

Magee-Womens Research Institute and Foundation

Single Audit

Years Ended June 30, 2023 and 2022
with Independent Auditor's Reports

MaherDuessel

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MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

**The Audit Committee of the Board of Directors
Magee-Womens Research Institute and Foundation**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Magee-Womens Research Institute and Foundation (MWRIF), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MWRIF as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MWRIF 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 MWRIF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MWRIF'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 MWRIF'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024 on our consideration of MWRIF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MWRIF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MWRIF's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
January 19, 2024

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 and 2022

(Thousands of Dollars)

	2023	2022
Assets		
Cash and cash equivalents	\$ 5,072	\$ 6,826
Grants receivable (less allowance for uncollectible grants receivables of \$17 and \$14, respectively)	11,430	7,383
Pledges receivable (less allowance for uncollectible pledges/discount of \$115 and \$152, respectively)	3,123	3,972
Investments:		
Without donor restrictions	4,293	5,574
With donor restrictions	48,938	49,230
Beneficial interest in trust	974	931
Properties:		
Property, building, and equipment	59,784	59,561
Less accumulated depreciation and amortization	(31,207)	(29,299)
Total net properties	28,577	30,262
Other assets	1,368	1,244
Total Assets	\$ 103,775	\$ 105,422

(Continued)

See accompanying notes to financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 and 2022

(Thousands of Dollars)

(Continued)

	2023	2022
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,006	\$ 6,292
Refundable advances	4,587	4,034
Deferred revenue	227	253
Deposits held in custody for others	52	39
Finance lease liability	22,644	23,752
Total Liabilities	37,516	34,370
Net Assets:		
Without donor restrictions:		
Board-designated endowment	493	489
Other	6,215	9,454
Total without donor restrictions	6,708	9,943
With donor restrictions	59,551	61,109
Total Net Assets	66,259	71,052
Total Liabilities and Net Assets	\$ 103,775	\$ 105,422

(Concluded)

See accompanying notes to financial statements.

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2023 and 2022

(Thousands of Dollars)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support:						
Grant revenue	\$ 51,320	\$ -	\$ 51,320	\$ 41,228	\$ -	\$ 41,228
Contributions:						
Cash and other financial assets	6,969	5,216	12,185	5,757	3,209	8,966
Non-financial assets	1,236	-	1,236	1,324	-	1,324
Sublease revenue	187	-	187	925	-	925
Other revenue	1,171	-	1,171	1,390	-	1,390
Investment return, net	294	2,466	2,760	(406)	(3,484)	(3,890)
Net assets released from restrictions - capital	65	(65)	-	208	(208)	-
Net assets released from restrictions - time and purpose	9,175	(9,175)	-	6,260	(6,260)	-
	<u>70,417</u>	<u>(1,558)</u>	<u>68,859</u>	<u>56,686</u>	<u>(6,743)</u>	<u>49,943</u>
Total revenues and public support						
Expenses:						
Salaries and wages	16,003	-	16,003	14,568	-	14,568
Employee benefits	4,042	-	4,042	3,732	-	3,732
Grant subrecipient payments	33,677	-	33,677	23,154	-	23,154
Supplies and other expenses	13,850	-	13,850	14,524	-	14,524
Contributions to Magee-Womens Hospital	2,886	-	2,886	611	-	611
Interest	1,162	-	1,162	1,216	-	1,216
Depreciation and amortization	2,032	-	2,032	2,021	-	2,021
	<u>73,652</u>	<u>-</u>	<u>73,652</u>	<u>59,826</u>	<u>-</u>	<u>59,826</u>
Total expenses						
Change in Net Assets	(3,235)	(1,558)	(4,793)	(3,140)	(6,743)	(9,883)
Net Assets:						
Beginning of the year	9,943	61,109	71,052	13,083	67,852	80,935
End of the Year	<u>\$ 6,708</u>	<u>\$ 59,551</u>	<u>\$ 66,259</u>	<u>\$ 9,943</u>	<u>\$ 61,109</u>	<u>\$ 71,052</u>

See accompanying notes to financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

(Thousands of Dollars)

	Program Expenses	Support Activities		Total Expenses
	Research and Related	Management and Administrative	Development and Fundraising	
Salaries and wages	\$ 11,762	\$ 2,935	\$ 1,306	\$ 16,003
Employee benefits	2,922	743	377	4,042
Grant subrecipient payments	33,677	-	-	33,677
Supplies and other expenses	9,258	1,873	2,719	13,850
Contributions to Magee-Womens Hospital	-	-	2,886	2,886
Interest	1,139	23	-	1,162
Depreciation and amortization	1,972	54	6	2,032
	<u>\$ 60,730</u>	<u>\$ 5,628</u>	<u>\$ 7,294</u>	<u>\$ 73,652</u>

See accompanying notes to financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

(Thousands of Dollars)

	Program Expenses	Support Activities		Total Expenses
	Research and Related	Management and Administrative	Development and Fundraising	
Salaries and wages	\$ 10,541	\$ 2,809	\$ 1,218	\$ 14,568
Employee benefits	2,672	708	352	3,732
Grant subrecipient payments	23,154	-	-	23,154
Supplies and other expenses	9,066	2,537	2,921	14,524
Contributions to Magee-Womens Hospital	-	-	611	611
Interest	1,192	24	-	1,216
Depreciation and amortization	1,960	56	5	2,021
	<u>\$ 48,585</u>	<u>\$ 6,134</u>	<u>\$ 5,107</u>	<u>\$ 59,826</u>

See accompanying notes to financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 and 2022

(Thousands of Dollars)

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ (4,793)	\$ (9,883)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(1,948)	4,431
Contributions for long-term purposes and interest income	(5,734)	(4,156)
Depreciation and amortization	2,032	2,021
Changes in operating assets and liabilities:		
Grants and pledges receivable	(3,198)	(1,314)
Other assets	(124)	33
Accounts payable and accrued expenses	3,714	(10)
Other liabilities	540	(329)
Net cash provided by (used in) operating activities	(9,511)	(9,207)
Cash Flows From Investing Activities:		
Purchases of property, building, and equipment	(347)	(444)
Sale of investments	4,286	2,580
Purchase of investments	(808)	(532)
Net cash provided by (used in) investing activities	3,131	1,604
Cash Flows From Financing Activities:		
Repayments of finance lease liabilities	(1,108)	(1,055)
Contributions for long-term purposes and interest income	5,734	4,156
Net cash provided by (used in) financing activities	4,626	3,101
Increase (Decrease) in Cash and Cash Equivalents	(1,754)	(4,502)
Cash and cash equivalents at beginning of year	6,826	11,328
Cash and cash equivalents at end of year	\$ 5,072	\$ 6,826
Supplemental Information:		
Interest paid on finance lease	\$ 1,162	\$ 1,216

See accompanying notes to financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

1. Organization and Summary of Significant Accounting Policies

Organization

Magee-Womens Research Institute and Foundation (MWRIF) operates a research institute and is one of a select group of organizations in the United States with women's health, research, and education as a primary focus. MWRIF is committed exclusively to the mission of UPMC Magee-Womens Hospital (Hospital). UPMC is the parent corporation of the Hospital and is also closely affiliated with the University of Pittsburgh.

