Research!America

Financial Report
December 31, 2019

Contents

Independent Auditor's Report

Board of Directors
Research!America

Report on the Financial Statements
We have audited the accompanying financial statements of Research!America (the Organization), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Research!America as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of the Organization as of and for the year ended December 31, 2018, were audited by other auditors whose report, dated April 19, 2019, expressed an unmodified opinion on those statements.

RSM US LLP

Washington, D.C.
June 18, 2020

Research!America

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	**$ 592,032**	$ 322,767
Investments	**977,283**	954,067
Contributions and grants receivable, net	**1,180,663**	1,222,685
Prepaid expenses	**28,338**	54,986
Deposits and other assets	**36,469**	21,148
Property and equipment, net	**382,103**	455,784
Deferred compensation investments	**452,627**	334,013
Total assets	**$ 3,649,515**	$ 3,365,450
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 22,867**	$ 22,367
Accrued expenses	**225,875**	211,247
Line of credit	**85,783**	50,379
Deferred rent	**673,777**	723,477
Deferred compensation	**452,627**	334,013
Total liabilities	**1,460,929**	1,341,483
Commitments and contingences (Note 9)		
Net assets:		
Without donor restrictions:		
Undesignated	**346,682**	47,859
Board-designated	**399,472**	399,472
	746,154	447,331
With donor restrictions:		
Restricted for time	**1,127,309**	1,049,720
Restricted for purpose	**315,123**	526,916
	1,442,432	1,576,636
Total net assets	**2,188,586**	2,023,967
Total liabilities and net assets	**$ 3,649,515**	$ 3,365,450

See notes to financial statements.

Research!America

Statements of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Dues	**$ 1,468,950**	**$ -**	**$ 1,468,950**	$ 1,515,100	$ -	$ 1,515,100
Advocacy awards event	**510,969**	**511,000**	**1,021,969**	415,401	305,000	720,401
Partner programs	**520,500**	**75,000**	**595,500**	426,600	180,000	606,600
National forum	**463,000**	**100,000**	**563,000**	480,800	-	480,800
Grants	**200,000**	**35,000**	**235,000**	45,000	162,000	207,000
General contributions	**115,207**	**11,500**	**126,707**	136,515	276,000	412,515
In-kind advertising	**51,153**	**-**	**51,153**	84,770	-	84,770
Other	**44,000**	**-**	**44,000**	15,134	-	15,134
Investment income, net	**18,802**	**-**	**18,802**	19,698	-	19,698
Net assets released from restrictions	**866,704**	**(866,704)**	**-**	977,179	(977,179)	-
Total revenue and support	**4,259,285**	**(134,204)**	**4,125,081**	4,116,197	(54,179)	4,062,018
Expense:						
Program services	**3,021,496**	**-**	**3,021,496**	3,059,811	-	3,059,811
Supporting services:						
Operating	**564,574**	**-**	**564,574**	546,515	-	546,515
Fundraising	**529,807**	**-**	**529,807**	607,449	-	607,449
Total expense	**4,115,877**	**-**	**4,115,877**	4,213,775	-	4,213,775
Change in net assets before nonoperating activity	**143,408**	**(134,204)**	**9,204**	(97,578)	(54,179)	(151,757)
Non-operating activity:						
Investment income (loss), net	**155,415**	**-**	**155,415**	(60,301)	-	(60,301)
Change in net assets	**298,823**	**(134,204)**	**164,619**	(157,879)	(54,179)	(212,058)
Net assets:						
Beginning	**447,331**	**1,576,636**	**2,023,967**	605,210	1,630,815	2,236,025
Ending	**$ 746,154**	**$ 1,442,432**	**$ 2,188,586**	$ 447,331	$ 1,576,636	$ 2,023,967

See notes to financial statements.

