VASCULITIS FOUNDATION

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

June 30, 2025 and 2024

VASCULITIS FOUNDATION

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N + B
novak birks p.c.
certified public accountants

4435 Main Street, Suite 500
Kansas City, MO 64111
P 816.931.6111 F 816.931.8499

10901 W. 84th Terrace, Suite 240
Lenexa, KS 66214
P 913.631.5626 F 913.631.5965

www.novakbirkspc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Vasculitis Foundation
Kansas City, Missouri

Opinion

We have audited the accompanying financial statements of Vasculitis Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Foundation as of June 30, 2025 and 2024, 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. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vasculitis 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vasculitis 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 Vasculitis 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.

Novak Birks, P.C.

Kansas City, Missouri
September 18, 2025

VASCULITIS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,563,787	$ 2,280,728
Investments (Note B)	3,358,942	2,589,010
Pledges, grants, and accounts receivable (Note C)	1,029,000	532,500
Prepaid expenses	5,582	50,162
Furniture, equipment, & website, less accumulated depreciation & amortization (Note D)	130,186	142,426
Total Assets	$ 6,087,497	$ 5,594,826

LIABILITIES AND NET ASSETS

	2025	2024
Liabilities:		
Accounts payable	$ 18,530	$ 23,592
Accrued liabilities	44,588	28,996
Deferred revenue (Note H)	83,000	1,045
Total Liabilities	146,118	53,633
Net Assets		
Without Donor Restrictions	414,773	527,176
Board Designated - Endowment (Note F)	2,151,668	1,661,716
Total Net Assets Without Donor Restrictions	2,566,441	2,188,892
Net Assets With Donor Restrictions (Note E)	3,374,938	3,352,301
Total Net Assets	5,941,379	5,541,193
Total Liabilities and Net Assets	$ 6,087,497	$ 5,594,826

The accompanying notes are an integral part of
this financial statement.

VASCULITIS FOUNDATION
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025

	Without Donor Restrictions				
	Operating	Board-Designated Endowment	Total	With Donor Restrictions	Total
Net Assets Without Donor Restrictions					
Revenues and Other Support:					
Contributions	$ 847,820	$ -	$ 847,820	$ 1,381,628	$ 2,229,448
Corporate memberships	70,000		70,000		70,000
Fees for Service	50,546	-	50,546	-	50,546
Symposium/Conference fees	13,890	-	13,890	-	13,890
Interest and dividends	69,341	45,637	114,978	29,948	144,926
Investment gain (loss) - net of fees	-	159,129	159,129	95,125	254,254
	1,051,597	204,766	1,256,363	1,506,701	2,763,064
Net Assets released from restrictions	1,484,064	-	1,484,064	(1,484,064)	-
	2,535,661	204,766	2,740,427	22,637	2,763,064
Expenses:					
Patient support, awareness, and research	1,522,762	-	1,522,762	-	1,522,762
Administrative	591,372	-	591,372	-	591,372
Fundraising	248,744	-	248,744	-	248,744
Total Expenses	2,362,878	-	2,362,878	-	2,362,878
Change in Net Assets	172,783	204,766	377,549	22,637	400,186
Transfer to Board Designated Endowment	(285,186)	285,186	-	-	-
Change in Net Assets	(112,403)	489,952	377,549	22,637	400,186
Net Assets, beginning of year	527,176	1,661,716	2,188,892	3,352,301	5,541,193
Net Assets, end of year	$ 414,773	$ 2,151,668	$ 2,566,441	$ 3,374,938	$ 5,941,379

The accompanying notes are an integral part of this financial statement.

