## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent auditor’s report</td>
<td>1-2</td>
</tr>
<tr>
<td>Financial statements</td>
<td></td>
</tr>
<tr>
<td>Statements of financial position</td>
<td>3</td>
</tr>
<tr>
<td>Statements of activities</td>
<td>4</td>
</tr>
<tr>
<td>Statements of functional expenses</td>
<td>5-6</td>
</tr>
<tr>
<td>Statements of cash flows</td>
<td>7</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>8-20</td>
</tr>
</tbody>
</table>
Independent Auditor’s Report

Board of Directors
Urology Care Foundation, Inc.

Opinion
We have audited the financial statements of Urology Care Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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 (GAAS). 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 the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is greater 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 GAAS, 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.

RSM US LLP

Baltimore, Maryland
April 14, 2023
## Urology Care Foundation, Inc.

### Statements of Financial Position

**December 31, 2022 and 2021**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,891,543</td>
<td>$4,714,193</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts (2022—$10,000; 2021—$10,000)</td>
<td>225,542</td>
<td>155,241</td>
</tr>
<tr>
<td>Pledges receivable (Note 10)</td>
<td>64,372</td>
<td>-</td>
</tr>
<tr>
<td>Due from related party (Note 9)</td>
<td>-</td>
<td>24,807</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>1,034</td>
<td>5,711</td>
</tr>
<tr>
<td>Investments (Notes 3 and 8)</td>
<td>6,770,591</td>
<td>9,008,512</td>
</tr>
<tr>
<td>Investments held for endowment (Notes 3 and 8)</td>
<td>53,010,159</td>
<td>62,960,977</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$64,963,241</td>
<td>$76,869,441</td>
</tr>
</tbody>
</table>

| **Liabilities and Net Assets** |                 |                 |
| **Liabilities:**            |                 |                 |
| Accounts payable and accrued expenses | $44,850        | $53,608         |
| Due to related party (Note 9) | 43,831          | -               |
| Deferred revenue             | 542,318         | 506,191         |
| **Total liabilities**        | 630,999         | 559,799         |

| **Net assets:**             |                 |                 |
| Without donor restrictions: |                 |                 |
| Operating                   | 1,821,751       | 1,662,463       |
| Board-designated: Quasi-endowment (Note 6) | 9,500,332       | 11,686,202      |
| **Total net assets without donor restrictions** | 11,322,083      | 13,348,665      |

| With donor restrictions:    |                 |                 |
| Purpose and time restricted (Notes 5 and 7) | 6,217,159       | 17,118,144      |
| Invested in perpetuity (Notes 5 and 7) | 46,793,000      | 45,842,833      |
| **Total net assets with donor restrictions** | 53,010,159      | 62,960,977      |

| **Total net assets**        | 64,332,242      | 76,309,642      |

| **Total liabilities and net assets** | $64,963,241 | $76,869,441 |

See notes to financial statements.
Urology Care Foundation, Inc.

