Research!America

Financial Report
December 31, 2020

Contents

RSM

Independent Auditor's Report

RSM US LLP

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 statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Research!America as of December 31, 2020 and 2019, 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.

RSM US LLP

McLean, Virginia
April 27, 2021

Research!America

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	**$ 641,641**	$ 592,032
Investments	**1,195,555**	977,283
Contributions and grants receivable, net	**2,124,352**	1,180,663
Prepaid expenses	**26,722**	28,338
Deposits and other assets	**26,687**	36,469
Property and equipment, net	**322,709**	382,103
Deferred compensation investments	**571,890**	452,627
Total assets	**$ 4,909,556**	$ 3,649,515
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 16,852**	$ 22,867
Accrued expenses	**233,631**	225,875
Line of credit	**-**	85,783
Notes payable	**458,300**	-
Deferred rent	**609,717**	673,777
Deferred compensation	**571,890**	452,627
Total liabilities	**1,890,390**	1,460,929
Commitments and contingencies (Notes 10 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	**187,774**	346,682
Board-designated	**399,472**	399,472
	587,246	746,154
With donor restrictions:		
Restricted for time	**897,620**	1,127,309
Restricted for purpose	**600,256**	315,123
Restricted in perpetuity	**934,044**	-
	2,431,920	1,442,432
Total net assets	**3,019,166**	2,188,586
Total liabilities and net assets	**$ 4,909,556**	$ 3,649,515

See notes to financial statements.

Research!America

Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Dues	**$ 1,347,000**	**$ 30,000**	**$ 1,377,000**	$ 1,468,950	$ -	$ 1,468,950
Advocacy awards event	**273,986**	**349,346**	**623,332**	510,969	511,000	1,021,969
Partner programs	**195,000**	**-**	**195,000**	520,500	75,000	595,500
National forum	**436,500**	**125,000**	**561,500**	463,000	100,000	563,000
Grants	**275,000**	**447,600**	**722,600**	200,000	35,000	235,000
General contributions	**105,672**	**942,044**	**1,047,716**	115,207	11,500	126,707
In-kind advertising	**116,200**	**-**	**116,200**	51,153	-	51,153
Other	**61,649**	**-**	**61,649**	44,000	-	44,000
Interest and dividends, net of fees	**15,326**	**-**	**15,326**	18,802	-	18,802
Net assets released from restrictions	**904,502**	**(904,502)**	**-**	866,704	(866,704)	-
Total revenue and support	**3,730,835**	**989,488**	**4,720,323**	4,259,285	(134,204)	4,125,081
Expense:						
Program services	**2,907,785**	**-**	**2,907,785**	3,021,496	-	3,021,496
Supporting services:						
Operating	**569,674**	**-**	**569,674**	564,574	-	564,574
Fundraising	**516,973**	**-**	**516,973**	529,807	-	529,807
Total expense	**3,994,432**	**-**	**3,994,432**	4,115,877	-	4,115,877
Change in net assets before nonoperating activity	**(263,597)**	**989,488**	**725,891**	143,408	(134,204)	9,204
Non-operating activity:						
Realized and unrealized gains on investments	**104,689**	**-**	**104,689**	155,415	-	155,415
Change in net assets	**(158,908)**	**989,488**	**830,580**	298,823	(134,204)	164,619
Net assets:						
Beginning	**746,154**	**1,442,432**	**2,188,586**	447,331	1,576,636	2,023,967
Ending	**$ 587,246**	**$ 2,431,920**	**$ 3,019,166**	$ 746,154	$ 1,442,432	$ 2,188,586

See notes to financial statements.