VASCULITIS FOUNDATION
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2024

	Without Donor Restrictions				
	Operating	Board-Designated Endowment	Total	With Donor Restrictions	Total
Net Assets Without Donor Restrictions					
Revenues and Other Support:					
Contributions	$ 766,114	$ -	$ 766,114	$ 1,974,069	$ 2,740,183
Fees for Service	9,150	-	9,150	-	9,150
Symposium/Conference fees	66,080	-	66,080	-	66,080
Interest and dividends	50,595	35,781	86,376	54,917	141,293
Investment gain (loss) - net of fees	-	110,952	110,952	95,885	206,837
	891,939	146,733	1,038,672	2,124,871	3,163,543
Net Assets released from restrictions	1,868,774	-	1,868,774	(1,868,774)	-
	2,760,713	146,733	2,907,446	256,097	3,163,543
Expenses:					
Patient support, awareness, and research	1,497,690	-	1,497,690	-	1,497,690
Administrative	344,747	-	344,747	-	344,747
Fundraising	225,654	-	225,654	-	225,654
Total Expenses	2,068,091	-	2,068,091	-	2,068,091
Change in Net Assets	692,622	146,733	839,355	256,097	1,095,452
Transfer to Board Designated Endowment	(435,298)	435,298	-	-	-
Change in Net Assets	257,324	582,031	839,355	256,097	1,095,452
Net Assets, beginning of year	269,852	1,079,685	1,349,537	3,096,204	4,445,741
Net Assets, end of year	$ 527,176	$ 1,661,716	$ 2,188,892	$ 3,352,301	$ 5,541,193

VASCULITIS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Patient Support, Awareness, and Research	Administrative	Fundraising	Total
Salaries and wages	$ 480,352	$ 119,843	$ 168,091	$ 768,286
Payroll taxes and benefits	95,089	18,561	29,971	143,621
Professional services	14,360	202,530	-	216,890
Technology	116,655	162,817	-	279,472
Grants Paid	246,907	-	-	246,907
Marketing/Publication	35,539	680	10,304	46,523
Program Presentation	488,167	1,815	40,298	530,280
Operations Expense	4,325	49,201	80	53,606
Depreciation	41,368	13,789	-	55,157
Board expenses	-	22,136	-	22,136
TOTAL EXPENSES	$ 1,522,762	$ 591,372	$ 248,744	$ 2,362,878

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

VASCULITIS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Patient Support, Awareness, and Research	Administrative	Fundraising	Total
Salaries and wages	$ 298,728	$ 60,987	$ 166,912	$ 526,627
Payroll taxes and benefits	49,202	35,279	28,497	112,978
Professional services	202,075	122,351	7,560	331,986
Technology	35,783	54,621	100	90,504
Grants Paid	502,502	-	-	502,502
Marketing/Publication	32,857	1,658	10,089	44,604
Program Presentation	355,167	-	10,003	365,170
Operations Expense	4,925	62,970	299	68,194
Depreciation	16,451	3,290	2,194	21,935
Board expenses	-	3,591	-	3,591
TOTAL EXPENSES	$ 1,497,690	$ 344,747	$ 225,654	$ 2,068,091

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

VASCULITIS FOUNDATION
STATEMENTS OF CASH FLOWS
For The Year Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	$ 400,186	$ 1,095,452
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Depreciation	55,157	21,935
Realized (gain) loss on investments	-	612
Unrealized loss (gain) on investments	(274,482)	(227,762)
(Increase) decrease in:		
Pledges, grants, and accounts receivable	(496,500)	(507,500)
Prepaid expenses	44,580	(10,704)
Increase (decrease) in:		
Accounts payable	(5,062)	20,137
Accrued liabilities	15,592	(5,211)
Deferred revenue	81,955	(44,055)
Net Cash Provided by Operating Activities	(178,574)	342,904
Cash Flows From Investing Activities:		
Purchases of capitalized assets	(42,917)	(156,244)
Purchase of securities	(560,770)	(325,995)
Sale of securities	65,320	934,883
Net Cash Provided by (Used In) Investing Activities	(538,367)	452,644
Net Change In Cash	(716,941)	795,548
Cash, beginning of year	2,280,728	1,485,180
Cash, end of year	$ 1,563,787	$ 2,280,728

The accompanying notes are an integral part of this financial statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Vasculitis Foundation (the Foundation) is the international advocacy group for people with vasculitis. Through its awareness, education, advocacy, research and fellowship programs, the Foundation supports and advances the cause of patients and their families to improve lives. The Foundation partners with vasculitis experts, healthcare providers, and researchers around the world to improve diagnostic times, develop more effective treatments, and hopefully, someday, to discover a cure for vasculitis.

The V-BOLD (Vasculitis – Building Outcomes, Leading Discoveries) Program combines our research, fellowship, education, and vasculitis center initiatives to engage the medical community to the benefit of our patients.