Statements of Activities
Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>$ 427,411</td>
<td>$ -</td>
<td>$ 427,411</td>
<td>$ 473,930</td>
<td>$ -</td>
<td>$ 473,930</td>
</tr>
<tr>
<td>Education programs</td>
<td>463,314</td>
<td>-</td>
<td>463,314</td>
<td>725,000</td>
<td>-</td>
<td>725,000</td>
</tr>
<tr>
<td>Outreach and awareness campaigns</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75,000</td>
<td>-</td>
<td>75,000</td>
</tr>
<tr>
<td>Advocacy and alliances</td>
<td>380,000</td>
<td>-</td>
<td>380,000</td>
<td>220,000</td>
<td>-</td>
<td>220,000</td>
</tr>
<tr>
<td>Scholarship and awards (Note 4)</td>
<td>310,960</td>
<td>853,049</td>
<td>1,164,009</td>
<td>241,000</td>
<td>2,242,179</td>
<td>2,483,179</td>
</tr>
<tr>
<td>Interest and dividend income, net (Note 3)</td>
<td>322,967</td>
<td>1,655,285</td>
<td>1,978,252</td>
<td>508,639</td>
<td>2,559,883</td>
<td>3,068,522</td>
</tr>
<tr>
<td>Change in donor intent (Note 5)</td>
<td>(200,000)</td>
<td>(200,000)</td>
<td>(200,000)</td>
<td>(50,000)</td>
<td>(50,000)</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Net assets released from restrictions (Note 5)</td>
<td>1,602,161</td>
<td>(1,602,161)</td>
<td>-</td>
<td>1,765,218</td>
<td>(1,765,218)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>3,306,813</td>
<td>1,106,173</td>
<td>4,412,986</td>
<td>3,958,787</td>
<td>3,086,844</td>
<td>7,045,631</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and outreach</td>
<td>486,256</td>
<td>-</td>
<td>486,256</td>
<td>495,178</td>
<td>-</td>
<td>495,178</td>
</tr>
<tr>
<td>Advocacy and alliances</td>
<td>114,389</td>
<td>-</td>
<td>114,389</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Research and humanitarian</td>
<td>1,657,139</td>
<td>-</td>
<td>1,657,139</td>
<td>1,636,663</td>
<td>-</td>
<td>1,636,663</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>2,257,784</td>
<td>-</td>
<td>2,257,784</td>
<td>2,131,841</td>
<td>-</td>
<td>2,131,841</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>674,128</td>
<td>-</td>
<td>674,128</td>
<td>577,374</td>
<td>-</td>
<td>577,374</td>
</tr>
<tr>
<td>General, administrative and governance (Note 9)</td>
<td>244,124</td>
<td>-</td>
<td>244,124</td>
<td>227,189</td>
<td>-</td>
<td>227,189</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>918,252</td>
<td>-</td>
<td>918,252</td>
<td>804,563</td>
<td>-</td>
<td>804,563</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>3,176,036</td>
<td>-</td>
<td>3,176,036</td>
<td>2,936,404</td>
<td>-</td>
<td>2,936,404</td>
</tr>
<tr>
<td><strong>Excess of operating revenue over expenses</strong></td>
<td>130,777</td>
<td>1,106,173</td>
<td>1,236,950</td>
<td>1,022,383</td>
<td>3,086,844</td>
<td>4,109,227</td>
</tr>
<tr>
<td>Net realized and unrealized (losses) gains (Note 3)</td>
<td>(2,157,359)</td>
<td>(11,056,991)</td>
<td>(13,214,350)</td>
<td>760,123</td>
<td>3,825,554</td>
<td>4,585,677</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(2,026,582)</td>
<td>(9,950,818)</td>
<td>(11,977,400)</td>
<td>1,782,506</td>
<td>6,912,398</td>
<td>8,694,904</td>
</tr>
</tbody>
</table>

| Net assets:              |                            |                         |             |                            |                         |             |
| Beginning                | 13,348,665                 | 62,960,977              | 76,309,642  | 11,566,159                 | 56,048,579              | 67,614,738  |
| Ending                   | $ 11,322,083               | $ 53,010,159            | $ 64,332,242 | $ 13,348,665               | $ 62,960,977            | $ 76,309,642 |

See notes to financial statements.
## Statement of Functional Expenses

**Year Ended December 31, 2022**

<table>
<thead>
<tr>
<th>Program services:</th>
<th>Compensation and Benefits</th>
<th>Professional Fees and Contract Services</th>
<th>Travel</th>
<th>Grants, Stipends and Awards</th>
<th>Office Expenses</th>
<th>Bad Debt Expense</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and outreach</td>
<td>$ 352,906</td>
<td>$ 98,361</td>
<td>$ 12,827</td>
<td>$ -</td>
<td>$ 22,162</td>
<td>$ -</td>
<td>$ 486,256</td>
</tr>
<tr>
<td>Advocacy and alliances</td>
<td>37,654</td>
<td>34,965</td>
<td>41,575</td>
<td>-</td>
<td>195</td>
<td>-</td>
<td>114,389</td>
</tr>
<tr>
<td>Research and humanitarian</td>
<td>50,238</td>
<td>1,436</td>
<td>1,538</td>
<td>1,603,927</td>
<td>-</td>
<td>-</td>
<td>1,657,139</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>440,798</strong></td>
<td><strong>134,762</strong></td>
<td><strong>55,940</strong></td>
<td><strong>1,603,927</strong></td>
<td><strong>22,357</strong></td>
<td>-</td>
<td><strong>2,257,784</strong></td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>376,118</td>
<td>143,032</td>
<td>78,096</td>
<td>50,000</td>
<td>26,882</td>
<td>-</td>
<td>674,128</td>
</tr>
<tr>
<td>General and administrative (Note 9)</td>
<td>191,141</td>
<td>12,364</td>
<td>23,040</td>
<td>107</td>
<td>7,237</td>
<td>10,235</td>
<td>244,124</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td><strong>567,259</strong></td>
<td><strong>155,396</strong></td>
<td><strong>101,136</strong></td>
<td><strong>50,107</strong></td>
<td><strong>34,119</strong></td>
<td><strong>10,235</strong></td>
<td><strong>918,252</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 1,008,057</td>
<td>$ 290,158</td>
<td>$ 157,076</td>
<td>$ 1,654,034</td>
<td>$ 56,476</td>
<td>$ 10,235</td>
<td>$ 3,176,036</td>
</tr>
</tbody>
</table>

See notes to financial statements.
# Urology Care Foundation, Inc.