Research!America

Statements of Functional Expenses
Years Ended December 31, 2019 and 2018

	2019				2018			
	Programs	**Operating**	**Fundraising**	**Total**	Programs	Operating	Fundraising	Total
Salaries	**$ 1,442,297**	**$ 436,463**	**$ 381,984**	**$ 2,260,744**	$ 1,293,760	$ 408,012	$ 444,975	$ 2,146,747
Fringe benefits	**241,544**	**83,148**	**64,260**	**388,952**	239,437	87,567	82,527	409,531
Rent and parking	**209,466**	**12,768**	**33,198**	**255,432**	204,730	10,729	32,447	247,906
Events	**211,563**	**-**	**-**	**211,563**	231,215	-	-	231,215
Meetings and workshops	**146,405**	**361**	**40**	**146,806**	154,781	19	57	154,857
Professional services	**120,901**	**17,860**	**853**	**139,614**	94,471	19,257	587	114,315
Advertising/news placement	**120,017**	**-**	**-**	**120,017**	121,784	98	254	122,136
Computers and equipment	**91,460**	**5,200**	**13,520**	**110,180**	70,848	3,135	7,838	81,821
Lobbying	**109,001**	**-**	**-**	**109,001**	112,908	-	-	112,908
Depreciation	**63,273**	**3,858**	**10,031**	**77,162**	65,123	3,971	10,324	79,418
Accounting and legal	**50,824**	**4,943**	**8,524**	**64,291**	50,824	2,748	7,997	61,569
Dues, subscriptions and registration fees	**54,415**	**2,880**	**298**	**57,593**	65,720	2,452	454	68,626
Public opinion polls	**53,100**	**-**	**-**	**53,100**	58,472	-	-	58,472
Travel	**37,274**	**353**	**7,786**	**45,413**	51,395	15	10,690	62,100
Telephone and fax	**13,126**	**979**	**2,098**	**16,203**	16,179	860	2,095	19,134
Board meetings	**11,525**	**806**	**1,827**	**14,158**	7,768	3,674	1,152	12,594
Printing and publications	**13,538**	**823**	**(305)**	**14,056**	33,932	833	(104)	34,661
Insurance	**9,665**	**589**	**1,532**	**11,786**	8,499	1,206	1,347	11,052
Supplies	**6,415**	**373**	**997**	**7,785**	6,088	510	937	7,535
Miscellaneous	**5,012**	**241**	**1,148**	**6,401**	3,755	354	590	4,699
Maintenance and repairs	**5,241**	**320**	**831**	**6,392**	4,411	269	699	5,379
Postage and delivery	**932**	**103**	**471**	**1,506**	972	51	620	1,643
Return of contribution	**-**	**-**	**-**	**-**	150,000	-	-	150,000
Taxes and licenses	**4,502**	**(7,494)**	**714**	**(2,278)**	12,739	755	1,963	15,457
Total expenses	**$ 3,021,496**	**$ 564,574**	**$ 529,807**	**$ 4,115,877**	$ 3,059,811	$ 546,515	$ 607,449	$ 4,213,775

See notes to financial statements.

Research!America

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

		2019		2018
Cash flows from operating activities:				
Change in net assets	**$**	**164,619**	$	(212,058)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		**77,162**		79,418
Deferred rent		**(49,700)**		(53,985)
Realized and unrealized (gains) losses		**(155,415)**		60,301
Change in value of deferred compensation investments		**(102,954)**		20,219
Change in pledge discount		**(5,319)**		749
Change in assets and liabilities:				
Decrease (increase) in:				
Contributions and grants receivable		**47,341**		(152,106)
Prepaid expenses		**26,648**		(24,499)
Deposits and other assets		**(15,321)**		24,766
(Decrease) increase in:				
Accounts payable		**500**		2,350
Accrued expenses		**14,628**		24,126
Deferred compensation		**118,614**		(1,718)
Net cash provided by (used in) operating activities		**120,803**		(232,437)
Cash flows from investing activities:				
Purchases of property and equipment		**(3,481)**		(15,754)
Purchases of investments		**(17,801)**		(19,964)
Purchases of deferred compensation investments		**(15,660)**		(18,501)
Sale of investments		**150,000**		17,335
Net cash provided by (used in) investing activities		**113,058**		(36,884)
Cash flows from financing activities:				
Proceeds from line of credit		**120,000**		50,379
Repayments on line of credit		**(84,596)**		-
Net cash provided by financing activities		**35,404**		50,379
Net increase (decrease) in cash and cash equivalents		**269,265**		(218,942)
Cash and cash equivalents:				
Beginning		**322,767**		541,709
Ending	**$**	**592,032**	$	322,767
Supplemental disclosure of cash flow activities:				
Cash paid for interest	**$**	**1,511**	$	379