Revenue Recognition – Contributions are generally available for unrestricted use in the current year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Grants, sponsorships, and other contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Membership fees are recorded evenly over the membership period. Donated materials are reflected as contributions in the accompanying financial statements at their fair values at the date of receipt. The Foundation records donated services to the extent that they create or enhance non-financial assets or that they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment – The Foundation capitalizes all major additions of property, equipment, and website design which are deemed recorded at acquisition cost if purchased, or fair value, if donated. Depreciation and amortization are provided on a straight-line basis over three years.

Income Taxes – The Foundation qualifies as tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Foundation is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Foundation is no longer subject to income tax examinations by the applicable tax authorities for the years before 2020. If any were to be incurred, the Foundation's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Cash Equivalents – For purpose of the statement of cash flows, the Foundation considers highly liquid investments purchased with initial maturities of less than three months to be cash equivalents. Balances held at banks were insured to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Foundation had no balance in excess of FDIC limits at June 30, 2025 or 2024.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents (Continued)
Balances held in certificates of deposit and money markets at investment companies are covered by the Securities Investor Protection Corporation (SIPC) which insures cash balances up to $250,000. The Foundation had $1,180,664 and $1,777,951 in cash accounts in excess of the SIPC insured limits at June 30, 2025 and 2024, respectively. 96% and 87% of these funds are held in Treasury-only money market funds at June 30, 2025 and 2024, respectively.

Expense Allocation- The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation was allocated based on purpose. Salaries and wages, taxes, and benefits were allocated on the basis of time and effort.

Use of Estimates – The preparation of 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 disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through September 18, 2025, which is the date the financial statements were available to be issued.

NOTE B – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2025 and 2024:

	Assets at Fair Value as of June 30, 2025			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and equivalents	$ 90,623	$ 90,623	$ -	$ -
Fixed income/ETF	3,268,319	3,268,319	-	-
	$ 3,358,942	$ 3,358,942	$ -	$ -

NOTE B – FAIR VALUE MEASUREMENTS – (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2025 and 2024:

	Assets at Fair Value as of June 30, 2025			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and equivalents	$ 80,776	$ 80,776	$ -	$ -
Fixed income/ETF	2,508,234	2,508,234	-	-
	$ 2,589,010	$ 2,589,010	$ -	$ -

NOTE C – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants received after one year are discounts to present value using an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any:

	2025	2024
Due in one year or less	$ 595,500	$ 12,500
Due in one to five years	483,000	600,000
	1,078,500	612,500
Present value discount (5%)	(49,500)	(80,000)
Net Pledges and Grants Receivable	$1,029,000	$532,500

NOTE D – FURNITURE, EQUIPMENT & WEBSITE

Furniture, equipment & website consist of the following at June 30:

	2025	2024
Furniture and equipment	$ 23,953	$ 23,970
Website costs	189,131	147,881
	213,084	171,851
Accumulated depreciation and amortization	(82,898)	(29,425)
	$130,186	$142,426

Depreciation expense was $55,157 and $21,935 for the years ended June 30, 2025 and 2024, respectively.

NOTE E – Net Assets With Donor Restrictions

Net Assets with Donor Restrictions consisted of the following at June 30:

Research and Fellowship	2025	2024
Research grants	$1,155,321	$1,016,136
Peckerman Fellowship Fund	91,395	141,445
Fellowship grants	118,025	107,750
Dr. James Liao CSS Fund – Research	100,000	100,000
Total Research and Fellowship	$1,464,741	$1,365,331
Patient Education and Support		
Regional conferences	120,000	454,639
Patient Education	1,291,105	1,322,331
Dr. James Liao CSS Fund – Awareness	100,000	100,000
Public Policy Awareness	110,000	110,000
Victory over Vasculitis	289,092	-
Total Patient Education and Support	$1,910,197	$1,986,970
Total Net Assets with Donor Restrictions	$3,374,938	$3,352,301

NOTE F – ENDOWMENT FUNDS

During the prior year, the Foundation established two endowments for the long-term benefit of the organization.

The first endowment was funded with a $1 million donor gift to support educational programs, resources, and training for vasculitis patients, and medical professionals. The annual spending rate is to be established annually by the Foundation's Board of Directors. The Board approved a spending rate of 4% in 2025 and 2.25% in 2024. There are certain caps on the spend rate established by the donor if the fair market value of the endowment falls below $900,000. The endowment will cease on December 13, 2055, after which the balance will be spent down in subsequent years.

