Research!America

Financial Report
December 31, 2021

Contents

Independent Auditor's Report

Board of Directors
Research!America

Opinion
We have audited the financial statements of Research!America (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes it its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the contents of "Annual Report 2021" but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

McLean, Virginia
May 11, 2022

Research!America

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 2,539,968	$ 641,641
Investments	6,580,363	1,195,555
Contributions and grants receivable, net	1,725,080	2,124,352
Prepaid expenses	16,019	26,722
Deposits and other assets	20,922	26,687
Property and equipment, net	289,160	322,709
Deferred compensation investments	736,969	571,890
Total assets	$ 11,908,481	$ 4,909,556
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 69,191	$ 16,852
Accrued expenses	283,673	233,631
Notes payable	-	458,300
Refundable advance	1,205,474	-
Deferred rent	538,824	609,717
Deferred compensation	736,969	571,890
Total liabilities	2,834,131	1,890,390
Commitments and contingencies (Notes 10 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	719,595	187,774
Board designated	449,472	399,472
	1,169,067	587,246
With donor restrictions:		
Restricted for time	878,739	897,620
Restricted for purpose	1,069,271	600,256
Restricted in perpetuity	5,957,273	934,044
	7,905,283	2,431,920
Total net assets	9,074,350	3,019,166
Total liabilities and net assets	$ 11,908,481	$ 4,909,556

See notes to financial statements.

Research!America

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
General contributions	**$ 145,311**	**$ 5,623,229**	**$ 5,768,540**	$ 105,672	$ 942,044	$ 1,047,716
Dues	**1,332,412**	**-**	**1,332,412**	1,347,000	30,000	1,377,000
Advocacy awards event	**556,883**	**434,873**	**991,756**	273,986	349,346	623,332
Grants	**619,526**	**228,000**	**847,526**	275,000	447,600	722,600
National forum	**535,000**	**-**	**535,000**	436,500	125,000	561,500
Partner programs	**460,000**	**-**	**460,000**	195,000	-	195,000
Forgiveness of Paycheck Protection Program loan	**308,400**	**-**	**308,400**	-	-	-
In-kind advertising	**99,377**	**-**	**99,377**	116,200	-	116,200
Other	**46,431**	**-**	**46,431**	61,649	-	61,649
Interest and dividends, net of fees	**11,349**	**11,873**	**23,222**	15,326	-	15,326
Net assets released from restrictions	**1,006,218**	**(1,006,218)**	**-**	904,502	(904,502)	-
Total revenue and support	**5,120,907**	**5,291,757**	**10,412,664**	3,730,835	989,488	4,720,323
Expenses:						
Program services	**3,512,213**	**-**	**3,512,213**	2,907,785	-	2,907,785
Supporting services:						
Operating	**617,621**	**-**	**617,621**	569,674	-	569,674
Fundraising	**490,523**	**-**	**490,523**	516,973	-	516,973
Total expenses	**4,620,357**	**-**	**4,620,357**	3,994,432	-	3,994,432
Change in net assets before nonoperating activity	**500,550**	**5,291,757**	**5,792,307**	(263,597)	989,488	725,891
Non-operating activity:						
Realized and unrealized gains on investments	**81,271**	**181,606**	**262,877**	104,689	-	104,689
Change in net assets	**581,821**	**5,473,363**	**6,055,184**	(158,908)	989,488	830,580
Net assets:						
Beginning	**587,246**	**2,431,920**	**3,019,166**	746,154	1,442,432	2,188,586
Ending	**$ 1,169,067**	**$ 7,905,283**	**$ 9,074,350**	$ 587,246	$ 2,431,920	$ 3,019,166

See notes to financial statements.