**Statement of Functional Expenses**

**Year Ended December 31, 2021**

<table>
<thead>
<tr>
<th></th>
<th>Compensation and Benefits</th>
<th>Professional Fees and Contract Services</th>
<th>Travel</th>
<th>Grants, Stipends and Awards</th>
<th>Office Expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and outreach</td>
<td>$388,119</td>
<td>$63,561</td>
<td>$513</td>
<td>$-</td>
<td>$42,985</td>
<td>$495,178</td>
</tr>
<tr>
<td>Research and humanitarian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$440,925</td>
<td>$65,378</td>
<td>$513</td>
<td>$1,582,040</td>
<td>$42,985</td>
<td>$2,131,841</td>
</tr>
<tr>
<td><strong>Supporting services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>$408,329</td>
<td>$80,977</td>
<td>$993</td>
<td>$50,000</td>
<td>$37,075</td>
<td>$577,374</td>
</tr>
<tr>
<td>General and administrative (Note 9)</td>
<td>$208,211</td>
<td>$6,831</td>
<td>$3,748</td>
<td>$605</td>
<td>$7,794</td>
<td>$227,189</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>$616,540</td>
<td>$87,808</td>
<td>$4,741</td>
<td>$50,605</td>
<td>$44,869</td>
<td>$804,563</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,057,465</td>
<td>$153,186</td>
<td>$5,254</td>
<td>$1,632,645</td>
<td>$87,854</td>
<td>$2,936,404</td>
</tr>
</tbody>
</table>

See notes to financial statements.
Urology Care Foundation, Inc.

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (11,977,400)</td>
<td>$ 8,694,904</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized loss (gain) of investments</td>
<td>13,214,350</td>
<td>(4,585,677)</td>
</tr>
<tr>
<td>Donated stock</td>
<td>(45,566)</td>
<td>(5,066)</td>
</tr>
<tr>
<td>Contributions restricted for endowments</td>
<td>(853,049)</td>
<td>(2,242,179)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(70,301)</td>
<td>21,674</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(64,372)</td>
<td>-</td>
</tr>
<tr>
<td>Due from related party</td>
<td>68,638</td>
<td>(24,807)</td>
</tr>
<tr>
<td>Prepaid expenses and current assets</td>
<td>4,677</td>
<td>(47)</td>
</tr>
<tr>
<td>(Decrease) increase in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(8,758)</td>
<td>11,349</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>36,127</td>
<td>(227,186)</td>
</tr>
<tr>
<td>Due to related party</td>
<td>-</td>
<td>(498,616)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>304,346</strong></td>
<td><strong>1,144,349</strong></td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

| Proceeds from sale of investments | 13,856,203 | 5,110   |
| Purchases of investments         | (14,836,248) | (2,000,000) |
| **Net cash used in investing activities** | **(980,045)** | **(1,994,890)** |

Cash flows from financing activities:

| Proceeds from contributions restricted for endowments | 853,049 | 2,242,179 |
| **Net cash provided by financing activities** | **853,049** | **2,242,179** |

**Net increase in cash and cash equivalents**

| 177,350 | 1,391,638 |

Cash and cash equivalents:

| Beginning | $4,714,193 | $3,322,555 |
| Ending    | $4,891,543 | $4,714,193 |

See notes to financial statements.
Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Urology Care Foundation, Inc. (the Foundation) is a nonprofit foundation established to support and promote research, patient/public education, patient advocacy, and humanitarian initiatives to improve prevention, detection and treatment of and, ultimately, cure urologic diseases. The Foundation was established in July 2005 as the official foundation of the American Urological Association, Inc. (AUA). The Foundation’s unique relationship with the AUA, the professional organization with over 20,000 members, provides the Foundation with resources and professional expertise of the AUA and its members to address the information and education needs of patients, caregivers and the public. The Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC).

A summary of the Foundation’s significant accounting policies follows:

Basis of presentation: The financial statements of the Foundation are prepared on the accrual basis in accordance with the Non-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC), Financial Statements of Not-for-Profit Organizations.

The Foundation reports information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Operating: Represents resources available for support of projects.

Board-designated: Represents reserved funds designated by the Foundation’s Board of Directors (the Board) to support research scholars, patient education, and humanitarian grants.