Basis of Accounting

MWRIF's financial statements have been prepared on the accrual basis of accounting. Revenues are recognized as they are earned, and expenses are recorded when liabilities are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking and deposit accounts held at a financial institution and money market mutual fund accounts. Checking and deposit account balances may at times exceed federally insured amounts. Management has no concerns about the insolvency of the financial institution involved at this time. Though money market mutual funds are not federally insured, all registered brokerage firms including those offering mutual funds are required by law to be members of the Securities Investor Protection Corporation (SIPC), which protects customer assets up to a limit (currently \$500) when a SIPC member firm fails financially. MWRIF's current money market holdings are invested in funds with portfolios of US Treasury securities backed by the US Government.

Grants Receivable

The allowance for uncollectible grant receivables is based upon management's assessment of historical and expected net collections of non-federal grant receivables. All grants receivable are expected to be collected within one year.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

Contributions and Revenue Recognition

MWRIF receives the majority of its funding in the form of governmental, industry, or private grants. As discussed below, these grants are primarily treated as conditional grants. The National Institutes of Health is the most significant funding source for research-related activities.

Unconditional promises to give cash and other assets to MWRIF are reported at fair value at the date the promises are received and included in the statements of financial position as pledges receivable. The gifts are reported as restricted support if they are received with donor stipulations that restrict the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Any gifts received and expended for the designated restricted purpose in the same fiscal year are recorded as unrestricted support for the fiscal year.

Conditional promises to give stipulate a measurable performance or other barrier and a right of return and are recognized only when the conditions on which they depend have been met. Other than cost-reimbursable federal contracts and grants treated as conditional grants discussed below, there were no conditional promises to give at June 30, 2023 and 2022.

Contributions received for the acquisition of long-lived assets are recorded at fair value in the period received as net assets with donor restrictions. Expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset are reported when the asset is placed in service, absent specific donor restrictions stating otherwise. Amounts equal to the cost of the asset are reclassified from net assets with donor restrictions to net assets without donor restrictions when the asset is placed in service.

A portion of MWRIF's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as grant revenue on the statements of activities and changes in net assets when MWRIF has incurred expenditures in compliance with specific contract or grant provisions. These federal grants and contracts are awarded for multi-year periods. Remaining available award balances will be recognized as revenue as the projects progress and conditions are met, generally as qualifying expenses are

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

incurred. Amounts received prior to incurring qualifying expenditures were \$4,587 and \$4,034 during the years ended June 30, 2023 and 2022, respectively, and are reported as refundable advances on the statements of financial position.

MWRIF had no material revenue subject to Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, during the years ended June 30, 2023 and 2022.

Investments

MWRIF's investments are primarily comprised of debt and equity securities. MWRIF recognizes realized and unrealized gains and losses on substantially all of its investments in debt and equity securities as revenue and public support with or without donor restrictions in the statements of activities and changes in net assets, depending on the existence or absence of donor restrictions on the assets generating the investment income. Gains and losses on the sales of securities are determined by the average cost method.

These investments predominantly include those maintained in the UPMC Master Trust Funds (UPMC MTF), which are further discussed in Note 2. The fair value of MWRIF's interest in the UPMC MTF is calculated based on the net asset value per investment unit as reported by the Trust. If available, quoted market prices of assets held by the Trust are used to value investment units.

Beneficial Interest in Trusts

MWRIF has a beneficial interest in a trust which is restricted primarily for research. MWRIF has valued its portion of the trust based on the pro rata share of the fair value of the assets held in the trust, which represents a proxy for the present value of future cash flows. This has been recorded as a beneficial interest in trust in the accompanying statements of financial position.

Property, Building, and Equipment

Property, building, and equipment are recorded at cost, or the present value of minimum lease payments for those assets acquired under capital lease arrangements. Donated property is recorded at fair value at the date the property is received. Leasehold improvements are amortized over their useful life or the life of the lease, whichever is

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

shorter. Depreciation of buildings and equipment, which includes amounts related to assets acquired through capital leases, is computed using the straight-line method at rates ranging from five to thirty years.

MWRIF evaluates the carrying value of long-lived assets to be held and used when events and circumstances indicate that the carrying amount of an asset may not be recovered. Such evaluation considers projected future operating results, trends, and other circumstances. If factors indicated long-lived assets could be impaired, MWRIF would use an estimate of the related undiscounted future cash flows over the remaining life of the long-lived asset in measuring whether the asset is recoverable. If such an analysis indicated that impairment had occurred, MWRIF would adjust the book value of the long-lived asset to fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment charges taken for the years ended June 30, 2023 and 2022.

Leases

MWRIF determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the short-term lease election has been applied. The only material lease MWRIF holds at June 30, 2023 and 2022 is a finance lease, formerly known as a capital lease.

Finance lease right-of-use assets continue to be included in property, building, and equipment, and the lease liability continues to be presented within the liability section of the statements of financial position.

Contributed Non-financial Assets

Donated gifts, services, and supplies are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and would otherwise have been purchased by MWRIF, are recorded at the estimated fair value at the time the services are rendered. MWRIF also receives donated services that do not require specific expertise; these contributed services are not reflected in the financial statements.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

Net Assets

Net assets are classified as net assets with donor restrictions and net assets without donor restrictions according to the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions - Net assets whose use by MWRIF is subject to donor-imposed stipulations that can be fulfilled by actions of MWRIF pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Additionally, funds received as gifts and bequests which have been accepted with donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

Income Taxes

MWRIF is a Pennsylvania not-for-profit corporation that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (Code) as a public charity described in Section 501(c)(3) of the Code. In addition, as a public charity, MWRIF has obtained exemption from all applicable state income taxes on MWRIF's related income. Further, MWRIF annually files a Form 990. Management has determined that MWRIF is not currently subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis on the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. MWRIF supports research on women's health care issues and supports fundraising activities to sustain research as well as to support the mission of the Hospital. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Such expenses require allocation on a reasonable basis that is applied consistently over the years. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, office expenses, information technology, and others, which are allocated on the basis of estimates of time and effort.