Research!America

Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Programs	**Operating**	**Fundraising**	**Total**	Programs	Operating	Fundraising	Total
Salaries	**$ 1,572,513**	**$ 440,356**	**$ 384,293**	**$ 2,397,162**	$ 1,442,297	$ 436,463	$ 381,984	$ 2,260,744
Fringe benefits	**271,785**	**88,049**	**66,430**	**426,264**	241,544	83,148	64,260	388,952
Rent and parking	**196,391**	**15,727**	**31,135**	**243,253**	209,466	12,768	33,198	255,432
Events	**177,406**	**-**	**-**	**177,406**	211,563	-	-	211,563
Advertising/news placement	**116,385**	**-**	**-**	**116,385**	120,017	-	-	120,017
Professional services	**106,868**	**1,230**	**392**	**108,490**	120,901	17,860	853	139,614
Computers and equipment	**83,150**	**4,218**	**10,966**	**98,334**	91,460	5,200	13,520	110,180
Meetings and workshops	**75,278**	**3,124**	**99**	**78,501**	146,405	361	40	146,806
Accounting and legal	**50,824**	**7,437**	**8,918**	**67,179**	50,824	4,943	8,524	64,291
Lobbying	**66,923**	**-**	**-**	**66,923**	109,001	-	-	109,001
Depreciation	**52,314**	**3,190**	**8,294**	**63,798**	63,273	3,858	10,031	77,162
Public opinion polls	**54,331**	**-**	**-**	**54,331**	53,100	-	-	53,100
Dues, subscriptions and registration fees	**23,869**	**2,880**	**70**	**26,819**	54,415	2,880	298	57,593
Telephone and fax	**12,537**	**762**	**1,980**	**15,279**	13,126	979	2,098	16,203
Printing and publications	**13,746**	**189**	**-**	**13,935**	13,538	823	(305)	14,056
Insurance	**10,542**	**643**	**1,671**	**12,856**	9,665	589	1,532	11,786
Travel	**8,123**	**353**	**384**	**8,860**	37,274	353	7,786	45,413
Maintenance and repairs	**5,055**	**884**	**801**	**6,740**	5,241	320	831	6,392
Taxes and licenses	**4,454**	**262**	**681**	**5,397**	4,502	(7,494)	714	(2,278)
Supplies	**2,721**	**166**	**431**	**3,318**	6,415	373	997	7,785
Miscellaneous	**2,155**	**130**	**234**	**2,519**	5,012	241	1,148	6,401
Postage and delivery	**415**	**74**	**194**	**683**	932	103	471	1,506
Board meetings	**-**	**-**	**-**	**-**	11,525	806	1,827	14,158
	$ 2,907,785	**$ 569,674**	**$ 516,973**	**$ 3,994,432**	$ 3,021,496	$ 564,574	$ 529,807	$ 4,115,877

See notes to financial statements.

Research!America

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

		2020		2019
Cash flows from operating activities:				
Change in net assets	**$**	**830,580**	$	164,619
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Depreciation		**63,798**		77,162
Deferred rent		**(64,060)**		(49,700)
Realized and unrealized gains on investments		**(104,689)**		(155,415)
Change in value of deferred compensation investments		**(99,764)**		(102,954)
Change in pledge discount		**29,920**		(5,319)
Contributions restricted for endowment		**(100,000)**		-
Change in assets and liabilities:				
(Increase) decrease in:				
Contributions and grants receivable		**(973,609)**		47,341
Prepaid expenses		**1,616**		26,648
Deposits and other assets		**9,782**		(15,321)
Increase (decrease) in:				
Accounts payable		**(6,015)**		500
Accrued expenses		**7,756**		14,628
Deferred compensation		**119,263**		118,614
Net cash (used in) provided by operating activities		**(285,422)**		120,803
Cash flows from investing activities:				
Purchases of property and equipment		**(4,404)**		(3,481)
Purchases of investments		**(113,583)**		(17,801)
Purchases of deferred compensation investments		**(19,499)**		(15,660)
Sale of investments		**-**		150,000
Net cash (used in) provided by investing activities		**(137,486)**		113,058
Cash flows from financing activities:				
Proceeds from endowment contributions		**100,000**		-
(Repayments) draws on line of credit, net		**(85,783)**		35,404
Proceeds from notes payable		**458,300**		-
Net cash provided by financing activities		**472,517**		35,404
Net increase in cash and cash equivalents		**49,609**		269,265
Cash and cash equivalents:				
Beginning		**592,032**		322,767
Ending	**$**	**641,641**	$	592,032
Supplemental disclosure of cash flow activities:				
Cash paid for interest	**$**	**2,124**	$	1,511

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 nonprofit 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 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.