Net assets with donor restrictions: Net assets with donor restrictions are the net assets that are contributions and accumulated endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

Cash and cash equivalents: The Foundation considers cash and investments with an original maturity of three months or less to be cash equivalents.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition:

**Support and revenue—program:** The Foundation has entered into contracts and grant agreements with third parties who provide funding to the Foundation in exchange for certain deliverables. These agreements are evaluated to determine whether they meet criteria of exchange transactions in which commensurate value is received by the Foundation and the funder, or they are non-reciprocal transactions. For exchange transactions, the Foundation performs an evaluation at contract inception to determine whether performance obligations are satisfied over time or at a point in time. For agreements in which performance obligations are met over time, the related revenue is recognized when the Foundation is able to reasonably measure progress toward complete satisfaction of the performance obligations using reliable information. If these criteria are not met, the revenue is recognized at the point in time when performance obligations have been satisfied. Revenue recognition on contracts and grants deemed to be non-reciprocal transactions will follow contribution accounting as described below.

The Foundation recognizes registration fees in the period in which the service is provided. Deferred revenue includes registration fees paid in advance for the subsequent year and payments of grants received in advance of the performance of the related services.

The revenue streams noted above do not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment. Economic downturns can affect the level of revenues for all the revenue streams or can have a positive impact on cash flows in good economic times.

**Support and revenue—contributions:** Unconditional contributions received, including grants and contracts deemed to be non-exchange transactions, are recorded as support to the net assets with or without donor restrictions, depending on the existence and/or nature of donor restrictions. All donor-restricted support 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 restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

**Scholarships and humanitarian grants:** Scholarships and humanitarian grants made by the Foundation are recorded as expenses when the award is disbursed to the selected grantee following an application and screening process and when the award is no longer conditional. If the needs of the scholarship programs are less than the amount approved, if the grantee fails to meet routine requirements specified at the time of approval, or if the grantee has withdrawn from the program or chosen a different field of study, the grants, in part or in whole, may be cancelled or refunded. These cancellations or refunds are recognized as a reduction of expense in the year in which they occur.

**Contributed services:** A number of unpaid volunteers have made contributions of their time to develop and administer the Foundation’s programs. The value of this contributed time is not reflected in the financial statements because it does not meet the criteria for recognition under accounting standards.

**Accounts receivable:** Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying specific uncollectible accounts and by using historical experience. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Pledges receivable:** Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support. Pledges receivable are carried at the present value of expected future cash flows, net of unamortized discounts. Management determines the allowance for uncollectible pledges receivable by identifying specific uncollectible accounts and by using historical experience. Pledges receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

**Prepaid expenses:** Direct expenses related to programs to be held in future years are included in prepaid expenses. These amounts are recognized as expense during the subsequent year when the programs are held.

**Investments:** Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. All transactions that have not been settled or completed, but for which a receivable or an obligation exists, are reflected as investments in the accompanying statements of financial position. Investment income and realized gains and losses on sales of investments are computed on an average cost method, are recorded on the trade date of the transaction, and are included in investment income in the accompanying statements of activities.

The Foundation invests in a professionally managed portfolio that contains equity and fixed income mutual funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to the changes in value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements.

**Income taxes:** The Foundation is generally exempt from federal income tax under Section 501(c)(3) of the IRC. In addition, the Foundation qualifies for charitable contributions deductions under Section 170(b)(1)(A) and has been classified as a Foundation that is not a private foundation under Section 509(a)(1). Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods.

Management evaluated the Foundation’s tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**Credit risk:** The Foundation has deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses on such accounts, and management does not believe the Foundation is exposed to significant credit risk on cash.
Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from those estimates.

Adopted accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The adoption of this ASU did not materially impact the Foundation’s financial statements.

In July 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendment is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash and other financial contributions. Entities will also be required to disclose various information related to contributed nonfinancial assets. The adoption of this ASU did not materially impact the Foundation’s financial statements.

Subsequent events: The Foundation evaluated subsequent events through April 14, 2023, the date the financial statements were available to be issued.
Urology Care Foundation, Inc.

