allowance represents the unamortized balance of the leasehold allowance provided by the lessor under the rental agreement as described in Note 13, prior to the implementation of ASU 2016-02.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, and short-term investments approximates fair value because of the nature and short maturity of these financial instruments. Fair value for other financial instruments is disclosed in other footnotes.

Compensated Absences

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

Risk Management

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Indirect Cost Recovery

Indirect cost recovery consists of revenue recognized on both Federal and non-Federal grants and contributions to support the Foundation's shared administrative and other costs incurred in administering the programs funded by those grants and contributions. For the years ended June 30, 2023 and 2022, approximately \$15,580,000 and \$19,580,000, respectively, of indirect cost recovery was related to Federal grants, and approximately \$7,920,000 and \$9,420,000, respectively, was related to non-Federal grants and contributions.

Advertising

The Foundation's policy is to expense all public relations, advertising, and marketing costs as they are incurred. These costs, included with management and general expenses, totaled \$127,873 and \$150,293 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

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

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

Recently Adopted Accounting Guidance

In February 2016, the FASB issued guidance (ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption), with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Foundation elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance (continued)

The impact of the adoption of the new lease accounting guidance on the Foundation's financial statements was recognition on July 1, 2022 of a lease liability of \$6,105,883, which represents the present value of the remaining operating lease payments of \$6,726,608 discounted using a risk-free rate of 3.13%, and a right-of-use asset of \$3,644,802, which represents the operating lease liability of \$6,105,883 adjusted for accrued rent of \$1,356,881 and unamortized initial direct costs of \$1,104,200.

Income Taxes

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Foundation has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation, including the following: in the Foundation's review of its calculation of indirect cost, certain expenses previously classified as indirect costs were determined to be more appropriately recorded as expenses directly allocable to certain Federal and non-federal grants and contributions. As a result, certain prior year amounts of \$5,197,307 reflected on the statements of activities have been reclassified to conform with current year presentation. Total grant and contribution revenue recognized in both years presented remains unchanged.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 11, 2024, and determined there were events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

National Foundation for the Centers for Disease Control and Prevention, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY

The schedule below reflects the Foundation's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

<i>June 30,</i>	2023	2022
Financial assets, at year end:		
Cash and cash equivalents	\$ 26,502,910	\$ 54,103,715
Restricted cash	143,910	277,663
Contributions and grants receivable, net	44,471,344	66,693,494
Contracts receivable	18,695,949	2,633,281
Investments	81,392,346	78,176,247
Total financial assets at year end	171,206,459	201,884,400
Less: assets unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	106,529,704	123,268,455
Financial assets available to meet cash needs for general expenditures within one year	\$ 64,676,755	\$ 78,615,945

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

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

Note 4: CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at June 30, 2023 and 2022 are summarized as follows:

<i>June 30,</i>	2023	2022
Unconditional promises to give	\$ 47,049,432	\$ 76,757,867
Less: allowance for uncollectible pledges	(737,699)	(8,530,000)
Less: present value discount	(1,840,389)	(1,534,373)
Contributions and grants receivable, net	\$ 44,471,344	\$ 66,693,494

National Foundation for the Centers for Disease Control and Prevention, Inc.
Notes to Financial Statements

Note 4: CONTRIBUTIONS AND GRANTS RECEIVABLE (Continued)

Contributions and grants receivable are due as follows:

<i>June 30,</i>	2023	2022
Amounts due in		
Less than one year	\$ 12,693,463	\$ 45,080,506
One year to five years	34,355,969	31,677,361
Unconditional promises to give	\$ 47,049,432	\$ 76,757,867

Discounts on contributions receivable in excess of one year were calculated as of the date of donation using rates commensurate with the risk involved (rates range from 3.25% to 5.50%). Amortization of discounts is recorded as additional contribution revenue based on the nature of the contributions, in accordance with donor-imposed restrictions on the contributions.