Adopted Accounting Standards Updates

The requirements of the following Standards Update have been adopted and incorporated into these financial statements:

ASU 2016-02, "*Leases (Topic 842)*." ASC 842 requires lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In adopting ASC 842, MWRIF elected to use practical expedients, including but not limited to, not reassessing past lease accounting, and not recording assets or liabilities for leases with terms of one year or less.

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

MWRIF adopted the standard effective July 1, 2022 and evaluated leases existing at, or entered into after the date of adoption. The adoption of the standard did not have a material

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

impact on MWRIF's financial statements as ASC 842 did not have a significant effect on the accounting for its finance lease or on the accounting for leases for which MWRIF is a lessor.

Pending Accounting Standards Updates

FASB has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of this update on the financial statements.

ASU 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

2. Investments

Investments are comprised of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Without Donor Restrictions	\$ 4,293	\$ 5,574
With Donor Restrictions	<u>48,938</u>	<u>49,230</u>
	<u>\$ 53,231</u>	<u>\$ 54,804</u>

Effective October 1, 2008, MWRIF entered into an agreement with UPMC for the provision of investment management services. Under the agreement, MWRIF has granted UPMC the authority to manage all investments, in accordance with the objectives, guidelines, and restrictions set forth in the agreement by MWRIF's Board of Directors. Investment management services are provided by UPMC at no charge to MWRIF; other third-party fees are incurred as further disclosed below. The donated UPMC investment management services are not considered to be significant and are not recorded by MWRIF on the

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

YEARS ENDED JUNE 30, 2023 AND 2022

statements of activities and changes in net assets. Investments within the UPMC Master Trust Fund (UPMC MTF) are held by a bank trustee and invested in a diversified portfolio of fixed income, domestic and international equity securities, public real estate funds, and commodities funds. MWRIF's interest in the UPMC MTF is based on the number of units granted upon initial investment and is adjusted for a pro rata share of the total investment return of the master trust. The fair value of MWRIF's interest in the UPMC MTF represents the net asset value of the units held.

In order to allow for additional liquidity for potential operating needs, MWRIF liquidated \$7,000 of master trust units in January 2020 and purchased fixed income securities outside the master trust. The separate fixed income portfolio is held in the same account as MWRIF'S master trust units at the current custodian bank. The investment management agreement between UPMC and MWRIF was amended effective January 1, 2020 to allow UPMC to manage this fixed income portfolio within that account for MWRIF in addition to the master trust units.

Total investment return on all investments and cash and cash equivalents is comprised of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends (net of investment fees of \$275 and \$300, respectively)	\$ 812	\$ 541
Net realized gains on sales of investments	<u>1,546</u>	<u>3,294</u>
	2,358	3,835
Unrealized gains (losses) on investments	<u>402</u>	<u>(7,725)</u>
Total investment return	<u>\$ 2,760</u>	<u>\$ (3,890)</u>
Net rate of return on investments	<u>5.18%</u>	<u>-7.10%</u>

Fair Value Measurement

MWRIF holds certain assets that are required to be measured at fair value on a recurring basis. These include cash, cash equivalents, and investments held through participation in the UPMC MTF as described above.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

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The UPMC MTF measures equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognizes any changes in fair value in excess of revenues over expenses unless the investments qualify for a practicability exception. The UPMC MTF's alternative investments are measured using net asset value per share under the so-called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using the method are met.

MWRIF has no unfunded commitments to the UPMC MTF and the UPMC MTF investments have no significant redemption provisions.

The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are generally unsupported by market activity. ASC 820 established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-driven valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables represent MWRIF's fair value hierarchy for its financial assets (cash and investments) at fair value on a recurring basis as of June 30, 2023 and 2022. When quoted market prices are unobservable for fixed income securities, quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable, are used for valuation purposes.

MWRIF has the detail at the holding level of its participation in the UPMC MTF and chooses to present its fair value measurements at that level of detail.

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Assets	June 30, 2023		Total Carrying Amount
	Level 1	Level 2	
Cash and cash equivalents	\$ 5,072	\$ -	\$ 5,072
Money market funds	-	2,909	2,909
Fixed Income:			
Corporate	-	1,347	1,347
U.S. government	-	2,252	2,252
Mortgages	-	3,055	3,055
Municipal bonds	-	215	215
Derivatives	-	14	14
Foreign government	-	-	-
Mutual Fund	-	1,378	1,378
Domestic equity	-	9,840	9,840
International:			
Equity	-	2,630	2,630
Mutual fund	-	4,364	4,364
Real Estate	-	1,001	1,001
Long-short return	-	44	44
Absolute return	-	640	640
Total assets in fair value hierarchy	\$ 5,072	\$ 29,689	34,761
Investments measured at net asset value*			23,542
Total cash, cash equivalents, and investments at fair value			\$ 58,303

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Assets	June 30, 2022		Total Carrying Amount
	Level 1	Level 2	
Cash and cash equivalents	\$ 6,826	\$ -	\$ 6,826
Money market funds	-	2,984	2,984
Fixed Income:			
Corporate	-	2,140	2,140
U.S. government	-	1,467	1,467
Mortgages	-	1,821	1,821
Municipal bonds	-	54	54
Derivatives	-	6	6
Foreign government	-	3	3
Mutual Fund	-	3,366	3,366
Domestic equity	-	9,079	9,079
International:			
Equity	-	3,328	3,328
Mutual fund	-	2,950	2,950
Real Estate	-	1,236	1,236
Long-short return	-	330	330
Absolute return	-	589	589
Total assets in fair value hierarchy	\$ 6,826	\$ 29,353	36,179
Investments measured at net asset value*			25,451
Total cash, cash equivalents, and investments at fair value			\$ 61,630

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

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Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient:

	<u>2023</u>	<u>2022</u>
Alternative Investments:		
Domestic Equity	\$ 1,002	\$ 841
Fixed Income	277	277
Long/Short Equity	3,736	3,908
International Equity	2,201	2,920
Absolute Return	3,191	3,493
Private Equity	8,744	11,669
Real Estate	4,391	2,343
	<u>\$ 23,542</u>	<u>\$ 25,451</u>

Risks and Uncertainties

Investment securities are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

3. Pledges Receivable

Multi-year pledges are valued at the original pledge commitment and discounted at 4.14% and 6.49% at June 30, 2023 and 2022, respectively. MWRIF's average annual rate of return on investments (exclusive of unrealized gains/losses) is considered to be an appropriate discount rate for pledges. Pledges due within one year are considered to be Level 1 because of the short maturity of these instruments. Since MWRIF's noncurrent pledges receivable have no significant observable inputs, they are classified as Level 3.