Notes to Financial Statements

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following as of December 31, 2022 and 2021:

| Financial assets, at December 31, 2022 and 2021* | $ 64,962,207 | $ 76,863,730 |
| Less those unavailable for general expenditures within one year, due to: |
| Contractual or donor imposed restrictions: |
| Restrictions by donor with time or purpose restriction | (64,372) | - |
| Donor-restricted endowments, net of pledges receivable | (52,945,787) | (62,960,977) |
| Board designations: |
| Board-designated appropriations approved for spending in 2023 and 2022 | 159,500 | 171,000 |
| Quasi-endowment fund, primarily for long-term investing | (9,500,332) | (11,686,202) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 2,611,216 | $ 2,387,551 |

* Total assets, less nonfinancial assets (prepaid expenses and other assets)

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. Although the Foundation does not intend to spend from its board-designated endowment (other than amounts appropriated per the Board’s appropriations approval), these amounts could be made available if necessary. Appropriations of $159,500 and $171,000, as of December 31, 2022 and 2021, respectively, from the board-designated endowment have been approved and will be made available within the next year.

Note 3. Investments

The Foundation maintains investment accounts with The Vanguard Group. The annual rate of return on long-term investments, including unrealized (losses) gains, was (15.68%) and 11.66% for the years ended December 31, 2022 and 2021, respectively.

Cost and fair values of the investments at December 31, 2022 and 2021, are as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard equity funds</td>
<td>$ 33,482,723</td>
<td>$ 38,442,720</td>
</tr>
<tr>
<td>Vanguard fixed income funds</td>
<td>24,860,603</td>
<td>21,316,109</td>
</tr>
<tr>
<td>Common stock</td>
<td>40,610</td>
<td>21,921</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 58,383,936</strong></td>
<td><strong>$ 59,780,750</strong></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td><strong>$ 52,235,645</strong></td>
<td><strong>$ 71,969,489</strong></td>
</tr>
</tbody>
</table>
Note 3. Investments (Continued)

Investment income (loss) from all sources, including checking accounts, consists of the following for the years ended December 31, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net realized and unrealized (losses) gains</td>
<td>$(13,214,350)</td>
<td>$4,585,677</td>
</tr>
<tr>
<td>Interest and dividend income, net</td>
<td>1,978,252</td>
<td>3,068,522</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(11,236,098)</strong></td>
<td><strong>$7,654,199</strong></td>
</tr>
</tbody>
</table>

Note 4. Commitments and Contingency

**Award commitments:** The Foundation’s mentored research training awards are designed to recruit young urologists and scientists into urologic research and develop leaders in the field. Since its inception, this program has supported more than 950 outstanding early-career investigators with more than $35,000,000 in funding dedicated to advancing the prevention, diagnosis, and treatment of urologic conditions.

The Foundation has incurred the following tentative award commitments as of December 31, 2022:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$807,000</td>
</tr>
<tr>
<td>2024</td>
<td>237,500</td>
</tr>
<tr>
<td><strong>Total award commitments</strong></td>
<td><strong>$1,044,500</strong></td>
</tr>
</tbody>
</table>

**Guaranty:** On September 1, 2012, the Foundation entered into a Guaranty Agreement with a bank, whereby the Foundation was named as a joint guarantor, along with AUA (collectively, the Guarantors), for revenue bonds payable of $8,275,000 and a term note payable of $4,326,780 by American Urological Association Education and Research, Inc. (AUAER). Under these agreements, the Guarantors absolutely and unconditionally, jointly and severally, guarantee to the bank the full and prompt payment of all indebtedness, when due, either by acceleration or otherwise. The term note was paid off in September 2022. At December 31, 2022, the indebtedness of AUAER for the revenue bonds was $3,035,000.

On June 10, 2020, the Guarantors entered into a Guaranty Agreement with a bank for a revolving line of credit up to $10,000,000 payable by AUAER. On June 29, 2021, the line of credit was increased to $15,000,000. Under these agreements, the Guarantors absolutely and unconditionally, jointly and severally, guarantee to the bank the full and prompt payment of all indebtedness, when due, either by acceleration or otherwise. At December 31, 2022, there was no outstanding balance on the line of credit.
Urology Care Foundation, Inc.

Notes to Financial Statements

Note 5.  Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject to expenditure for specific purpose:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residency, Summer Research and Other Research Awards</td>
<td>$1,579,129</td>
<td>$1,959,340</td>
</tr>
<tr>
<td></td>
<td>1,579,129</td>
<td>1,959,340</td>
</tr>
</tbody>
</table>

| Subject to the Foundation’s spending policy and appropriation:              |          |          |
| Investment in perpetuity (including amounts above original gift amount of $45,209,668 and $44,610,000, respectively), the income from which is expendable to support: |          |          |
| AUA Section Research Scholar Funds                                         | 19,811,460 | 23,971,657 |
| Specialty Society Research Scholar Funds                                  | 20,432,909 | 24,720,664 |
| Rising Star in Urology Research Award Program                             | 3,806,172  | 4,514,562  |
| Residency, Summer Research, and Other Research Awards                     | 4,413,641  | 5,289,262  |
| Humanitarian Endowment Funds                                               | 1,253,433  | 858,910   |
|                                                                              | 49,717,615 | 59,355,055 |

