RESEARCH!AMERICA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2024
(With Summarized Comparative Information for the Year Ended December 31, 2023)

Han Group

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1020 19th Street, NW, Suite 800
Washington, DC 20036

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Research!America

Opinion

We have audited the accompanying financial statements of Research!America (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Research!America as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit. 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 available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.

Report on Summarized Comparative Information

We have previously audited Research!America’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
May 9, 2025

RESEARCH!AMERICA
Statement of Financial Position
December 31, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Assets		
Cash and cash equivalents	$ 3,151,280	$ 2,094,591
Contributions and grants receivable, net	1,590,356	1,889,060
Investments	6,496,473	6,124,623
Deferred compensation investments	1,007,113	796,211
Prepaid expenses and deposits	69,056	59,729
Property and equipment, net	178,540	240,750
Right-of-use asset – operating lease	544,164	741,203
Total assets	$ 13,036,982	$ 11,946,167
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 336,251	$ 252,563
Accrued expenses	394,417	358,020
Refundable advances	949,051	225,579
Deferred compensation	1,007,113	796,211
Operating lease liability	827,539	1,117,059
Finance lease liability	8,278	11,630
Total liabilities	3,522,649	2,761,062
Net Assets		
Without donor restrictions:		
Undesignated	18,982	73,253
Board designated – general reserve	270,000	970,000
Board designated – Rogers Fund	399,472	399,472
Total net assets without donor restrictions	688,454	1,442,725
With donor restrictions:		
Restricted for time	832,672	987,743
Restricted for purpose	1,993,207	764,274
Restricted in perpetuity	6,000,000	5,990,363
Total net assets with donor restrictions	8,825,879	7,742,380
Total net assets	9,514,333	9,185,105
Total liabilities and net assets	$ 13,036,982	$ 11,946,167

See accompanying notes.

RESEARCH!AMERICA
Statement of Activities
Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Grants of cash and other financial assets	$ 626,289	$ 3,157,104	$ 3,783,393	$ 3,271,528
Contributed financial assets	250,325	-	250,325	221,426
Dues	1,369,195	-	1,369,195	1,329,250
Advocacy awards event	487,865	391,392	879,257	925,542
Partner programs	563,236	-	563,236	420,000
National forum	362,350	200,000	562,350	624,150
Interest and dividends, net of fees	81,238	-	81,238	111,378
Contributed nonfinancial assets	68,241	-	68,241	47,047
Other income	44,559	-	44,559	43,436
Net assets released from restrictions:				
Release from endowment	250,000	(250,000)	-	-
Expiration of time restrictions	746,463	(746,463)	-	-
Satisfaction of purpose restrictions	2,014,055	(2,014,055)	-	-
Total revenue and support	6,863,816	737,978	7,601,794	6,993,757
Expenses				
Program services	6,038,292	-	6,038,292	6,178,167
Supporting services:				
Operating	872,966	-	872,966	978,442
Fundraising	757,862	-	757,862	735,152
Total supporting services	1,630,828	-	1,630,828	1,713,594
Total expenses	7,669,120	-	7,669,120	7,891,761
Change in Net Assets Before Nonoperating Activity	(805,304)	737,978	(67,326)	(898,004)
Nonoperating Activity:				
Realized and unrealized gains on investments	51,033	237,854	288,887	678,240
Interest income on endowments	-	107,667	107,667	87,560
Change in Net Assets	(754,271)	1,083,499	329,228	(132,204)
Net Assets, beginning of year	1,442,725	7,742,380	9,185,105	9,317,309
Net Assets, end of year	$ 688,454	$ 8,825,879	$ 9,514,333	$ 9,185,105

See accompanying notes.

RESEARCH!AMERICA
Statement of Functional Expenses
Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	2024					2023
		Supporting Services				
	Program Services	Operating	Fundraising	Total Supporting Services	Total	Total
Salaries and related expenses	$ 3,330,259	$ 725,225	$ 669,621	$ 1,394,846	$ 4,725,105	$ 4,533,207
Professional fees	1,552,009	88,628	12,857	101,485	1,653,494	1,725,286
Travel, events, and meetings	318,806	1,367	9,614	10,981	329,787	405,005
Lobbying	286,719	-	-	-	286,719	314,609
Occupancy	201,739	12,301	31,983	44,284	246,023	252,836
Information technology, equipment, and maintenance	101,226	8,147	15,682	23,829	125,055	126,543
Depreciation and amortization	61,391	3,743	9,733	13,476	74,867	71,765
Civic engagement microgrants	47,759	-	-	-	47,759	43,796
Dues and subscriptions	36,548	3,619	2,991	6,610	43,158	55,266
Office expenses	35,174	1,738	3,964	5,702	40,876	42,243
Innovation prize	-	-	-	-	-	230,000
Other expenses	66,662	28,198	1,417	29,615	96,277	91,205
Total Expenses	$ 6,038,292	$ 872,966	$ 757,862	$ 1,630,828	$ 7,669,120	$ 7,891,761

See accompanying notes.