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Non-current pledges receivable at June 30, 2023 and 2022 consists of the following:

	June 30, 2023	June 30, 2022
Beginning balance	\$ 1,944	\$ 2,257
Additions of long-term pledges	510	132
Pledges receivables, which became due within one year	(749)	(445)
Ending balance	\$ 1,705	\$ 1,944

Total payments to be received on pledges at June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Less than 1 year	\$ 1,533	\$ 2,180
1-5 years	1,685	1,914
More than 5 years	20	30
	3,238	4,124
Less: Allowance for uncollectibles pledges and discounts	(115)	(152)
Net Pledges Receivable	\$ 3,123	\$ 3,972

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4. Property, Building, and Equipment

Property, building, and equipment and the related accumulated depreciation and amortization consist of the following at June 30, 2023 and 2022:

	2023		2022	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	\$ 6,189	\$ -	\$ 6,189	\$ -
Building	45,700	24,430	45,700	22,877
Equipment	7,732	6,777	7,672	6,422
Construction in Progress	163	-	-	-
	\$ 59,784	\$ 31,207	\$ 59,561	\$ 29,299

Construction in progress of \$163 at June 30, 2023 relates to the construction and renovation of a new lab at MWRIF's research building.

Included in building are right-of-use assets recorded under a finance lease with the Hospital (Note 5) and accumulated amortization at June 30, 2023 and 2022:

	2023	2022
Finance lease ROU assets	\$ 44,438	\$ 44,438
Less: Accumulated amortization	(23,616)	(22,096)
	\$ 20,822	\$ 22,342

MWRIF wrote off obsolete fully depreciated assets totaling \$125 and \$17, respectively in the years ended June 30, 2023 and 2022.

5. Leases

Prior to September 22, 2005, MWRIF leased a research building under a finance lease arrangement with the Hospital. Effective September 22, 2005, MWRIF, the Hospital, and UPMC executed an agreement that provided for the termination of the existing lease, the

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transfer of certain MWRIF properties to the Hospital in exchange for \$5,200, the construction of a research building owned by the Hospital, and MWRIF's lease of the research building from the Hospital for a period of 30 years. The lease between MWRIF and the Hospital has been accounted for as a capital lease, now known as a finance lease.

Subsequent to the completion of construction, MWRIF transferred a total of \$8,534 to the Hospital as partial payment of the finance lease liability. The funds transferred were comprised of federal and state grants received in support of the construction of the research facility.

Under the terms of the lease, MWRIF is required to make monthly principal and interest payments of \$189 through March 31, 2037. The weighted average lease term is 14 years. Future minimum lease payments, by year and in the aggregate, under finance leases at June 30, 2023 are as follows:

Fiscal Year ending June 30:	
2024	\$ 2,271
2025	2,271
2026	2,271
2027	2,271
2028	2,271
Thereafter	20,061
	31,416
Less amounts representing interest	(8,772)
Present value of finance lease obligations	22,644
Less current maturities of finance lease obligations	(1,166)
Present value of long-term finance lease obligations	\$ 21,478

Interest payments, at the rate of 5% per annum, on finance lease obligations were \$1,162 and \$1,216, respectively, for the years ended June 30, 2023 and 2022.

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6. Net Assets

Net assets without donor restrictions as of June 30, 2023 and 2022 include \$493 and \$489, respectively, of Board-designated endowed funds. Of these funds, \$472 and \$489, respectively, for June 30, 2023 and 2022 were to provide support for pilot research projects, conducted by OB/Gyn residents and fellows at MWRIF. \$21 and \$0 of the Board-designated endowment funds were held as of June 30, 2023 and 2022, respectively, for general activities.

Net assets with donor restrictions are restricted as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Research	\$ 29,160	\$ 31,767
Patient Care	5,203	4,170
Total subject to expenditure for specified purpose	<u>34,363</u>	<u>35,937</u>
Subject to MWRIF's spending policy and appropriation:		
Accumulated unspent endowment appropriation	896	1,173
Investment in Perpetuity	24,292	23,999
Total subject to MWRIF's spending policy and appropriation	<u>25,188</u>	<u>25,172</u>
Total net assets with donor restrictions	<u>\$ 59,551</u>	<u>\$ 61,109</u>

7. Liquidity and Availability of Funds

MWRIF manages its financial assets with the goal to ensure availability as general expenditures, liabilities, and other obligations come due. Current cash needs are reviewed weekly, and cash in excess of daily requirements is invested in short-term treasury money market funds. A significant portion of MWRIF's operations is supported by research grants from outside sponsors, as well as restricted and unrestricted contributions. Certain of the restricted contributions may not be available for general expenditures within one year. However, a budget is approved by the Board annually which is used to control expenditures throughout the year as well as identify those restricted funds that can be used for operations. MWRIF actively manages its receivables, ensuring both grant and pledge receivables are collected in a timely manner. Researchers are encouraged to regularly submit requests for

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research funds from external sponsors to fund their research work. In addition, MWRIF's fundraising team focuses on ensuring that funding is raised through contributions and grants to help cover the cost of programs, other general expenditures of MWRIF, and strategic initiatives.

As described in Note 8, MWRIF has arranged with UPMC for access to a line of credit of \$4,000 to assist in meeting cash needs if there would be a lag between the receipt of contributions and grants and the payment of costs.

As of June 30, 2023, MWRIF's financial assets expected to be available within one year to meet the cash needs for general expenditures were as follows:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Financial assets available as of June 30:			
Cash and cash equivalents	\$ (1,566)	\$ 6,638	\$ 5,072
Grant receivables	11,430	-	11,430
Pledge receivables	122	3,001	3,123
Other assets	490	-	490
Investments	4,293	49,912	54,205
Total financial assets:	14,769	59,551	74,320
Less those unavailable for general expenditures within one year due to:			
Endowment funds, including Board-Designated	(493)	(25,188)	(25,681)
Net assets restricted by donor with purpose or time restrictions	-	(34,363)	(34,363)
Add back anticipated fiscal year 2024 activity:			
Endowment income available for expenditures	-	874	874
Expected release of purpose/time restricted funds	-	7,294	7,294
Net financial assets available to meet cash requirements for general expenditures within one year	\$ 14,276	\$ 8,168	\$ 22,444

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The following reflects MWRIF's financial assets as of June 30, 2022 expected to be available within one year to meet the cash needs for general expenditures:

	2022		Total
	Without Donor Restriction	With Donor Restriction	
Financial assets available as of June 30:			
Cash and cash equivalents	\$ (291)	\$ 7,117	\$ 6,826
Grant receivables	7,383	-	7,383
Pledge receivables	111	3,861	3,972
Other assets	435	-	435
Investments	5,574	50,161	55,735
Total financial assets:	13,212	61,139	74,351
Less those unavailable for general expenditures within one year due to:			
Endowment funds, including Board-Designated	(489)	(25,172)	(25,661)
Net assets restricted by donor with purpose or time restrictions	-	(35,937)	(35,937)
Add back anticipated fiscal year 2023 activity:			
Endowment income available for expenditures	-	571	571
Expected release of purpose/time restricted funds	-	7,392	7,392
Net financial assets available to meet cash requirements for general expenditures within one year	\$ 12,723	\$ 7,993	\$ 20,716