| Subject to appropriation and expenditure when a specific event occurs:     |          |          |
| Investment in perpetuity (including amounts above original gift amount of $1,583,332 and $1,232,833, respectively), the income from which is expendable to support: |          |          |
| Endowments requiring income to be added to original gift until value reaches funding requirement | 1,713,415 | 1,646,582 |
|                                                                              | 51,431,030 | 61,001,637 |

| Total net assets with donor restrictions                                   | $53,010,159 | $62,960,977 |

During the year ended December 31, 2020, the Foundation launched a humanitarian initiative, which included a campaign to raise funds for Humanitarian Endowment Funds. This campaign included authorization approval from the AUAER Board of Directors to repurpose up to $500,000 from an existing board-designated fund to be used as matching funds for contributions from individual specialty societies and other donors to establish additional Humanitarian Endowment Funds. As of December 31, 2022, $300,000 has been repurposed as matching funds.
Urology Care Foundation, Inc.

Notes to Financial Statements

Note 5. Net Assets With Donor Restrictions (Continued)

Net assets released from restrictions consisted of the following for the years ended December 31:

<table>
<thead>
<tr>
<th>Specific purpose restrictions accomplished:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residency, Summer Research and Other Research Awards</td>
<td>$98,154</td>
<td>$94,495</td>
</tr>
<tr>
<td>Release of appropriations subject to the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation’s spending policy:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialty Society Research Scholar Funds</td>
<td>706,393</td>
<td>709,704</td>
</tr>
<tr>
<td>AUA Section Research Scholar Funds</td>
<td>620,116</td>
<td>702,138</td>
</tr>
<tr>
<td>Residency, Summer Research, and Other Research Awards</td>
<td>57,274</td>
<td>142,873</td>
</tr>
<tr>
<td>Community Physician Research Fund</td>
<td>45,939</td>
<td>9,844</td>
</tr>
<tr>
<td>Rising Star in Urology Research Award Program</td>
<td>38,446</td>
<td>91,602</td>
</tr>
<tr>
<td>Humanitarian Endowment Funds</td>
<td>35,839</td>
<td>14,562</td>
</tr>
<tr>
<td>Total restrictions released</td>
<td>$1,602,161</td>
<td>$1,765,218</td>
</tr>
</tbody>
</table>

Note 6. Net Assets Without Donor Restrictions

The Foundation’s governing board has designated net assets without donor restrictions for purposes of a board-designated endowment in the amount of $9,500,332 and $11,686,202 as of December 31, 2022 and 2021, respectively.

Note 7. Endowment

The Foundation’s endowment consists primarily of a donor-restricted endowment that generates earnings to support scholarships and awards. In addition, the Board of Directors has chosen to internally designate funds from resources without donor restrictions to support the same purposes. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.
Urology Care Foundation, Inc.

Notes to Financial Statements

Note 7. Endowment (Continued)

Interpretation of relevant law: The Foundation has interpreted the state of Maryland’s enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purposes of the Foundation and the donor-restricted endowment fund
c. General economic conditions
d. The possible effects of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the Foundation
g. The investment policies of the Foundation

Return objective and risk parameters: The long-term goal of the scholarship and award endowments is to achieve appreciation of assets without exposure to undue risk. The portfolio is expected to support scholarship and award payments, cover an annual management fee and provide additional growth to preserve the purchasing power of the endowments over time.

Spending policy: Releases from restrictions to cover scholarship and award payments are at the discretion of the Board of Directors and are reviewed in conjunction with the budget process. The prudence factors noted above are evaluated to aid in the determination of the amount to be expended. As permitted by donor agreements, the Foundation also consider cumulative investment earnings and losses prior to soliciting applications and awarding future scholarships and awards. The application process may be delayed or deferred for certain awards if it is determined that cumulative earnings are insufficient to fund scholarships and awards. In compliance with UPMIFA, the policy of the Foundation is to permit distributions to the extent that such distributions do not exceed a level that would erode the endowment assets over time and spending assumptions are reviewed annually. During 2022 and 2021 appropriations of endowments were less than 7% of the market value of the assets calculated on the average of the trailing 12 quarters.