Note 5: INVESTMENTS

The following is a summary of investments at June 30, 2023 and 2022:

<i>June 30,</i>	2023	2022
Interest bearing cash equivalents	\$ 177,930	\$ 330,648
U.S. Treasury/agency securities	49,926,265	60,300,620
Corporate bonds	17,659,557	11,267,537
Mutual funds	3,800,808	5,066,437
Exchange traded funds	9,827,786	1,211,005
Total investments	\$ 81,392,346	\$ 78,176,247

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Leasehold improvements	12	\$ 2,120,065	\$ 2,120,065
Equipment and furnishings	3 - 7	405,072	450,419
Software	3	852,037	894,759
Total depreciable property and equipment		3,377,174	3,465,243
Less accumulated depreciation		(2,456,509)	(2,352,401)
Total property and equipment, net		\$ 920,665	\$ 1,112,842

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 7: FAIR VALUE HIERARCHY

Accounting 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, standards established a three-tier hierarchy to distinguish between various types of inputs used in determining the value of an organization's financial instruments. The inputs are summarized as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than Level 1 quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.
- Level 3 – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

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

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

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

At June 30, 2023 and 2022, with the exception of corporate bonds, which meet the criteria for classification as Level 2, all of the Foundation's investments are classified within Level 1 of the hierarchy.

Note 8: ENDOWMENT

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

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 8: ENDOWMENT (Continued)

Interpretation of Relevant Law

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

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

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

Composition and changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

<i>For the years ended June 30,</i>	2023	2022
Donor-restricted endowment net assets, beginning of year	\$ 6,695,139	\$ 7,719,450
Contributions	6,190,006	65,145
Investment return gain (loss)	805,485	(1,072,069)
Appropriation of endowment assets for expenditure	(34,418)	(17,387)
Donor-restricted endowment net assets, end of year	\$ 13,656,212	\$ 6,695,139

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment assets that attempt to provide for the preservation of assets, growth of capital and generation of income. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to minimize the risk of large losses and generate a long-term rate of return to equal or exceed the appropriate market indices, and over time, exceed the rate of inflation in order to preserve the purchasing power of assets, and generate income to fund operations as needed.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk restraints.

National Foundation for the Centers for Disease Control and Prevention, Inc.
Notes to Financial Statements

Note 8: ENDOWMENT (Continued)

Endowment Spending Policy

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

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or GPMIFA requires the Foundation to retain as a fund of perpetual duration. No deficiencies of this nature were present for the years ended June 30, 2023 and 2022.

Note 9: RETIREMENT PLANS

The Foundation has established a voluntary defined contribution retirement plan, in which all employees who work at least 20 hours per week are eligible to participate after 90 days of consecutive service. Upon meeting these eligibility requirements, employees are fully vested. Contributions under this plan are invested, at the discretion of the participant, in one or more of the available investment options at the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). Contributions to the retirement plan by the Foundation totaled \$9,720,396 and \$5,832,654 for the years ended June 30, 2023 and 2022, respectively.

National Foundation for the Centers for Disease Control and Prevention, Inc.
Notes to Financial Statements

Note 10: NET ASSETS

Net assets were released from donor-imposed restrictions as a result of actions of the Foundation and/or passage of time for the years ended June 30, 2023 and 2022 as follows:

<i>For the years ended June 30,</i>	2023	2022
Satisfaction of program restrictions		
Sponsored programs		
Emergency response	\$ 118,524,257	\$ 224,095,105
Non-infectious disease	47,700,491	32,327,376
Infectious disease	51,550,323	53,514,183
Other sponsored programs	2,169,394	3,999,211
Total sponsored programs	219,944,465	313,935,875
General operating purposes – operating grant	1,454,254	1,429,848
Satisfaction of program restrictions, total	221,398,719	315,365,723
Expiration of time restrictions – administrative fees recovered	26,720,114	35,909,392
Appropriation from donor-restricted endowment	34,418	17,387
Total releases from restriction	\$ 248,153,251	\$ 351,292,502

Donor-restricted net assets are available for the following purposes at June 30, 2023 and 2022:

<i>June 30,</i>	2023	2022
Restricted by purpose or time		
Sponsored programs		
Emergency response	\$ 5,533,143	\$ 18,627,855
Non-infectious disease	49,058,387	56,575,299
Infectious disease	27,183,013	29,527,105
Other sponsored programs	11,098,949	11,843,057
Total sponsored programs	92,873,492	116,573,316
Endowment earnings	2,733,381	1,962,510
Total restricted by purpose or time	95,606,873	118,535,826
Endowment assets restricted in perpetuity	10,922,831	4,732,629
Total net assets with donor restrictions	\$ 106,529,704	\$ 123,268,455