RESEARCH!AMERICA
Statement of Cash Flows
Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ 329,228	$ (132,204)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	71,499	68,397
Amortization of finance lease	3,368	3,368
Donated marketable securities	(25,826)	(25,621)
Proceeds from sales of donated marketable securities	25,144	25,471
Realized and unrealized gains on investments	(288,887)	(678,240)
Change in value of deferred compensation investments	(210,902)	(182,428)
Change in discount on contributions and grants receivable	36,029	30,992
Contributions restricted for endowment	(200,000)	(200,000)
Change in operating assets and liabilities:		
Contributions and grants receivable	262,675	1,067,992
Prepaid expenses and deposits	(9,327)	(2,076)
Operating lease assets and liabilities	(92,481)	(84,795)
Accounts payable	83,688	92,449
Accrued expenses	36,397	(3,983)
Refundable advances	723,472	(1,109,207)
Deferred compensation	210,902	182,428
Net cash provided by (used in) operating activities	954,979	(947,457)
Cash Flows from Investing Activities		
Purchases of investments	(1,314,257)	(255,485)
Proceeds from sales of investments	1,231,976	199,188
Purchases of property and equipment	(12,657)	(17,975)
Net cash used in investing activities	(94,938)	(74,272)
Cash Flows from Financing Activities		
Proceeds from endowment contributions	200,000	200,000
Payments on finance lease liability	(3,352)	(3,309)
Net cash provided by financing activities	196,648	196,691
Net Increase (Decrease) in Cash and Cash Equivalents	1,056,689	(825,038)
Cash and Cash Equivalents, beginning of year	2,094,591	2,919,629
Cash and Cash Equivalents, end of year	$ 3,151,280	$ 2,094,591
Supplemental Information:		
Donated Stock	$ 25,826	$ 25,621

1. Nature of Operations

Research!America (the Organization) is 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 Organization is mainly supported by contributions and grants.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

Measure of Operations

Operating revenue and expenses generally reflect those that arise from the Organization's activities. The Organization considers realized and unrealized gains on investments and interest income on endowments to be nonoperating activities.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments, which are to be utilized for current operations, and which have an original maturity of three months or less, to be cash and cash equivalents. This definition excludes certain highly liquid instruments that are part of the Organization's investment portfolio are classified as investments.

Contributions and Grants Receivable

Unconditional contributions and grants expected to be collected within one year are recorded at net realizable value. Unconditional contributions and grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate commensurate with the risk identified. Amortization of the discount is included in grants and contributions of cash and other financial assets. Balances are reviewed individually for collectability. All contributions and grants receivable are considered by management to be fully collectible. Accordingly, an allowance for uncollectible accounts has not been established. If an amount becomes uncollectible, it is expensed when the determination is made.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are measured at fair value and are composed of equity funds, fixed income mutual funds, and money market funds and cash equivalents. 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. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Investment interest and dividends are presented net of investment advisory and management fees on the accompanying statement of activities. Net realized and unrealized gains or losses on investments are included in non-operating activity on the accompanying statement of activities.

Property and Equipment

Property and equipment with a cost over $500 with a projected useful life exceeding one year are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to twelve years. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reported on the statement of activities, as appropriate.

Leases

The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

An ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, an ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For finance leases, an ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Organization or the Organization is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Variable lease payments associated with the Organization's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented in the same line item as expenses arising from fixed lease payments (operating leases) or amortization of ROU assets (finance leases) on the accompanying statement of functional expenses.

ROU assets for operating and finance leases may periodically be reduced by impairment losses. The Organization uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment–Overall*, issued by FASB, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Organization monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded as a gain or loss.

The operating lease ROU asset is presented as right-of-use assets – operating lease on the accompanying statement of financial position. Finance lease ROU assets are included in property and equipment, net on the accompanying statement of financial position.

The Organization elects not to recognize ROU asset and lease liability for short-term leases that have a lease term of 12 months or less. The Organization recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other leases.

The Organization made an accounting policy election by class of underlying asset, for office equipment and furniture, to account for each separate lease component of a contract and its associated non-lease components (lessor-provided maintenance) as a single lease component.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations. Net assets without donor restrictions include Board designated–general reserve and Board designated–Rogers Fund. Net assets without donor restrictions also includes grants and contributions received with donor-imposed restrictions that are met in the same reporting period that they are received.

- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The balance of donor-imposed restrictions which are perpetual in nature is $6,000,000 at December 31, 2024.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Grants and Contributions of Cash and Other Financial Assets, Dues, Advocacy Awards Event, National Forum, and Partner Programs

Unconditional grants and contributions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Grants and contributions received with donor-imposed restrictions that are met in the same reporting period are reported as support without donor restrictions and an increase in net assets without donor restrictions. Grants and contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions. Amounts contributed for partner programs, dues, the advocacy awards event, and the national forum are accounted for as grants and contributions of cash and other financial assets in the year promised unless such contributions are conditional, in which case they would be accounted for as described below.