Research!America

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021				2020			
	Programs	**Operating**	**Fundraising**	**Total**	Programs	Operating	Fundraising	Total
Salaries	**$ 1,612,968**	**$ 465,860**	**$ 349,646**	**$ 2,428,474**	$ 1,572,513	$ 440,356	$ 384,293	$ 2,397,162
Professional services	**562,413**	**4,985**	**1,917**	**569,315**	106,868	1,230	392	108,490
Fringe benefits	**295,613**	**95,114**	**64,072**	**454,799**	271,785	88,049	66,430	426,264
Lobbying	**227,803**	**-**	**-**	**227,803**	66,923	-	-	66,923
Rent and parking	**176,037**	**16,684**	**27,908**	**220,629**	196,391	15,727	31,135	243,253
Meetings and workshops	**156,773**	**3,196**	**6,733**	**166,702**	75,278	3,124	99	78,501
Computers and equipment	**87,840**	**9,696**	**12,692**	**110,228**	83,150	4,218	10,966	98,334
Advertising/news placement	**99,986**	**-**	**-**	**99,986**	116,385	-	-	116,385
Accounting and legal	**69,572**	**10,905**	**12,431**	**92,908**	50,824	7,437	8,918	67,179
Events	**54,161**	**-**	**-**	**54,161**	177,406	-	-	177,406
Depreciation	**44,159**	**2,693**	**7,001**	**53,853**	52,314	3,190	8,294	63,798
Civic engagement microgrants	**35,345**	**-**	**-**	**35,345**	-	-	-	-
Dues, subscriptions and registration fees	**22,131**	**5,411**	**337**	**27,879**	23,869	2,880	70	26,819
Telephone and fax	**12,934**	**789**	**2,051**	**15,774**	12,537	762	1,980	15,279
Insurance	**11,124**	**678**	**1,764**	**13,566**	10,542	643	1,671	12,856
Public opinion polls	**12,500**	**-**	**-**	**12,500**	54,331	-	-	54,331
Taxes and licenses	**7,732**	**471**	**1,224**	**9,427**	4,454	262	681	5,397
Supplies	**6,460**	**400**	**1,022**	**7,882**	2,721	166	431	3,318
Maintenance and repairs	**4,849**	**296**	**769**	**5,914**	5,055	884	801	6,740
Miscellaneous	**4,355**	**167**	**612**	**5,134**	2,155	130	234	2,519
Printing and publications	**4,164**	**172**	**-**	**4,336**	13,746	189	-	13,935
Travel	**2,885**	**63**	**235**	**3,183**	8,123	353	384	8,860
Postage and delivery	**409**	**41**	**109**	**559**	415	74	194	683
	$ 3,512,213	**$ 617,621**	**$ 490,523**	**$ 4,620,357**	$ 2,907,785	$ 569,674	$ 516,973	$ 3,994,432

See notes to financial statements.

Research!America

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

		2021		2020
Cash flows from operating activities:				
Change in net assets	**$**	**6,055,184**	$	830,580
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		**53,853**		63,798
Deferred rent		**(70,893)**		(64,060)
Realized and unrealized gains on investments		**(262,877)**		(104,689)
Change in value of deferred compensation investments		**(165,079)**		(99,764)
Change in pledge discount		**6,412**		29,920
Forgiveness of Paycheck Protection Program loan		**(308,400)**		-
Contributions restricted for endowment		**(5,100,000)**		(100,000)
Change in assets and liabilities:				
(Increase) decrease in:				
Contributions and grants receivable		**392,860**		(973,609)
Prepaid expenses		**10,703**		1,616
Deposits and other assets		**5,765**		9,782
Increase (decrease) in:				
Accounts payable		**52,339**		(6,015)
Accrued expenses		**50,042**		7,756
Refundable advance		**1,205,474**		-
Deferred compensation		**165,079**		119,263
Net cash provided by (used in) operating activities		**2,090,462**		(285,422)
Cash flows from investing activities:				
Purchases of property and equipment		**(20,304)**		(4,404)
Purchases of investments		**(5,121,931)**		(113,583)
Purchases of deferred compensation investments		**-**		(19,499)
Net cash used in investing activities		**(5,142,235)**		(137,486)
Cash flows from financing activities:				
Proceeds from endowment contributions		**5,100,000**		100,000
(Repayments) draws on line of credit, net		**-**		(85,783)
Repayments on notes payable		**(149,900)**		-
Proceeds from notes payable		**-**		458,300
Net cash provided by financing activities		**4,950,100**		472,517
Net increase in cash and cash equivalents		**1,898,327**		49,609
Cash and cash equivalents:				
Beginning		**641,641**		592,032
Ending	**$**	**2,539,968**	$	641,641
Supplemental disclosure of cash flow information:				
Cash paid for interest	**$**	**5,039**	$	2,124
Supplemental schedule of non-cash financing activities:				
Forgiveness of Paycheck Protection Program loan	**$**	**308,400**	$	-

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, 2021 and 2020. 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, 2021 and 2020. 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.

Refundable advance: Refundable advance includes a conditional contribution received in advance of meeting the conditions stipulated by the donor. During the year ended December 31, 2021, the Organization received a conditional grant from a donor for a total of $2,500,251 of which $1,250,000 was received in advance. The unearned conditional grant commitment as of December 31, 2021 totaled $2,455,725.

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.

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, 2021 and 2020, the Board did not approve any expenditures from the designated funds. At December 31, 2021 and 2020, the remaining balances are $449,472 and $399,472.

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

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 unless they contain both a barrier and right of return (i.e. conditional). 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. Unconditional 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.

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.

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

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.