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 11: GRANTS WITH THE CDC (RELATED PARTY TRANSACTIONS)

In addition to other funding the Foundation raises to extend CDC's work, the Foundation is also eligible to apply for and receive grants from the Federal government, including a \$1,250,000 operating grant received annually from the CDC. Additionally, during the years ended June 30, 2023 and 2022, the Foundation received grant awards from CDC totaling approximately \$151,100,000 and \$172,800,000, primarily to fund Foundation programs aimed at responding to the COVID-19 pandemic as well as programs aimed at opioid addiction prevention. The CDC also has authority to accept gifts from the Foundation. During the years ended June 30, 2023 and 2022, the Foundation provided funding to the CDC totaling approximately \$13,500,000 and \$7,500,000, respectively.

Note 12: CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

<i>For the years ended June 30,</i>	2023	2022
Services	\$ 132,000	\$ 176,000
Internet advertising and public health education	5,010,163	5,637,578
Program supplies	192,785	-
Total	\$ 5,334,948	\$ 5,813,578

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

Contributed internet advertising and public health education airtime was utilized to inform the public about the Foundation and provide public health information about COVID-19 or other programs. The fair value of this internet airtime was estimated by the Foundation based on the date, time, and market in which each is displayed.

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

National Foundation for the Centers for Disease Control and Prevention, Inc.
Notes to Financial Statements

Note 13: LEASES

The Foundation has operating leases for office space and equipment.

The components of lease expense consist of the following:

<i>For the year ended June 30,</i>	2023
Operating lease cost	\$ 688,552

Other information related to leases was as follows:

<i>For the year ended June 30,</i>	2023
Supplemental Cash Flow Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 688,552

Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended June 30,</i>	2023
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 3,644,802
Weighted average remaining lease term	
Operating leases	5.24 years
Weighted average discount rate	
Operating leases	3.13%

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

<i>For the years ending June 30,</i>	
2024	\$ 1,039,699
2025	1,065,471
2026	1,081,388
2027	1,106,296
2028	1,133,965
Thereafter	285,230
Total future minimum lease payments	5,712,049
Less imputed interest	(458,144)
Present value of lease liabilities	\$ 5,253,905

National Foundation for the Centers for Disease Control and Prevention, Inc.

Notes to Financial Statements

Note 13: LEASES (Continued)

Prior to the adoption of ASU No. 2016-02, minimum lease payments under the operating leases as of June 30, 2022, were as follows:

For the years ending June 30,

2023	\$ 1,002,260
2024	1,027,399
2025	1,053,171
2026	1,079,338
2027	1,106,296
Thereafter	1,419,193
Total	\$ 6,687,657

Note 14: COMMITMENTS AND CONTINGENCIES

Federal Grant Programs

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

Payment of Project Funds

The Foundation disburses some of its project funds as cost reimbursement grants with third party service providers. As discussed in Note 2, the disbursement of funds, and recognition of revenue by the Foundation is generally contingent upon the service provider properly expending and documenting eligible expenditures. Project disbursements for these grants are not accrued by the Foundation until these conditions are met by the service provider. Cost reimbursement grants expected to be funded by the Foundation as project costs in future years totaled approximately \$30,700,000 and \$100,125,000 at June 30, 2023 and 2022, respectively.

Note 15: CONCENTRATIONS OF CREDIT RISK

Throughout the year, the Foundation maintains bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits. Uninsured cash balances aggregated approximately \$22,000,000 and \$38,000,000 at June 30, 2023 and 2022, respectively. Management of the Foundation has evaluated and accepted the risk associated with uninsured cash balances.

Contributions receivable from Federal grants awarded by the CDC represented approximately 18% and 28% of total contributions receivable at June 30, 2023 and 2022, respectively, and contributions revenue from Federal grants awarded by the CDC represented approximately 54% and 67% of total revenue for the years ended June 30, 2023 and 2022, respectively.



SUPPLEMENTARY INFORMATION





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Foundation for the Centers for Disease Control and Prevention, Inc. (the Foundation) (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2024.

Report on Internal Control over Financial Reporting

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

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

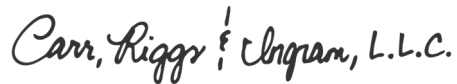
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 11, 2024