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Research!America (the Organization) was incorporated in the District of Columbia as a not-for-profit organization. Its mission is to achieve better health for all through education and support for medical research as a national priority; to increase resources available for medical research; to make medical research a highly visible, urgent and understandable priority on the national agenda; to increase public awareness of the importance of research and research careers; and to enhance the nation's scientific leadership in biology and medicine.

The following is a summary of the Organization's significant accounting policies:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of the FASB ASC, Financial Statements of Not-for-Profit Organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents: For the purposes of the financial statements, the Organization considers money market accounts to be cash equivalents.

Financial risk: The Organization maintains demand deposits with various financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Organization may have balances above this limit at various times during the years ending December 31, 2019 and 2018. The uninsured positions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss. The Organization has not experienced any such losses in the past, and does not believe it is exposed to any significant financial risk on these balances.

Investments: Investments are reported at fair value. Investments received by gift are initially recorded at fair value at the date of donation. Money market funds are not subject to the provisions of fair value measurements as they are recorded at cost. Deferred compensation investments are also reported at fair value. Fair value on short-term investments and marketable securities is based on quoted market price. To adjust the carrying value of these securities, the change in fair market value is recorded as a component of investment income, net, in the statements of activities.

The Organization invests in various equity and fixed income securities. Such investments are exposed to market and credit risks, such as fluctuations in market value and credit risk. As a result, the investment balances reported in the financial statements may not be reflective of the portfolio's value during subsequent periods.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions and grants receivable: Unconditional contributions receivable are recognized as support and revenue in the period unconditionally acknowledged. Unconditional contributions receivable expected to be collected within one year are carried at the original amount promised. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate commensurate with the risk of the contributions receivable. Management determines the allowance for doubtful accounts by regularly evaluating individual contributions receivable and considering the prior history of donors and proven collectability of past donations. Management believes all contributions receivable are fully collectible and, as such, there was no allowance for doubtful promises at December 31, 2019 and 2018. Contributions receivable are written off against the allowance for doubtful promises when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Until that point, any amounts received are reported as refundable advances.

Property and equipment: Property and equipment are recorded at cost and depreciated over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are recorded at cost and amortized over the shorter of the asset's useful life or the term of the lease. The Organization capitalizes all property and equipment purchased with a cost of $500 or more.

Board-designated net assets: In prior years, the Board of Directors (the Board) designated an amount of $500,000 for a future use to be determined at a later time and only upon approval of the Board. During the years ended December 31, 2019 and 2018, the Board did not approve any expenditures from the designated funds. At December 31, 2019 and 2018, the remaining balances are $399,472.

Deferred rent: The Organization has a lease agreement for rental space in Arlington, Virginia. Under the terms of the lease agreement, the Organization received a landlord improvement allowance for leasehold improvements. The benefits that the Organization received from the allowance and rent increases in future years are being allocated on a straight-line basis over the term of the lease. The difference between the expense and the cash payments plus the unamortized landlord improvement allowance is reported as deferred rent.

Support and revenue recognition: Amounts received for dues, the Advocacy Awards event, the national forum and partner programs are accounted for as contributions in the year received. Unconditional contributions received, including the majority of grants, are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Contributions with restrictions that are met by the Organization in the year in which they were received are recognized as support without donor restrictions.