8. Transactions with UPMC and University of Pittsburgh

MWRIF purchases substantially all its employee and medical professional services from UPMC (including the Hospital) and the University of Pittsburgh. These costs are reflected as salaries and wages and employee benefits in the statements of activities and changes in net assets. Amounts related to UPMC services incurred but unpaid at June 30, 2023 and 2022 total \$3,275 and \$2,698, respectively, and are included in accounts payable and accrued expenses in the accompanying statements of financial position. Amounts related to University of Pittsburgh services incurred but unpaid at June 30, 2023 and 2022 total \$259 and \$327

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respectively. In addition, University of Pittsburgh provides certain fundraising personnel at no cost to MWRIF, as detailed in Footnote 11. The value of the personnel services for the years ended June 30, 2023 and 2022 was \$403 and \$448, respectively.

MWRIF occupies space in Pittsburgh, Pennsylvania for which lease expense was valued at \$786 for both the years ended June 30, 2023 and 2022, which is provided rent-free by the Hospital. The amounts donated are classified as contributions of nonfinancial assets and other expense in the accompanying statements of activities and changes in net assets. The Hospital currently supports two locations. Research designated space within the Hospital is occupied by those researchers focusing on clinical studies where access to patients is necessary. A second location outside the Hospital is occupied by MWRIF administrative personnel in finance, fundraising, and research support functions.

As detailed in Note 5, MWRIF has lease transactions with various UPMC entities.

On July 1, 2014, MWRIF and UPMC entered into a contribution arrangement in support of MWRIF's fundraising campaign. Under the terms of the arrangement UPMC agreed to establish an internally designated endowment on their books for which they retain control with future transfers to the endowment occurring quarterly equal to the amount of funds collected directly by MWRIF if certain terms are met. The agreement to match fundraising dollars will expire the earlier of when the total funds collected by MWRIF reaches \$50,000 or December 31, 2024. MWRIF currently anticipates it will reach the \$50 million benchmark prior to December 31, 2024. Under the terms of this agreement, MWRIF may withdraw quarterly an amount equal to a percent of UPMC's internally designated fund's moving average fair value over the last 12 quarters, currently capped at 4.25%. For the years ended June 30, 2023 and 2022, MWRIF has withdrawn \$2,059 and \$1,650, respectively, under this arrangement.

During the years ended June 30, 2023 and 2022, MWRIF contributed \$2,886 and \$611, respectively, to the Hospital in accordance with donors' designation.

MWRIF owns a building (net book value of \$0 at both June 30, 2023 and 2022) that is used by a childcare center owned by the Hospital. MWRIF does not charge the childcare center for the use of this building.

Subsequent to MWRIF's line of credit agreement ending in April 2022, MWRIF entered into a renewal agreement with UPMC in May 2023 to avail a line of credit of \$4,000 bearing interest,

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per annum, equal to the 1-month Secured Overnight Financing Rate (SOFR), plus a margin of UPMC's borrowing cost (+25 basis points). The line of credit matures in five years, but has a renewal option, at the same terms and conditions, of an additional five years. There was no amount outstanding at June 30, 2023 and 2022 on the lines of credit.

9. Endowment

At June 30, 2023, MWRIF's endowments consist of 26 individual funds established for a variety of purposes, including support for several annual lectureships in various areas related to women's health; for research fellowships designed to provide funds to new researchers building their research program; and support for new research and clinical initiatives and program development. The endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. MWRIF classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by MWRIF in a manner consistent with the standard of prudence prescribed by relevant law.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level MWRIF is required to retain by donor stipulation or law. There were no underwater endowments as of June 30, 2023 and 2022.

MWRIF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that MWRIF must hold in perpetuity. In order to achieve this goal, MWRIF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

MWRIF has a policy of appropriating for distribution each year, a Board-approved percent of each endowment fund's moving average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. Such

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appropriation, however, is not recorded in the statements of activities and changes in net assets until funds are actually disbursed for use. The current approved rate is 4.25%, which is applied in the absence of any donor-specified amount. In establishing this policy, MWRIF considered the long-term expected return on its endowment. The specific approved appropriation percent is determined, taking into consideration the objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

At June 30, 2023, the endowment net assets composition by type of fund consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	\$ -	\$ 25,188	\$ 25,188
Board-designated funds	493	-	493
Total funds	\$ 493	\$ 25,188	\$ 25,681

Changes in endowment net assets for the fiscal year ended June 30, 2023 consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 489	\$ 25,172	\$ 25,661
Investment return:			
Investment income	7	334	341
Net realized and unrealized appreciation	18	899	917
Total investment income	25	1,233	1,258
Contributions	-	19	19
Appropriation of endowment assets:			
Released for expenditure	(21)	(1,236)	(1,257)
Other appropriations	-	-	-
Endowment net assets, end of year	\$ 493	\$ 25,188	\$ 25,681

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At June 30, 2022, the endowment net assets composition by type of fund consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	\$ -	\$ 25,172	\$ 25,172
Board-designated funds	489	-	489
Total funds	\$ 489	\$ 25,172	\$ 25,661

Changes in endowment net assets for the fiscal year ended June 30, 2022 consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 522	\$ 27,178	\$ 27,700
Investment return:			
Investment income	5	234	239
Net realized and unrealized appreciation	(38)	(1,934)	(1,972)
Total investment income	(33)	(1,700)	(1,733)
Contributions	-	206	206
Appropriation of endowment assets:			
Released for expenditure	-	(512)	(512)
Other appropriations	-	-	-
Endowment net assets, end of year	\$ 489	\$ 25,172	\$ 25,661

10. Commitments and Contingencies

The Department of Obstetrics, Gynecology, and Reproductive Sciences of the University of Pittsburgh has pledged financial support to MWRIF to support research operations and equipment needs of MWRIF researchers who are also University of Pittsburgh faculty. Additional amounts of \$0 and \$308, respectively, were pledged in 2023 and 2022 and \$59 and \$1,642, respectively, of these funds and the related accumulated earnings remain unused

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as of June 30, 2023 and 2022. MWRIF considers this pledge of support to be conditional and therefore does not recognize the pledge until the conditions are met. MWRIF accessed \$1,615 and \$1,514, respectively, of these pledged funds during 2023 and 2022 and recorded them as increase in net assets without donor restrictions in its financial statements.