Subsequent events: Subsequent events have been evaluated through May 11, 2022, which is the date the financial statements were available to be issued.

Note 2. Contributions and Grants Receivable

At December 31, 2021 and 2020, 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:

	2021	2020
Due in one year or less	$ 528,242	$ 958,837
Due in one to five years	1,297,207	1,282,701
	1,825,449	2,241,538
Less present value discount	(100,369)	(117,186)
	$ 1,725,080	$ 2,124,352

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.

Note 3. Investments and Fair Value Measurements (Continued)

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 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, 2021:

Description	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	$ 151,856	$ -	$ -	$ 151,856
Investments:				
Domestic equities	3,749,993	-	-	3,749,993
Corporate bonds	-	2,731,330	-	2,731,330
Total investments at fair value	$ 3,749,993	$ 2,731,330	$ -	6,481,323
Held at cost				99,040
Total investments				$ 6,580,363
Deferred compensation plan investments:				
Investments – large blend equity index	$ 736,969	$ -	$ -	$ 736,969
Deferred compensation liability	$ -	$ 736,969	$ -	$ 736,969

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, 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
Deferred compensation plan investments:				
Investments – large blend equity index	$ 571,890	$ -	$ -	$ 571,890
Deferred compensation liability	$ -	$ 571,890	$ -	$ 571,890

Investment income, net consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Realized and unrealized gains	$ 262,877	$ 104,689
Interest and dividend income	27,224	19,237
	290,101	123,926
Less investment fees	(4,002)	(3,911)
	$ 286,099	$ 120,015

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, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 2,539,968	$ 641,641
Investments	6,580,363	1,195,555
Contributions and grants receivable	1,725,080	2,124,352
Total financial assets	10,845,411	3,961,548
Less board-designated net assets	(449,472)	(399,472)
Less net assets with donor restrictions	(7,905,283)	(2,431,920)
Total financial assets available for expenditure	$ 2,490,656	$ 1,130,156

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2021, and depreciation expense for the year ended December 31, 2021, are as follows:

	Estimated Useful Lives (in Years)	Cost	Accumulated Depreciation	Net	Depreciation Expense
Furniture and equipment	3 - 10	$ 88,162	$ 52,453	$ 35,710	$ 6,888
Website development	5	96,888	96,888	-	-
Leasehold Improvements	11.4	524,438	270,988	253,450	46,965
		$ 709,488	$ 420,329	$ 289,160	$ 53,853

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

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

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, 2021 and 2020, 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, 2021, are as follows:

	December 31, 2020	Additions	Releases	December 31, 2021
Time-restricted:				
Advocacy Awards Event	$ 647,559	$ 434,873	$ (362,065)	$ 720,367
Board Leadership Campaign	195,061	-	(36,689)	158,372
Dues	30,000	-	(30,000)	-
National Forum	25,000	-	(25,000)	-
Subtotal	897,620	434,873	(453,754)	878,739
Purpose-restricted:				
Dr. Leroy Hood Science Policy Fellowship	-	375,000	(4,333)	370,667
STAC	-	453,000	(156,009)	296,991
Earnings from endowment restricted for awards	-	193,479	-	193,479
Science CEO Roundtable	210,000	-	(110,000)	100,000
Internship program	140,256	-	(82,122)	58,134
Partner programs	50,000	-	-	50,000
National Forum	100,000	-	(100,000)	-
Civic engagement microgrants	100,000	-	(100,000)	-
Subtotal	600,256	1,021,479	(552,464)	1,069,271
Perpetuity:				
Johnson & Johnson public health awards	-	5,000,000	-	5,000,000
Promises to give for Gordan and Llura Gund leadership award endowment	934,044	23,229	-	957,273
Total net assets with donor restrictions	$ 2,431,920	$ 6,479,581	$ (1,006,218)	$ 7,905,283

Note 6. Net Assets With Donor Restrictions (Continued)

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:				
Science CEO Roundtable	-	210,000	-	210,000
Internship program	140,123	37,600	(37,467)	140,256
National Forum	100,000	100,000	(100,000)	100,000
Civic engagement microgrants	-	200,000	(100,000)	100,000
Partner programs	75,000	-	(25,000)	50,000
Subtotal	315,123	547,600	(262,467)	600,256
Perpetuity:				
Promises to give for Gordan and Llura Gund leadership award endowment	-	934,044	-	934,044
Total net assets with donor restrictions	$ 1,442,432	$ 1,893,990	$ (904,502)	$ 2,431,920

Note 7. Endowments

The Organization’s endowments include the following two donor-restricted endowment funds which have been classified within net assets with donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Gordon and Llura Gund Endowment Fund: The Gordon and Llura Gund Endowment Fund (the Gund Fund) was established in February 2020 to support the Gordon and Llura Gund Leadership Award presented by the Organization annually at its Advocacy Awards Event. The Fund was established with an initial multi-year gift totaling $1,000,000 from the Gordon and Llura Gund 1993 Foundation (Gund). Gund or any interested individual, corporation or foundation may make additional gifts to the Gund Fund at any time.

