

Statements of Financial Position

Condensed Financial Information*
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 89,345,517	\$ 70,761,826
Investments	4,448,228,889	5,511,454,593
Program-related investments	70,183,691	44,431,815
Due from investment managers	40,531,240	11,258,440
Receivables, net	45,280,452	37,504,449
Other assets	6,408,437	8,057,398
Fixed assets, net	10,429,966	7,641,454
Operating lease right-of-use asset	24,650,798	—
Total assets	\$ 4,735,058,990	\$ 5,691,109,975
LIABILITIES AND NET ASSETS		
Accounts payable and other liabilities	\$ 34,590,068	\$ 42,584,432
Awards payable	226,137,686	231,895,234
Operating lease liabilities	30,612,220	—
Total liabilities	291,339,974	274,479,666
NET ASSETS		
Without donor restrictions	4,421,196,358	5,398,556,832
With donor restrictions	22,522,658	18,073,477
Total net assets	4,443,719,016	5,416,630,309
Total liabilities and net assets	\$ 4,735,058,990	\$ 5,691,109,975

ORGANIZATION

The accompanying financial statements include the operations of the Cystic Fibrosis Foundation, including all of its field offices (the “Foundation”).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent demand deposits, money market funds and money market mutual funds. Cash equivalents consist of highly liquid investments with original maturities of three months or less and present an insignificant risk of change in value. Cash and cash equivalents that are held as part of the Foundation’s investment portfolio are reported within investments.

INVESTMENTS

Investments as of December 31, 2022 included primarily fixed income securities, global public equity securities and interests in alternative investment funds. Authoritative guidance requires an entity to maximize the use of observable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value: Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets. Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The Foundation carries its cash and cash equivalents, all investment balances and certain other assets at fair value. Financial instruments measured at fair value on a recurring basis as of December 31, 2022 were \$1,446,904,524 in Level 1 assets, \$1,358,882,192 in Level 2 assets, and \$36,305,244 in Level 3 assets. Level 2 assets include \$69,580,920 which are part of cash equivalents in the statement of financial position. Investments totalling \$1,745,901,540, which are measured at fair value using net asset value as a practical expedient, have not been categorized in the fair value hierarchy.

PROGRAM-RELATED INVESTMENTS

The Foundation makes program-related investments in companies with cystic fibrosis-related projects. These include direct equity investments, investments in equity funds, and a convertible promissory note. Equity investments are stated at fair value using quoted market prices or net asset value (NAV) as a practical expedient. The promissory note is recorded at net realizable value and included in receivables, net on the statement of financial position.

AWARDS PAYABLE AND COMMITMENTS

The Foundation generally awards medical/scientific grants and contracts for periods of three years or less. Grants are awarded contingent upon renewal criteria at the beginning of each award period. Awards are expensed at the time the Foundation unconditionally commits to fund the grant or, for those contracts with measurable performance milestones, when the milestone has been met. As of December 31, 2022, in addition to awards payable, the Foundation has medical scientific grant commitments of approximately \$115,916,000 which extend through 2027. These subsequent year awards are contingent upon renewal criteria, and therefore the costs and liabilities are not reflected in the financial statements. Certain agreements provide for future contracted drug discovery and development research payments amounting to approximately \$92,091,000. These costs will be expensed when the services are provided.

LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation’s financial assets available for general expenditures, such as program expenses, grants and other operating expenses, within one year of December 31, 2022 are \$2,301,034,120. The Foundation’s Board of Trustees approves an annual operating budget and the Investment Committee of the Board of Trustees approves redemptions from the investment portfolio sufficient to meet projected cash needs. The Foundation maintains cash and highly liquid securities sufficient to meet anticipated cash needs for operations, capital commitments, and new investments over an eighteen-month rolling period.

*The independently audited financial statements of the Cystic Fibrosis Foundation are available online at the Foundation’s website, [cff.org](https://www.cff.org).

Statements of Activities

Condensed Financial Information*
For the years ended December 31, 2022 and 2021

REVENUE

SUPPORT RECEIVED FROM THE PUBLIC

	2022	2021
Special event revenue	\$ 68,595,290	\$ 49,300,487
Direct benefit expenses	(12,405,197)	(3,448,201)
Net special event revenue	56,190,093	45,852,286
General contributions	41,797,920	40,694,173
Total support received from the public	97,988,013	86,546,459
Licensing, royalties, and other revenue	23,469,251	24,605,498
Total revenue	121,457,264	111,151,957

EXPENSES

PROGRAM SERVICES

Medical programs	282,331,776	276,420,200
Public and professional information and education	19,125,953	23,518,542
Community services	21,891,088	19,555,794
Total program services	323,348,817	319,494,536

SUPPORTING SERVICES

Management and general	29,684,084	24,733,935
Fundraising	30,435,741	20,846,912
Total supporting services	60,119,825	45,580,847

Total expenses

	383,468,642	365,075,383
Decrease in net assets from operations	(262,011,378)	(253,923,426)

OTHER CHANGES IN NET ASSETS

Net nonoperating investment income	(710,899,915)	571,560,721
(Decrease) increase in net assets	\$ (972,911,293)	\$ 317,637,295

MEASURE OF OPERATIONS

The Foundation includes in its measure of operations all support received from the public, income on investments designated for operations, royalty revenue, other revenue and all costs of program and supporting services. The measure of operations excludes interest and dividends and realized and unrealized gains or losses on nonoperating and program-related investments. Nonoperating investments are amounts identified for investment over the intermediate to long term.

REVENUE RECOGNITION

Contributions are recorded as revenue when received or when the donor has made an unconditional promise to give. Contributions received for future events are recorded as refundable advances and are recognized as revenue in the year in which the event takes place. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash, including gifts-in-kind, are recorded at their estimated fair value at the date of the gift. Contributions received are recorded as revenues with or without donor restriction. All donor-restricted support, including related investment income and realized and unrealized gains and losses, is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenues from contracts with customers are recognized when or as performance obligations have been satisfied. Licensing revenue is recognized at a point in time for licenses issued to use intellectual property or over time for licenses granted to access intellectual property. Sales-based royalty revenue is recognized at the later of when 1) the sales occur and 2) the associated performance obligation has been satisfied. Licensing and royalty revenue are included in other revenue in the statement of activities. Amounts received in advance of the performance period are recorded as deferred revenue.

LEASES

The Foundation is obligated under various operating leases for office space as of December 31, 2022. The Foundation analyzes each lease agreement at inception to determine if it is an operating or financing lease and has classified all leases as operating. On the lease commencement date, the right of use assets and liabilities related to operating leases are recorded on the statements of financial position at the estimated present value of lease payments over the lease term. Operating lease expense recognized on a straight-line basis for the year ended December 31, 2022 was \$6,497,035. The approximate future minimum lease payments under noncancellable operating leases are \$31,295,640. The Foundation has entered into sublease agreements with tenants to occupy its former headquarters and certain chapter office spaces. As of December 31, 2022, the approximate future minimum sublease rental payments due from sublease tenants are \$810,000.

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