MWRIF receives significant financial assistance from Federal agencies in the form of grants. Expenses of funds under these programs require compliance with the grant agreements and are subject to review. Such a review was conducted by the National Institutes of Health (NIH) during 2021. As a result of this review, MWRIF was subject to specific award conditions for NIH awards active from October 1, 2021 through September 30, 2022. In addition, as requested by the NIH review, MWRIF engaged an independent audit firm to audit certain transactions recorded to Federal awards during the period under NIH review. As a result of the independent review, in fiscal year 2022 MWRIF returned \$13 to the NIH representing 4 transactions whose allowability was unclear.

During the fiscal year, NIH officially removed the specific award conditions and no material on-going monitoring or additional requirements or returns of funds are required.

An individual has sued MWRIF, UPMC, and the University of Pittsburgh alleging improper activity and personal harm. MWRIF believes these allegations are without merit and will not result in any material impact to MWRIF.

It is anticipated that most of the federal Department of Health and Human Services (HHS) funding for which MWRIF is recognized by HHS as the prime recipient and the University of Pittsburgh is then recognized as a sub recipient for its work performed will be changing during fiscal year 2024. The University of Pittsburgh is to become the prime recipient and MWRIF would then become a sub recipient. Agreements are to be put in place between the parties that will allow for a successful transition of the research contracts with no financial harm to MWRIF.

11. Contributed Goods and Services

MWRIF receives various forms of contributed non-financial assets (“in-kind” contributions) including food and non-food items, media, in-kind services, use of facilities, and manpower for fundraising and development activities.

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Food and non-food donated items consist primarily of food, clothing, gift cards, gift baskets, sports memorabilia, musical instruments, and store vouchers donated to defray the cost of fundraising events. These gifts are recognized as in-kind contributions at fair value when received and are expensed at the same value when used. Valuation of these items is based on stated value (i.e. gift cards) or fair market value on the date received depending on the nature of the item. Some of the donated items are either auctioned or raffled by MWRIF during fundraising events and the originally recognized in-kind contribution value is adjusted accordingly by the actual proceeds from each item thus sold.

Donated media services are recognized when pledged as in-kind contributions at fair value, with a corresponding advertisement expense allocated to benefitting programs when they are delivered. The valuation of these advertisements is provided by the service provider, who estimates the fair value based on the date, time, and market in which each is displayed.

MWRIF may receive donated professional services requiring specialized skills which would otherwise be purchased and recognizes them as in-kind contributions at fair value and as expenses when services are rendered. The estimated fair value of these services is provided by the service provider based on prevailing billing rates of such services at the time and place they were provided.

As discussed in Note 8, MWRIF receives the use of donated space from UPMC. It also may receive donated space for its fundraising events. The use of these facilities is recognized as an in-kind contribution at fair value and corresponding rental expense when used. The fair value of these rentals is estimated based on prevailing market rates for leasing similarly situated facilities.

MWRIF receives professional fundraising services from certain personnel employed by the Health Sciences Foundation of the University of Pittsburgh. Their services are recognized as in-kind contributions at fair value, with corresponding salaries and fringe benefit expenses. The value of these services is provided by the employer.

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During the year ended June 30, 2023 and 2022, MWRIF received the following in-kind contributions:

<u>Category</u>	<u>2023</u>	<u>2022</u>
Fundraising Service	\$ 403	\$ 448
Food & Non Food Items	3	20
Media	44	44
In-Kind Services	-	1
Facilities	786	811
	<u>\$ 1,236</u>	<u>\$ 1,324</u>

In addition, MWRIF also received donated services in the form of volunteer time for fundraising events during the years ended June 30, 2023 and 2022 of 685 hours and 524 hours, respectively. In accordance with generally accepted accounting principles in the United States of America, the value of these services is not reflected in the financial statements since these services did not require specific expertise.

12. Liquidity July 1, 2023 to June 30, 2024

Due to a variety of factors, MWRIF is experiencing cash flow difficulties in fiscal year 2024. Management intends to address these matters by raising additional unrestricted donations and actively managing accounts receivable through accelerated invoicing and collection processes. Should these initiatives not be sufficient, MWRIF will draw on the line of credit it has established with UPMC (as discussed in Note 8).

13. Subsequent Events

MWRIF evaluated subsequent events for recognition or disclosure through the Independent Auditor's Report Date, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023 (in whole dollars)

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number(s)	Direct Award or Pass Through #	Passed Through to Subrecipients	Research & Development Cluster
Department of Defense (DOD)				
Military Medical Research and Development				
A novel platform for ovarian cancer diagnosis and screening	12.420	Direct	\$ 67,471	\$ 140,184
COVID 19 Pass-Through Univ of Louisville Prevent	12.420	MCDC2006-010	-	280,130
Pass-Through Wistar Institute - ZEN003694 with PD-1 inhibitor	12.420	DOD W81XWH1810256	-	102,639
Total Department of Defense/12.420			67,471	522,953
Department of Health and Human Services (HHS)				
Food and Drug Administration Research:				
Pass-Through Univ of Pgh Physiologically-based Model of the Female Reproductive Tract	93.103	HHSF223201810188C	40,840	80,715
Environmental Health:				
Pass-Through Univ of Pgh/Placental origins of phthalate-induced changes in fetal repr	93.113	R01ES029336	-	2,944
Injury Prevention and Control Research and State and Community Based Programs:				
Pass-Through Univ. of Utah Optimizing Pregnancy and Treatment Interventions for Moms 2.	93.136	R01CE002996	1,219	4,710
Research on Health Care Costs, Quality and Outcomes	93.226	Direct	291,940	323,140
Drug Abuse and Addiction Research Programs:				
Improving Postpartum Contraceptive	93.279	Direct	373,960	478,682
Project STEPuP: A prenatal provider education and training	93.279	Direct	415,220	818,248
Frontiers in Addiction Research and Pregnancy	93.279	Direct	178,282	407,467
Pass-Through Univ of Pittsburgh NIDA CTN-0080 - Medication trtmt for opioid use disorder YR2	93.279	133114	-	72,798
Pass-Through Univ of Pittsburgh Availability, accessibility, and structure of opioid use dis	93.279	R01DA045675	-	31,326
Pass-Through Univ of Pittsburgh Teen Mothers' Prenatal Cannabis and Co-Use with Tobacco	93.279	R01DA046401	-	59,658
Subtotal 93.279			967,462	1,868,179
Discovery and Applied Research for Technological Innovations to Improve Human Health:				
Smart Phone Fluid Overload	93.286	Direct	63,070	124,901
Pass-ThroughPenn State Univ Placenta Images at Birth	93.286	S003708-DHHS	22,048	32,464
Subtotal 93.286			85,118	157,365
Minority Health and Health Disparities Research:				
Eliminating Racial Disparities	93.307	Direct	131,584	199,824
Trans-NIH Research Support:				
Pass-Through Univ of Rochester Pre-Postnatal Exposure Period for Child Health	93.310	418022/417407G/UR FAO GR510835	-	419,424
National Center for Advancing Translational Sciences:				
Pass-through Univ of Pittsburgh CTSI-Sadovsky	93.350	UL1TR001857	-	29,209
Research Infrastructure Programs:				
Pass-Through Univ of Georgia Derivation of Functional Spermatogonia Stem Cells from Rhesus	93.351	R01OD028223	81,161	118,578
Lieca Stellaris	93.351	Direct	-	6,756
Subtotal 93.351			81,161	125,334
Cancer Cause and Prevention Research				
Pass-Through Duke University Testing a clinician and Patient Intervention to promote smoke cessation among pregnant women	93.393	R01CA247791	127,363	212,730
Cancer Detection and Diagnosis Research:				
Predictive Markers for Ovarian Cancer	93.394	Direct	56,819	114,852
Pass-Through Health Research Institute Novel Immunological Biomarkers Ovarian Cancer Prognosis	93.394	HRI 168-01	-	222,561
Subtotal 93.394			56,819	337,413