Net assets without donor restrictions: Net assets without donor restrictions include funds that are available for the support of the Organization's activities and not subject to donor-imposed restrictions. Also included in net assets without donor restrictions are board-designated funds which are not available to support general activities.

Net assets with donor restrictions: Net assets with donor restrictions result from unconditional contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of the Organization pursuant to these stipulations.

Cash and cash equivalents: For the purposes of the financial statements, the Organization considers money market funds 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, 2020 and 2019. 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, 2020 and 2019. 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.

Valuation of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

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, 2020 and 2019, the Board did not approve any expenditures from the designated funds. At December 31, 2020 and 2019, 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. Contributions with restrictions that are met by the Organization in the year in which they were received are recognized as support without donor restrictions. All other 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.

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

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.

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 (telephone, 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.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Upcoming accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statements of activities. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 addresses presentation and disclosure of contributed nonfinancial assets, and should be applied on a retrospective basis. The Organization anticipates adopting the new standard during the year ending December 31, 2022, and is currently evaluating the impact of the adoption of the new standard on the financial statements.

Reclassifications: Certain 2019 amounts have been reclassified to conform to the 2020 presentation. There was no change to the change in net assets as a result.

Subsequent events: Subsequent events have been evaluated through April 27, 2021, which is the date the financial statements were available to be issued.

Note 2. Contributions and Grants Receivable

At December 31, 2020 and 2019, 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:

	2020	2019
Due in one year or less	$ 958,837	$ 670,583
Due in one to five years	1,282,701	531,390
	2,241,538	1,201,973
Less present value discount	(117,186)	(21,310)
	$ 2,124,352	$ 1,180,663

During the year ended December 31, 2020, one donor contributed 24% of total revenue and support and 47% of total contributions and grants receivable.

Note 3. Investments and Fair Value Measurements

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.

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.

Note 3. Investments and Fair Value Measurements (Continued)

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 are not required to be classified in one of the levels prescribed by the fair value hierarchy.

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 1 based on quoted prices for identical assets in active markets.

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.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at December 31, 2020:

Description:	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	$ 151,821	$ -	$ -	$ 151,821
Investments:				
Domestic equities	629,764	-	-	629,764
Corporate bonds	-	446,443	-	446,443
Total investments at fair value	$ 629,764	$ 446,443	$ -	1,076,207
Held at cost				119,348
Total investments				$ 1,195,555
Total assets at fair value				$ 1,228,028
Deferred compensation plan investments:				
Investments – large blend equity index	$ 571,890	$ -	$ -	$ 571,890
Deferred compensation liability	$ -	$ 571,890	$ -	$ 571,890

Note 3. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at December 31, 2019:

Description:	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	$ 151,230	$ -	$ -	$ 151,230
Investments:				
Domestic equities	562,269	-	-	562,269
Corporate bonds	-	396,182	-	396,182
Total investments at fair value	$ 562,269	$ 396,182	$ -	958,451
Held at cost				18,832
Total investments				$ 977,283
Total assets at fair value				$ 1,109,681
Deferred compensation plan investments:				
Investments – large blend equity index	$ 452,627	$ -	$ -	$ 452,627
Deferred compensation liability	$ -	$ 452,627	$ -	$ 452,627

Investment income, net consists of the following for the year ended December 31, 2020 and 2019:

	2020	2019
Realized and unrealized gains	$ 104,689	$ 155,415
Interest and dividend income	19,237	20,203
	123,926	175,618
Less investment fees	(3,911)	(1,401)
	$ 120,015	$ 174,217