In-kind support: The Organization receives contributions of services from businesses toward the fulfillment of program objectives, specifically for internet advertising. Those services have been included in revenue and the appropriate expense categories and are recorded at their estimated fair values as of the date of the donation.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional expenses: Direct costs associated with specific programs are recorded as program expenses. Overhead expenses are allocated to the various programs and supporting services based on personnel time spent on these activities. Fringe benefits are allocated based on labor dollars spent on these activities. Personnel and administrative costs (phone, insurance, depreciation and other operating expenses) and rent have been allocated between program, fundraising and operating expenses based on level of effort. Operating expenses consist of general and administrative expenses. Fundraising expenses consist of development expenses.

Income tax status: The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Business income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. For the year ended December 31, 2019, the Organization had net unrelated business income resulting in $0 in tax expense. For the year ended December 31, 2018, the Organization had net unrelated business income resulting in $7,862 in tax expense. The $7,682 in tax expense is expected to be refunded to the Organization as part of the repeal of the tax on transportation fringe benefits and is currently recorded as a receivable in deposits and other assets on the statement of financial position for the year ended December 31, 2019.

Non-operating activities: The Organization considers interest and dividend income, less investment fees, to be operating in nature. All other investment returns are considered to be non-operating in nature.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Reclassifications: Certain items in the December 31, 2018 financial statements have been reclassified to conform to the December 31, 2019 financial statement presentation. The reclassifications had no effect on the previously reported net assets or change in net assets.

Subsequent events: Subsequent events have been evaluated through June 18, 2020, which is the date the financial statements were available to be issued. See Note 10 for a discussion of the coronavirus and the Gund pledge subsequent events.

Recently issued accounting pronouncement (adopted): In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. This standard was adopted by the Organization effective January 1, 2019, using the modified prospective transition method. The adoption did not have a material effect on the financial statements for the year ended December 31, 2019.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers when control of the promised goods or services is transferred to the customer. The updated standard replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America. This standard was adopted by the Organization effective January 1, 2019, using the modified retrospective transition method. The adoption did not have a material effect on the financial statements for the year ended December 31, 2019.

Recent accounting pronouncements (not adopted): In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors is largely unchanged. Under the new guidance, lessees will be required to recognize the following for all long-term leases: (1) a lease liability, which is the lessee's obligation to make lease payments measured on a discounted basis, and (2) a right-of-use asset, which represents the lessee's right to use (or control use of) a specified asset for the lease term. The standard will be effective for the Organization for the fiscal year beginning January 1, 2022. The Organization is currently in the process of evaluating the impact of the new accounting guidance on its consolidated financial statements.

Note 2. Contributions and Grants Receivable

At December 31, 2019 and 2018, contributions and grants receivable consist of general contributions as well as contributions and grants promised to fund specific programs. These amounts are expected to be received as follows:

	2019	2018
Due in one year or less	$ 670,583	$ 583,593
Due in one to five years	531,390	665,721
	1,201,973	1,249,314
Less present value discount	(21,310)	(26,629)
	$ 1,180,663	$ 1,222,685

Note 3. Investments and Fair Market Value

The Organization follows ASC 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value under U.S. GAAP. The guidance applies to all financial instruments that are being measured and reported at fair value on a recurring basis.

As defined in ASC 820, 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. In determining fair value, the Organization uses various methods, including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can either be readily observable, corroborated by market data or generally unobservable. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Note 3. Investments and Fair Market Value (Continued)

Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments classified within Level 1 include domestic equities, which were valued based on quoted prices for identical assets in active markets.

Investments classified within Level 2 include corporate bonds, which were valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the estimated fair values of the investments to be a reasonable approximation of fair value.