See accompanying notes to schedule of expenditures of federal awards.

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023 (in whole dollars)

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number(s)	Direct Award or Pass Through #	Passed Through to Subrecipients	Research & Development Cluster
Cancer Treatment Research:				
Pass-Through Univ. of Pittsburgh Targeting the Chemokine System to Sensitize Tumors	93.395	P01CA234212	-	21,289
Pass-Through Tradewind Bioscience Development of a Therapeutic Monoclonal Antibody Against EGFL6	93.395	R41CA250757	-	25,461
Subtotal 93.395			-	46,750
Cancer Biology Research:				
ALDH Inhibition as Modulator of Tumor Immunobiology	93.396	Direct	321,221	447,676
The Function of EGFL6 in Ovarian Cancer Cell Biology, Tumor	93.396	Direct	235,915	348,610
Subtotal 93.396			557,136	796,286
Cancer Research Manpower:				
Frontiers in Stem Cells in Cancer (FriSC2) Yr 10 (6593 Yr 9)	93.398	Direct	-	653
Rehabilitation Research:				
Pass-Through Brandeis University Center for Disability and Pregnancy Research	93.433	90DPHF0011	13,852	44,949
Cardiovascular Diseases Research:				
Shared Antecedents to Pre-term Birth and Cardiovascular Dise	93.837	Direct	377,999	478,671
Pass-Through UAB Chronic Hypertension and Pregnancy-CHAP Clinical (Base)	93.837	U01HL120338	17,832	41,408
Pass-Through RTI NuMoM2B Heart Health Study	93.837	U01HL145358	36,826	75,583
Pass-Through Capitation Payment Clinical Center MFMU "Pravastatin"	93.837	U24HL140168	658	5,232
Pass-Through/RTI Continuation of the NuMom2B Heart Health Study CAP	93.837	U01HL145358	-	186,747
Pass-Through/Northwestern University PRegnancy OuTcomEs and Subclinical Cardiovascular Disease	93.837	R01HL161514	5,868	16,566
Subtotal 93.837			439,183	804,207
Maternal Microbial Metabolites				
	93.838	OT2HL161847	-	103,874
Diabetes, Digestive, and Kidney Diseases Extramural Research:				
Immune and developmental actions of the material microbial metabolites on the hypothalamus	93.847	Direct	115,705	176,449
Pass-Through Univ of Washington Non-invasive analysis of methylated cell free DNA in necrotizing enterocolitis	93.847	R01DK124614	-	3,764
Pass-Through Northwestern University Glycemic Profile of Pregnancy (Go Moms)	93.847	U01DK123759	258,833	701,111
Subtotal 93.847			374,538	881,324
Allergy and Infectious Diseases Research:				
Long Acting Film Technology for Contraception (LATCH)	93.855	Direct	720,421	910,369
Film Anitretroviral Microbicide Evaluation(FAMEII)Core A YR5	93.855	Direct	129,976	174,469
Microbicide Trial Network	93.855	Direct	(5,380)	(4,827)
Frontiers in Emerging, Reemerging and Zoonotic Diseases and Diversity	93.855	Direct	133,244	228,030
Pass-Through RTI AMBER Advancing Sustained/extended Release for HIV	94.855	1R01AI54549	-	45,142
Pass Through Univ of Nothe Carolina Chlamydia Vaccine Initiative STC CRC	93.855	511466	102,119	672,697
Pass-Through Univ of Pittsburgh Trimer Therapeutic vaccination	93.855	U02AI152969	-	22,348
Pass-Through Temple University Activating Syncytiotrophoblast Microvesicles and Dang	93.855	263851-Magee	-	66,080
Pass-Through Univ. of Louisville Griffiths in-based R-microbicides -PREVENT Proj 3 YR 4	93.855	U19AI113182	-	623
Pass-Through Univ of Pittsburgh Placental Extracellular Vesicles as regulators of maternal Health	93.855	R01AI148690	-	20,416
Pass-Through Univ of Maryland UMB Vaccine Treatment Evaluation Unit - DMID21-0004	93.855	UM1AI148689	66,300	480,861
Pass-Through RTI NIAID-9 MAGE LAPIS HIV PrEP - LAPIS-PC-001	93.855	R01AI152713	-	20,505
Pass-Through FHI HIV Prevention Trials Network	93.855	UM1AI068619	4,617,007	7,235,914
Pass-Through Case Western Reserve Univ Rustbelt Center for AIDS esearch (Case/UHC-Pitt CFAR)	93.855	P30AI036219	-	83,061
Subtotal 93.855			5,763,687	9,955,688
Biomedical Research and Research Training:				
Characterization of a Meiotic Crossover Surveillance System	93.859	Direct	216,598	273,343
Role of GCNA in preserving genome integrity and fertility	93.859	Direct	215,678	295,627
Pass-Through Cleveland State Univ. Role of Chromosomally Tethered Proteasome in Chromosome Pair	93.859	5R01GM125800-04	25,451	89,916
Subtotal 93.859			457,727	658,886

See accompanying notes to schedule of expenditures of federal awards.