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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 641,641	$ 592,032
Investments	1,195,555	977,283
Contributions and grants receivable	2,124,352	1,180,663
Total financial assets	3,961,548	2,749,978
Less board-designated net assets	(399,472)	(399,472)
Less net assets with donor restrictions	(2,431,920)	(1,442,432)
Total financial assets available for expenditure	$ 1,130,156	$ 908,074

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2020, and depreciation expense for the year ended December 31, 2020, are as follows:

	2020				
	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Furniture and equipment	3 to 10 years	$ 71,223	$ 48,929	$ 22,294	$ 8,687
Website development	5 years	107,463	107,463	-	8,146
Leasehold improvements	11 years	524,438	224,023	300,415	46,965
		$ 703,124	$ 380,415	$ 322,709	$ 63,798

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

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions include donor-restricted funds, which are available for program services, restricted for time or in perpetuity. Net assets with donor restrictions were released from restrictions during the years ended December 31, 2020 and 2019, due to the time restriction ending or the purpose restriction being accomplished.

Changes in net assets with donor restrictions during the year ended December 31, 2020, are as follows:

	December 31, 2019	Additions	Releases	December 31, 2020
Time-restricted:				
Advocacy Awards Event	$ 865,059	$ 349,346	$ 566,846	$ 647,559
Board Leadership Campaign	227,250	8,000	40,189	195,061
Dues	-	30,000	-	30,000
National Forum	-	25,000	-	25,000
Science Policy Fellowship Grant	35,000	-	35,000	-
Subtotal	1,127,309	412,346	642,035	897,620
Purpose-restricted:				
Partner programs	75,000	-	25,000	50,000
National Forum	100,000	100,000	100,000	100,000
Internship program	140,123	37,600	37,467	140,256
Science CEO Roundtable	-	210,000	-	210,000
Civic engagement microgrants	-	200,000	100,000	100,000
Subtotal	315,123	547,600	262,467	600,256
Perpetuity:				
Endowment	-	934,044	-	934,044
Total net assets with donor restrictions	$ 1,442,432	$ 1,893,990	$ 904,502	$ 2,431,920

Note 6. Net Assets with Donor Restrictions (Continued)

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
Subtotal	1,049,720	557,500	479,911	1,127,309
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	-
Subtotal	526,916	175,000	386,793	315,123
Total net assets with donor restrictions	$ 1,576,636	$ 732,500	$ 866,704	$ 1,442,432

Note 7. Endowment

The Organization’s endowment was established in February 2020 and consists of one fund, the Gordon and Llura Gund Endowment Fund (the Fund), established to support the Gordon and Llura Gund Leadership Award presented by the Organization annually at its Advocacy Awards Event. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which regulates the net asset classification of donor-restricted endowment funds as requiring the preservation of the real (inflation-adjusted) purchasing power of the original endowment. As a result of this interpretation, the Organization classifies as endowment net assets: (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment and (3) accumulations to the endowment such as investment income. The Fund was established with an initial multi-year gift totaling $1,000,000 from the Gordon and Llura Gund 1993 Foundation (the Donor). The Donor or any interested individual, corporation or foundation may make additional gifts to the Fund at any time.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Note 7. Endowment (Continued)

Duration of the Fund: The Donor intends for the Fund, including all realized and unrealized capital appreciation and depreciation generated by the Fund, to exist in perpetuity with the annual release of investment earnings being made available to support the "Purpose of the Fund" as described above.

Return objectives and risk parameters: The Organization adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The investment objectives for the Fund will be for the asset values to grow over the long run and earn, through a combination of investment income and capital appreciation. The Fund's investment policy and asset allocation shall be the same as Organization's approved Investment Policy.

Spending policy: Commencing in 2023, the earnings generated by the Fund, will be distributed annually at 5% of the initial principal balance or no less than $50,000 to support the named Advocacy Award.