Johnson & Johnson Public Health Awards Endowment Fund: The Johnson & Johnson Public Health Awards Endowment (the Johnson & Johnson Fund) was established in September 2021 to support the public health awards program. The Fund was established with an initial gift totaling $5,000,000 from the Johnson & Johnson. Johnson & Johnson or any interested individual, corporation or foundation may make additional gifts to the Johnson & Johnson Fund at any time.

Interpretation of relevant law: The Organization has interpreted Virginia enacted version of 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.

Note 7. Endowments (Continued)

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

Duration of the Fund: The Donor intends for the funds, including all realized and unrealized capital appreciation and depreciation generated by the funds, 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 funds 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 Gund Fund, will be distributed annually at 5% of the initial principal balance or no less than $50,000 to support the named Advocacy Award.

The earnings generated by the Johnson & Johnson Fund will be distributed annually at 5% of the initial principal balance or no less than $200,000 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 funds is no longer necessary, practical, desirable or possible to perform, the Organization shall, after consultation with the donors, if the donors are still in existence, designate the funds 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 funds.

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, 2021.

Note 7. Endowments (Continued)

Endowment funds consisted of the following at December 31, 2021:

	With Donor Restrictions		
	Accumulated Income	Held in Perpetuity	Total
Johnson & Johnson public health awards	$ 184,243	$ 5,000,000	$ 5,184,243
Gordan and Llura Gund leadership award endowment	9,236	200,000	209,236
	$ 193,479	$ 5,200,000	$ 5,393,479

Endowment funds consisted of the Gordan and Llura Gund leadership award endowment totaling $100,000 at December 31, 2020.

Endowment net assets and related activity consist of the following at December 31, 2021:

	With Donor Restrictions		
	Accumulated Income	Held in Perpetuity	Total
Endowment net assets, December 31, 2020	$ -	$ 100,000	$ 100,000
Contributions	-	5,100,000	5,100,000
Investment earnings	193,479	-	193,479
Endowment net assets, December 31, 2021	$ 193,479	$ 5,200,000	$ 5,393,479

Endowment net assets and related activity consist of the following at December 31, 2020:

	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 Gund fund also is comprised of gross promises to give at December 31, 2021 of $800,000 ($757,273 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, 2021 and 2020, retirement plan expense was $172,187 and $166,438, 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 $165,079 and $118,614 for the years ended December 31, 2021 and 2020, respectively. The balance of deferred compensation is $736,969 and $571,890 at December 31, 2021 and 2020, respectively.

Note 9. Related-Party Transactions

During the years ended December 31, 2021 and 2020, the Organization received $78,630 and $76,264, 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 $220,629 and $243,253 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments are as follows at December 31, 2021:

Years ending December 31:		
2022	$	287,132
2023		294,311
2024		301,668
2025		309,210
2026		316,941
Thereafter		215,239
	$	1,724,501

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.

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, 2021 and 2020, there was no outstanding balance.

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 was to mature on April 27, 2022, and bears interest at a rate of 1% per annum. Proceeds from the loan were only be used in accordance with the provisions of the CARES Act. The loan and related accrued interest could be forgivable after 24 weeks if the Organization used the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan would be 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. The Organization used the entire proceeds of the loan for qualifying expenses as described in the CARES Act. On January 22, 2021, the Organization received forgiveness of the PPP loan and $308,400 was recorded as revenue on the statement of activities at December 31, 2021.

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. During the year ended December 31, 2021, the Organization repaid the previous balance of $149,900.

Note 12. COVID-19

The COVID-19 pandemic created uncertainty for all businesses and organizations at the outset of the pandemic in March 2020. The Organization responded to these uncertainties by significantly increasing outreach and engagement with members, shifting programming from in-person events to highly successful virtual events that employed technology systems and platforms to deliver high-content programs to members and other stakeholders. The organization shored-up finances in 2020 by taking advantage of US Small Business Administration programs including securing a Paycheck Protection Program Loan (PPP) and an Economic Injury Disaster Loan (EIDL). The organization was successful in expanded fundraising from individuals, foundations and businesses and in 2021 achieved significant growth in revenue and support. The Organization’s PPP was forgiven and the EIDL was paid off in full, eliminating debt taken on in year one of the pandemic. The continued positive results have continued through the first quarter of 2022, with expectation of a sustained positive financial outlook.