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023 (in whole dollars)
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number(s)	Direct Award or Pass Through #	Passed Through to Subrecipients	Research & Development Cluster
Child Health and Human Development Extramural Research:				
Hyperglycemic Memory on Innate Immune Response	93.864	Direct	88,310	167,870
BIRCWH	93.865	Direct	543,830	609,652
Metabolic Analysis for Treatment Choice in Gestational Diabe	93.865	Direct	60,395	63,196
Gen of Male Infer: A Marker of Overall Health	93.865	Direct	1,258,794	1,893,135
Acoustofluidic Separation of Placental Nanovesicle	93.865	Direct	290,051	401,238
Prolapse Mesh	93.865	Direct	264,723	661,355
Hormones, Immunity & HIV Risk	93.865	Direct	122,844	208,239
Pharmacologically-based Strategies for Buprenorphine Treatme	93.865	Direct	268,077	476,645
Overcoming Complications of Polypropylene Prolapse Meshes: D	93.865	Direct	232,350	506,286
Next Generation Therapies for Fertility Preservation in Male	93.865	Direct	652,920	756,325
Identifying Molecular Signatures of Genomic Imprinting Errors	93.865	Direct	149,847	323,633
A Phase 1 PK and Safety Study of Velpatasvir/Sofosbuvir	93.865	Direct	82,315	117,033
Targeting Macrophage to Improve the Outcomes of Urogynecolog	93.865	Direct	54,982	145,908
Exosome Based Placental Maternal Communication	93.865	Direct	295,777	389,402
T32 Scholar Fund	93.865	Direct	115,132	121,145
Pitt Pelvic Floor Research Prog	93.865	Direct	22,340	28,686
Maternal Fetal Medicine Units (MFMU)	93.865	Direct	78,982	319,231
Regulatory Mechanisms Governing Imprinted Domains	93.865	Direct	102,405	201,614
The non-invasive early detection of endometriosis	93.865	Direct	-	4,406
Pass-Through Univ. of Calif LA Toward a Preclinical Model for overcoming Infertility	93.865	R01HD098278	19,229	69,769
Pass-Through George Wash Univ. Clinical Center MFMU	93.865	U10HD036801	-	161,252
Pass-Through RTI Pelvic Floor Disorders Network PFDN Capitation Funding	93.865	U01HD069031	-	123,513
Pass-Through Trustees of Indiana University Intensive Glycemic Targets in Overweight & Obese Women	93.865	R01HD101476	47,758	134,706
Pass-Through University of NC Neonatal gut-on-a-chip platform for high content drug testing and precision medicine	93.865	R01HD105301	-	1,675
Pass-Through Case Western University Patient Centered outcome of 'Sacrocolpopexy versus Uterosacral Ligament Suspension	93.865	R01HD105892	8,992	46,972
Pass-Through Johns Hokins Acceptability and Desirability of a Novel HIV Prevention	93.865	U24HD089880	-	38,779
Pass-Through/Trustees of Boston University/Advancing Human Contraceptive Antibody	93.865	4500004635	-	26,293
Subtotal 93.865			4,671,743	7,830,088
Aging Research:				
A Prospective Examination of Perioperative Neurocognitive Di	93.866	Direct	17,742	47,941
Frontiers in Aging and Regeneration Research	93.866	Direct	180,685	447,740
Advancing Native American Diversity in Aging Research	93.866	Direct	214,778	383,238
Evaluating the association between surgery and subsequent cognitive function, everyday functioning, and independence	93.866	Direct	156,472	156,738
Preeclampsia and the Brain: Small vessel disease and cognitive function in early midlife	93.866	Direct	498,440	717,017
Pass-Through University of Pittsburgh Defining the impact of stromal aging on ovarian cancer initiation	93.866	U01AG077923	-	96,553
Subtotal 93.866			1,068,117	1,849,227

See accompanying notes to schedule of expenditures of federal awards.

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023 (in whole dollars)
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number(s)	Direct Award or Pass Through #	Passed Through to Subrecipients	Research & Development Cluster
Contraceptive Development Program NICHD Female Sites	93.000	Direct	7,903	15,505
Pass-Through Westat Inc Intraoperative Sampling of Fallopian Tubes	93.000	6100-S02/S03 & 8946-S05	4,278	113,124
CCN013B/C - Daily Oral Low Dose Ulipristal Acetate Pass-Through Columbia University	93.000	HHSN2752013000101	1,646	81,891
A randomized, placebo-controlled trial of TOL-463 for suppre Pass-Through UAB	93.000	HHSN272201300012I / HHSN27200016	-	45,178
Cervical Cancer CDS Pilot	93.000	75FCMC18D0047	-	95,000
Pass-Through Dartmouth College 'RELIEF	93.000	GC10805-07	-	2,037
Subtotal 93.000 Research & Development Program			13,827	352,735
Total Department of Health and Human Services			15,231,626	27,253,524
Agency for International Development				
USAID Foreign Assistance for Program Overseas:				
Pass-Through RTI Subcutaneous Contraceptive and HIV Implant (SCHIELD)	98.000	AID-OAA-A-17-00011	6,197	10,132
Microbicide R&D to Advance HIV Prevention Technologies (MATRIX)	98.001	7200AA22CA00002	13,059,351	16,503,675
Pass-Through University of Pittsburgh MOSAIC	98.001	7200AA21CA00011	-	80,807
Subtotal 98.001			13,059,351	16,584,482
Total Agency for International Development			13,065,548	16,594,614
Total Federal Expenditures			\$ 28,364,645	\$ 44,371,091

See accompanying notes to schedule of expenditures of federal awards.

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Magee-Womens Research Institute and Foundation (MWRIF) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MWRIF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MWRIF.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

MWRIF has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Magee-Womens Research
Institute and Foundation**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2023

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

**The Audit Committee of the Board of Directors
Magee-Womens Research Institute and Foundation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Magee-Womens Research Institute and Foundation (MWRIF), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MWRIF’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

The Audit Committee of the Board of Directors
Magee-Womens Research Institute and Foundation
Independent Auditor’s Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Maier Duessel

Pittsburgh, Pennsylvania
January 19, 2024

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**The Audit Committee of the Board of Directors
Magee-Womens Research Institute and Foundation**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Magee-Womens Research Institute and Foundation (MWRIF)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of MWRIF's major federal programs for the year ended June 30, 2023. MWRIF's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, MWRIF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MWRIF and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MWRIF's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MWRIF's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MWRIF's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MWRIF's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 MWRIF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MWRIF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MWRIF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

The Audit Committee of the Board of Directors
Magee-Womens Research Institute and Foundation
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
January 19, 2024

MAGEE-WOMENS RESEARCH INSTITUTE AND FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

<u>Name of Federal Program or Cluster</u>	Federal ALN(s)
Research and Development Cluster	Various

8. Dollar threshold used to distinguish between type A and type B programs: \$1,331,133

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

**MAGEE-WOMENS RESEARCH
INSTITUTE AND FOUNDATION**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

NONE