Changes in the donor restricted endowment's net assets for the year ending June 30:

	2025	2024
Beginning balance	$1,127,293	$ 1,033,712
Contributions	-	-
Expenditures	(45,092)	(22,500)
Investment Return	133,121	123,495
Investment Fees	(8,048)	(7,414)
Ending balance	$1,207,274	$ 1,127,293

NOTE F – ENDOWMENT FUNDS (Continued)

The second endowment (a quasi-endowment) was established by the Board utilizing an existing reserve fund and accumulated net assets without donor restrictions. It is the intent of the Board to add to this endowment from any operating surpluses and unrestricted bequests received by the Foundation. The Board plans to appropriate up to 4% annually from the endowment as needed to support the organization's operating budget. The Board did not appropriate any funds in 2025 and 2024.

Changes in the unrestricted endowment's net assets for the year ending June 30:

	2025	2024
Beginning Balance	$1,461,716	$ 1,079,685
Funds Designated by the Board	-	-
Additions (bequests and surplus)	485,186	435,298
Expenditures	-	-
Investment Return	216,946	155,426
Investment Fees	(12,180)	(8,693)
Ending Balance	$2,151,668	$1,461,716

The investment objective of both endowments is that future growth of the portfolios is sufficient to offset normal inflation plus reasonable spending, hereby preserving the constant dollar value and purchasing power of the endowment funds with a prudent level of risk. The assets are managed on a total return basis. The Board of Directors has adopted a long-term asset allocation policy with a target split of 65% equities and 35% fixed income.

NOTE G– CONCENTRATIONS

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

A significant portion (10% or greater) of the Foundation's fiscal 2025 and 2024 revenues came from one donor/grantor.

NOTE H – DEFERRED REVENUE

The Foundation periodically receives fees and registrations for Symposiums to be held at a future date. These funds are classified as deferred revenues until such time as the events occur. At that time, the fees are reclassified to current year revenues. There were $83,000 and $1,045 in deferred revenues at June 30, 2025 and 2024, respectively.

NOTE I - LIQUIDITY

It is critical for the Vasculitis Foundation to maintain sufficient unrestricted cash reserves to sustain its operations in support of its mission during periods of adverse financial circumstances. Toward that end, the Board of the Organization has established the following financial operating principles:

- Annual budgets will be reasonable in their revenue expectations and flexible in their spending pace to allow for cost adjustments during the year should revenues trend short of plan.
- Every year, the Board can set aside any discretionary portion of a surplus in the Foundation's Board Designated Endowment.
- No project will be undertaken, including but not limited to underwriting, research, and fellowships, without full funding in place.

The Board aims to maintain a liquidity reserve of at least six months of unrestricted operating expenses. In addition to the financial assets available to meet cash needs for general expenditures identified below, this liquidity reserve includes the board-designated endowment, which can be made available with board approval if necessary. The Finance Committee of the Vasculitis Foundation is responsible for monitoring the liquidity reserve and reporting at each Board meeting.

Financial assets, at year-end:

	2025	2024
Cash and cash equivalents	$1,563,787	$2,280,729
Investments	3,358,942	2,589,010
Receivables	1,029,000	532,500
Total financial assets, at year-end	$5,951,729	$ 5,402,238
Financial assets unavailable for general expenditures:		
Accounts payable	18,530	23,592
Accrued liabilities	44,588	28,996
Board designated endowment	2,151,668	1,661,716
Amounts restricted by donor	3,374,938	3,352,301
	5,589,724	5,066,605
Financial assets available to meet cash needs for general expenditures	$ 362,005	$ 335,633

NOTE J – RETIREMENT PLAN

The Foundation established a defined contribution retirement plan beginning in fiscal year 2022-2024. Employees are eligible to participate after six months of service. At the Board's discretion, the Foundation contributes a percent of eligible employees' gross salary. The Foundation made contributions totaling $28,741 and $13,627 at June 30, 2025 and 2024, respectively.

NOTE K – COMMITMENTS

The Foundation has committed to disbursing research grants totaling $1.2M and $.8M at June 30 2025 and 2024.to various researchers and fellows over the next three fiscal years. These commitments are fully funded by the $1.4M and $1.3M total Research and Fellowship Net Asset with Donor Restrictions at June 30, 2025 and 2024 (Note E). Grant commitments are contingent on collecting the committed funding from the donors. The Foundation's policy for recognizing grant expense is when the researchers or fellows have met the conditions of the grant and the disbursement is authorized.