Investments recorded at cost include a money market fund. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Investments consist of the following types and are classified in the following fair value levels at December 31:

	2019			
	Total	Level 1	Level 2	Level 3
Investments, carried at fair value:				
Domestic equities	$ 562,269	$ 562,269	$ -	$ -
Corporate bonds	396,182	-	396,182	-
Investments, carried at fair value	958,451	$ 562,269	$ 396,182	$ -
Money market fund	18,832			
	$ 977,283			

	2018			
	Total	Level 1	Level 2	Level 3
Investments, carried at fair value:				
Domestic equities	$ 510,548	$ 510,548	$ -	$ -
Corporate bonds	418,547	-	418,547	-
Investments, carried at fair value	929,095	$ 510,548	$ 418,547	$ -
Money market fund	24,972			
	$ 954,067			

Note 3. Investments and Fair Market Value (Continued)

Investment income (loss), net consists of the following for the year ended December 31:

	2019	2018
Realized and unrealized gains (losses)	$ 155,415	$ (60,301)
Interest and dividend income	20,203	21,201
	175,618	(39,100)
Less investment fees	(1,401)	(1,503)
	$ 174,217	$ (40,603)

The Organization's deferred compensation plan assets consist of separate investment accounts holding pools of mutual funds in which the value of the investments account is calculated based on the net assets of the underlying pool of the mutual funds. There are no future commitments to these funds and the Organization can liquidate as needed. The assets are classified as Level 2 based on the ability of the Organization to redeem amounts as a net asset value per share in the near-term.

Deferred compensation liability is based on the fair market value of the deferred compensation plan assets that are observable inputs, but the liability is not publicly traded and is, therefore, classified as Level 2.

Deferred compensation plan assets and liability consist of the following types and are classified in the following fair value levels at December 31:

	2019			
	Total	Level 1	Level 2	Level 3
Deferred compensation assets:				
Investments – large blend equity index	$ 452,627	$ -	$ 452,627	$ -
Deferred compensation liability	$ 452,627	$ -	$ 452,627	$ -

	2018			
	Total	Level 1	Level 2	Level 3
Deferred compensation assets:				
Investments – large blend equity index	$ 334,013	$ -	$ 334,013	$ -
Deferred compensation liability	$ 334,013	$ -	$ 334,013	$ -

Note 4. Liquidity and Availability of Financial Assets

The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has a $250,000 line of credit that can be drawn upon in the event of an anticipated liquidity need. Financial assets available for general expenditure within one year are as follows for the years ended December 31:

	2019	2018
Cash and cash equivalents	$ 592,032	$ 322,767
Investments	977,283	954,067
Contributions and grants receivable	1,180,663	1,222,685
Total financial assets	2,749,978	2,499,519
Less board-designated net assets	(399,472)	(399,472)
Less net assets with donor restrictions	(1,442,432)	(1,576,636)
Total financial assets available for expenditure	$ 908,074	$ 523,411

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2019, and depreciation expense for the year ended December 31, 2019, are as follows:

	2019				
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Furniture and equipment	3 to 10 years	$ 82,406	$ 55,829	$ 26,577	$ 8,176
Website development	5 years	107,463	99,317	8,146	22,021
Leasehold improvements	11 years	524,438	177,058	347,380	46,965
		$ 714,307	$ 332,204	$ 382,103	$ 77,162

Property and equipment and accumulated depreciation at December 31, 2018, and depreciation expense for the year ended December 31, 2018, are as follows:

	2018				
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Furniture and equipment	3 to 10 years	$ 90,590	$ 64,607	$ 25,983	$ 11,631
Website development	5 years	107,463	72,007	35,456	19,377
Leasehold improvements	11 years	524,438	130,093	394,345	48,410
		$ 722,491	$ 266,707	$ 455,784	$ 79,418

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions include donor-restricted funds, which are available for program services or restricted for time. Net assets with donor restrictions were released from restrictions during the years ended December 31, 2019 and 2018, due to the time restriction ending or the purpose restriction being accomplished.