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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2022, these deficiencies resulted from unfavorable market fluctuations in investments that were deemed prudent by the Board of Trustees. As of December 31, 2022, there were 15 endowment funds where the fair value of the funds of $4,775,123 at December 31, 2022, is less than the original amounts of $5,184,623 by a total of $409,500. There were no deficiencies of this nature as of December 31, 2021.
### Note 7. Endowment (Continued)

Endowment net asset composition by type of fund is as follows as of December 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment funds</td>
<td>$ 9,500,332</td>
<td>$</td>
<td>$ 9,500,332</td>
</tr>
<tr>
<td>Donor-restricted endowment funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>46,793,000</td>
<td>46,793,000</td>
</tr>
<tr>
<td>Accumulated investment gains</td>
<td>-</td>
<td>6,217,159</td>
<td>6,217,159</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 9,500,332</strong></td>
<td><strong>$ 53,010,159</strong></td>
<td><strong>$ 62,510,491</strong></td>
</tr>
</tbody>
</table>

Endowment net asset composition by type of fund is as follows as of December 31, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment funds</td>
<td>$ 11,686,202</td>
<td>$</td>
<td>$ 11,686,202</td>
</tr>
<tr>
<td>Donor-restricted endowment funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>45,842,833</td>
<td>45,842,833</td>
</tr>
<tr>
<td>Accumulated investment gains</td>
<td>-</td>
<td>17,118,144</td>
<td>17,118,144</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 11,686,202</strong></td>
<td><strong>$ 62,960,977</strong></td>
<td><strong>$ 74,647,179</strong></td>
</tr>
</tbody>
</table>

Changes in endowment net assets are as follows for the fiscal years ended December 31, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, December 31, 2020</td>
<td>$ 10,789,932</td>
<td>$ 56,048,579</td>
<td>$ 66,838,511</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1,206,357</td>
<td>6,385,437</td>
<td>7,591,794</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>2,242,179</td>
<td>2,242,179</td>
</tr>
<tr>
<td>Change in donor intent</td>
<td>(50,000)</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations of expenditures</td>
<td>(260,087)</td>
<td>(1,765,218)</td>
<td>(2,025,305)</td>
</tr>
<tr>
<td><strong>Endowment net assets, December 31, 2021</strong></td>
<td><strong>11,686,202</strong></td>
<td><strong>62,960,977</strong></td>
<td><strong>74,647,179</strong></td>
</tr>
<tr>
<td>Net investment loss</td>
<td>$ (1,718,407)</td>
<td>(9,401,706)</td>
<td>(11,120,113)</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>853,049</td>
<td>853,049</td>
</tr>
<tr>
<td>Change in donor intent</td>
<td>(200,000)</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations of expenditures</td>
<td>(267,463)</td>
<td>(1,602,161)</td>
<td>(1,869,624)</td>
</tr>
<tr>
<td><strong>Endowment net assets, December 31, 2022</strong></td>
<td><strong>$ 9,500,332</strong></td>
<td><strong>$ 53,010,159</strong></td>
<td><strong>$ 62,510,491</strong></td>
</tr>
</tbody>
</table>
Note 8. Fair Value Measurements

The Foundation adopted guidance issued by the FASB, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions that market participants would use in pricing an asset or liability. In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities, mutual funds and certificates of deposit.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds, and over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in methodologies used at December 31, 2022 and 2021.

Equity and fixed income mutual funds: Valued using quoted prices for identical assets in active markets on a daily basis.

Common stock: Common stock in closely held companies is stated at fair value based on relevant qualitative and quantitative information available. Relevant factors include observable market values for similar assets or securities, financial condition and operating performance of the company being valued.
Note 8. Fair Value Measurements (Continued)

The following table presents the Foundation’s fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022:

<table>
<thead>
<tr>
<th>Fair Value Measurements Using</th>
<th>Quoted Prices in Active Markets for Significant Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Vanguard equity funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Stock Market Index</td>
<td>$11,341,258</td>
<td>$11,341,258</td>
<td>$-</td>
</tr>
<tr>
<td>Institutional Developed Markets Index</td>
<td>12,594,638</td>
<td>12,594,638</td>
<td>$-</td>
</tr>
<tr>
<td>PRIMECAP Fund Admiral</td>
<td>5,661,782</td>
<td>5,661,782</td>
<td>$-</td>
</tr>
<tr>
<td>Windsor II Fund Admiral</td>
<td>2,509,031</td>
<td>2,509,031</td>
<td>$-</td>
</tr>
<tr>
<td>Emerging Markets Stock Index Signal</td>
<td>3,123,021</td>
<td>3,123,021</td>
<td>$-</td>
</tr>
<tr>
<td>Explorer Fund Admiral</td>
<td>1,086,694</td>
<td>1,086,694</td>
<td>$-</td>
</tr>
<tr>
<td>Equity Income Fund Admiral</td>
<td>2,126,297</td>
<td>2,126,297</td>
<td>$-</td>
</tr>
<tr>
<td>Vanguard fixed income funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate-Term Invest-Grade Admiral</td>
<td>3,013,653</td>
<td>3,013,653</td>
<td>$-</td>
</tr>
<tr>
<td>Total Bond Market Index</td>
<td>7,914,158</td>
<td>7,914,158</td>
<td>$-</td>
</tr>
<tr>
<td>Total International Bond Index Institutional</td>
<td>4,871,757</td>
<td>4,871,757</td>
<td>$-</td>
</tr>
<tr>
<td>Short-Term Invest-Grade Admiral</td>
<td>3,931,284</td>
<td>3,931,284</td>
<td>$-</td>
</tr>
<tr>
<td>Long-Term Invest-Grade Admiral</td>
<td>1,585,256</td>
<td>1,585,256</td>
<td>$-</td>
</tr>
<tr>
<td>Common stock</td>
<td>21,921</td>
<td>21,921</td>
<td>$-</td>
</tr>
</tbody>
</table>

The following table presents the Foundation’s fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

<table>
<thead>
<tr>
<th>Fair Value Measurements Using</th>
<th>Quoted Prices in Active Markets for Significant Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Vanguard equity funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Stock Market Index</td>
<td>$16,240,026</td>
<td>$16,240,026</td>
<td>$-</td>
</tr>
<tr>
<td>Institutional Developed Markets Index</td>
<td>15,060,456</td>
<td>15,060,456</td>
<td>$-</td>
</tr>
<tr>
<td>PRIMECAP Fund Admiral</td>
<td>4,621,678</td>
<td>4,621,678</td>
<td>$-</td>
</tr>
<tr>
<td>Windsor II Fund Admiral</td>
<td>5,115,859</td>
<td>5,115,859</td>
<td>$-</td>
</tr>
<tr>
<td>Emerging Markets Stock Index Signal</td>
<td>3,356,904</td>
<td>3,356,904</td>
<td>$-</td>
</tr>
<tr>
<td>Explorer Fund Admiral</td>
<td>1,893,783</td>
<td>1,893,783</td>
<td>$-</td>
</tr>
<tr>
<td>Strategic Equity Fund</td>
<td>2,098,933</td>
<td>2,098,933</td>
<td>$-</td>
</tr>
<tr>
<td>Vanguard fixed income funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate-Term Invest-Grade Admiral</td>
<td>3,382,011</td>
<td>3,382,011</td>
<td>$-</td>
</tr>
<tr>
<td>Total Bond Market Index</td>
<td>8,912,515</td>
<td>8,912,515</td>
<td>$-</td>
</tr>
<tr>
<td>Total International Bond Index Institutional</td>
<td>5,123,068</td>
<td>5,123,068</td>
<td>$-</td>
</tr>
<tr>
<td>Short-Term Invest-Grade Admiral</td>
<td>4,038,764</td>
<td>4,038,764</td>
<td>$-</td>
</tr>
<tr>
<td>Long-Term Invest-Grade Admiral</td>
<td>2,125,492</td>
<td>2,125,492</td>
<td>$-</td>
</tr>
</tbody>
</table>
Note 9. Related Parties

The Foundation has a cost-sharing agreement with AUAER and AUA, whereby certain joint costs are allocated between AUAER, AUA and the Foundation based on factors approved by the Board of Directors. This agreement was amended in 2007 and reviewed and affirmed by the Board of Directors in 2022. The agreement established a general and administrative expense (G&A) that is reported in the statements of activities. These expenses are allocated to the Foundation based on its share of the program expenses. Expenses allocated to the Foundation were $244,124 and $227,191 for the years ended December 31, 2022 and 2021, respectively.

The Foundation had a liability of $43,831 due to AUAER as of December 31, 2022. The Foundation had an asset of $24,807 due from AUAER as of December 31, 2021.

Note 10. Pledges Receivable

Pledges receivable are due from donors to fund research and scholars programs and totaled $64,372 as of December 31, 2022. There were no pledges receivable as of December 31, 2021.

Pledges receivable are carried at the present value of expected future cash flows, net of a present value discount. No present value discount was recorded based on management’s determination. No reserve for uncollectible amounts was recorded based on management’s evaluation of the collectability of pledges receivable.

Pledges receivable are expected to be collected equally until the year ended December 31, 2025.