Contingent use of the Fund: Should it become clear in future years that the above-stated purpose for this Fund is no longer necessary, practical, desirable or possible to perform, the Organization shall, after consultation with the Donor, if the Donor is still in existence, designate the Fund for a substitute purpose that is reasonably consistent with and similar to the original intention of the Donor at the time this Agreement was executed. In any such alternate application of the Payout, the funding source shall be clearly identified as the Fund.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the Organization. There were no deficiencies of this nature at December 31, 2020.

Endowment net assets and related activity consist of the following:

	With Donor Restrictions		
	Accumulated Income	Held in Perpetuity	Total
Endowment net assets, December 31, 2019	$ -	$ -	$ -
Contributions	-	100,000	100,000
Endowment net assets, December 31, 2020	$ -	$ 100,000	$ 100,000

The endowment fund also is comprised of gross promises to give of $900,000 ($834,044 net of present value). However, these amounts are not subject to UPMIFA and reporting in the above table until collected by the Organization.

Note 8. 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, 2020 and 2019, retirement plan expense was $166,438 and $126,470, respectively.

Note 8. Retirement Plans (Continued)

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 and $118,614 for the years ended December 31, 2020 and 2019, respectively. The balance of deferred compensation is $571,890 and $452,627 at December 31, 2020 and 2019, respectively.

Note 9. Related-Party Transactions

During the years ended December 31, 2020 and 2019, the Organization received $76,264 and $102,222, respectively, in contributions from members of the Board.

Note 10. 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 $243,253 and $255,435 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows at December 31, 2020:

Years ending December 31:		
2021	$	280,129
2022		287,132
2023		294,311
2024		301,668
2025		309,210
Thereafter		532,180
	$	2,004,630

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, 2020 and 2019, the maximum noncancelable commitment was $398,062 and $483,085, 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, 2020 and 2019, the outstanding balance was $0 and $85,783, respectively.

Note 11. Notes Payable

In April 2020, the Organization obtained a loan totaling $308,400, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) of March 27, 2020. The loan matures on April 27, 2022, and bears interest at a rate of 1% per annum. Proceeds from the loan may only be used in accordance with the provisions of the CARES Act. The loan and related accrued interest are forgivable after 24 weeks if the Organization uses the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan is payable over two years, with a deferral of payments for the first six months. The note payable may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The Organization has chosen to account for the loan in accordance with ASC 470 and will record a gain on loan forgiveness in the period when official notification of forgiveness is received. The Organization intends to use the entire proceeds of the loan for qualifying expenses as described in the CARES Act. On January 22, 2021, the Organization received notification that the PPP loan was forgiven in full including accrued interest in the amount of $310,602.

In May 2020, the Organization also obtained an advance of $10,000 and a loan totaling $149,900 for the Economic Injury Disaster Loan (EIDL). The EIDL advance of $10,000 was funded in May 2020 and has been recorded as other income in the statements of activities. The loan bears interest at a rate of 2.75% per annum with a 30-year maturity. The Organization has chosen to account for the loan in accordance with ASC 470 as a financial liability.

Note 12. COVID-19

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a Public Health Emergency of International Concern and, on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with COVID-19 will last and what the complete financial impact will be to the Organization. Disruptions to the Organization's operations, or those of its members, adversely impacted the Organization's revenues and operating results in 2020 and may continue into the future depending on future developments, which are highly uncertain and cannot be predicted. In 2020, the Organization had to cancel several events, including its annual meeting, the Advocacy Awards Event and regionally based programs. The Organization subsequently was successful at converting in-person events to virtual events and continues robust virtual programming in 2021. Lost revenue and expense write-offs were addressed by reducing operating and variable program expenses. Receipt of a Small Business Administration (SBA) Paycheck Protection Loan and subsequent forgiveness, as well as an SBA Economic Injury Disaster Loan provided cashflow support to stabilize operations during the initial impact of the pandemic. The Organization has available reserves and an existing line of credit to provide further insulation to any future impact on cash shortages resulting from this pandemic.