Note 6. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2019, are as follows:

	December 31, 2018	Additions	Releases	December 31, 2019
Time-restricted:				
Advocacy Awards Event	$ 764,059	$ 511,000	$ 410,000	$ 865,059
Board Leadership Campaign	250,661	11,500	34,911	227,250
Science Policy Fellowship Grant	35,000	35,000	35,000	35,000
Purpose-restricted:				
Partner programs	80,000	75,000	80,000	75,000
National Forum	100,000	100,000	100,000	100,000
Internship program	210,516	-	70,393	140,123
Science CEO Roundtable	86,400	-	86,400	-
Fact sheets	50,000	-	50,000	-
	$ 1,576,636	$ 732,500	$ 866,704	$ 1,442,432

Changes in net assets with donor restrictions during the year ended December 31, 2018, are as follows:

	December 31, 2017	Additions	Releases	December 31, 2018
Time-restricted:				
Advocacy Awards Event	$ 1,194,485	$ 305,000	$ 735,426	$ 764,059
Board Leadership Campaign	47,580	276,000	72,919	250,661
Science Policy Fellowship Grant	70,000	-	35,000	35,000
Purpose-restricted:				
Internship program	250,000	-	39,484	210,516
Partner programs	18,750	80,000	18,750	80,000
National Forum	50,000	100,000	50,000	100,000
Science CEO Roundtable	-	112,000	25,600	86,400
Fact sheets	-	50,000	-	50,000
	$ 1,630,815	$ 923,000	$ 977,179	$ 1,576,636

Note 7. Retirement Plans

The Organization has a defined contribution plan (the Plan) that currently covers all full-time employees after one year of service. Contributions to the Plan are based on 8% of participants’ salaries. For the years ended December 31, 2019 and 2018, retirement plan expense was $126,470 and $144,990, respectively.

The Organization has a funded, non-qualified deferred compensation plan established under Section 457(b) of the Internal Revenue Code to provide deferred compensation for selected key employees. Increases (decreases) to the plan for contributions and investment income (loss) activity were $118,614 and $(1,718) for the years ended December 31, 2019 and 2018, respectively. The balance of deferred compensation is $452,627 and $334,013 at December 31, 2019 and 2018, respectively.

Note 8. Related-Party Transactions

During the years ended December 31, 2019 and 2018, the Organization received $102,222 and $358,669, respectively, in contributions from members of the Board.

Note 9. Commitments and Contingencies

Office lease: In December 2015, the Organization entered into a lease agreement for its office space in Arlington, Virginia, beginning on July 1, 2016, and expiring on August 31, 2027. This lease agreement provides for an option to renew for an additional five years. Rent expense is being recognized on a straight-line basis over the term of the lease. Rent expense, including parking, was $255,435 and $247,906 for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments are as follows at December 31, 2019:

Years ending December 31:	
2020	$ 273,859
2021	280,705
2022	287,723
2023	294,916
2024	302,289
Thereafter	843,347
	$ 2,282,839

Employee contract: The Organization has an employment contract with its President through February 1, 2023. The contract contains a noncancelable commitment in the event of termination under certain circumstances. At December 31, 2019 and 2018, the maximum noncancelable commitment was $483,085 and $464,505, respectively.

Line of credit: On June 23, 2015, the Organization entered into a line of credit with a financial institution for $250,000. Any outstanding balance incurs interest at 5.06%. The line of credit is for a term of one year, subject to renewal annually, and is secured by the Organization's investments. At December 31, 2019 and 2018, the outstanding balance was $85,783 and $50,379, respectively.

Note 10. Subsequent Events – Coronavirus and Gund Pledge

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The coronavirus has had an adverse impact on global economies and financial markets. The ultimate financial and operational impacts of this pandemic on the Organization's future funding have not yet been fully determined.

On February 12, 2020, the Organization received a $1,000,000 multi-year pledge from the Gordon and Llura Gund 1993 Foundation to be paid out every December from 2020 through 2025. In addition, the Gordon and Llura Gund 1993 Foundation will make a separate pledge for a total of $100,000 paid out equally in January 2021 and 2022. The pledge will cover the annual support for the 2021 and 2020 Gordon and Llura Gund Leadership Award.