Contributions considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been substantially met. The Organization adopted the simultaneous release option for donor-restricted conditional contributions that are recognized and used within the same reporting period, accordingly, such amounts are reported as without donor restrictions. Amounts recognized as contribution revenue which have not been received, are reflected as contributions and grants receivable on the accompanying statement of financial position. Conversely, amounts received in advance of conditions being met are recorded as refundable advances on the accompanying statement of financial position. The Organization had approximately $2,434,849 in unrecognized conditional awards including $929,101 received in advance of conditions being met are included in refundable advances on the accompanying statement of financial position at December 31, 2024.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized as revenue and expenses on the accompanying statement of activities at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

The costs of advertising are expensed as incurred which are included in professional fees on the accompanying statement of functional expenses.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses, occupancy, information technology, equipment and maintenance, depreciation and amortization, and office expenses.

Reclassifications

Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation. The reclassifications had no impact on previously reported net assets.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023 from which the summarized information was derived.

3. Concentrations

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash deposits and investments. The Organization maintains cash deposits and investments with various financial institutions that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). Amounts in excess of insured limits are subject to potential loss. The Organization has not experienced any losses on its cash deposits and investments to date. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

The Organization invests funds in a professionally managed portfolio of marketable securities. Such investments are exposed to market and credit risks. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported on the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

3. Concentrations (continued)

Revenue from two sources accounted for approximately 23% of the Organization's revenue and support for the year ended December 31, 2024. In addition, receivables due from two sources comprised 27% of the total receivables due at December 31, 2024.

4. Contributions and Grants Receivable

At December 31, 2024, 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:

Contributions and grants receivable in less than one year	$ 1,169,933
Contributions and grants receivable in one to five years	445,000
Total contributions and grants receivable	1,614,933
Less: unamortized discount	(24,577)
Contributions and grants receivable, net	$ 1,590,356

Multi-year contributions receivable are discounted to their present value with discount rates ranging from 2. 5% to 4% over the period of the contributions using an estimate of expected cash flows.

5. Investments and Fair Value Measurements

The three levels of the fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- *Level 1*: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

- *Level 2*: Inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- *Level 3*: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

5. Investments and Fair Value Measurements (continued)

The following is a summary of input levels used to determine fair values, measured on a recurring basis, of investments and the obligations under the deferred compensation plan at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Equity funds	$ 3,488,612	$ -	$ -	$ 3,488,612
Fixed income mutual funds	2,573,211	-	-	2,573,211
Money market funds and cash equivalents	434,650	-	-	434,650
Total investments at fair value	$ 6,496,473	$ -	$ -	$ 6,496,473
Investments in deferred compensation plan:				
Large blend equity index	$ 1,007,113	$ -	$ -	$ 1,007,113
Deferred compensation liability	$ 1,007,113	$ -	$ -	$ 1,007,113

6. Property and Equipment

The Organization held the following property and equipment at December 31, 2024:

Leasehold improvements	$ 524,438
Website development	55,276
Furniture and equipment	103,743
Finance capital leases	21,978
Total property and equipment	705,435
Less: accumulated depreciation	(526,895)
Property and equipment, net	$ 178,540

7. Contributions of Nonfinancial Assets

All contributions of nonfinancial assets were used for the Organization's program services and are included under program services on the accompanying statements of activities and functional expenses. No contributed nonfinancial assets were monetized. The following table summarizes the Organization's contributed nonfinancial assets by major category for the year ended December 31, 2024:

Contribution	Amount	Usage in Programs/ Activities	Donor Imposed Restrictions	Fair Value Technique and Inputs
Professional fees	$ 61,671	Programs	None	Service rate for the same services at the time of receipt
Wine – 30 Bottles	6,570	Programs	None	Cost of same item on a public website
Total contributed nonfinancial assets	$ 68,241			

8. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2024, reduced by amounts not available for general use within one year.

Financial assets:	
Cash and cash equivalents	$ 3,151,280
Investments	6,496,473
Contributions and grants receivable within one year	1,169,933
Total financial assets	10,817,686
Less those unavailable for general expenditures within one year:	
Board designated – general reserve	(270,000)
Board designated – Rogers Fund	(399,472)
Donor-imposed restrictions on the financial assets	(5,949,287)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,198,927

Contributions and grants without donor restrictions and with donor restrictions for use in current activities and programs are considered available to meet cash needs for general expenditures. General expenditures include operating expenses, fundraising expenses, and program expenditures that are expected to be paid in the subsequent year. Annual operations are defined as activities occurring during and included in the budget for a calendar year.

8. Liquidity and Availability of Resources (continued)

The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization operates with a balanced budget and without any short or long term non-operating debt. Should the need arise, the Board may approve releases of the board designated reserves. In addition, as of December 31, 2024, the Organization has $250,000 available on a line of credit upon which they may draw.

9. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2024, are as follows:

	December 31, 2023	Additions	Releases	December 31, 2024
Time and purpose restricted:				
Advocacy Awards Event	$ 717,106	$ 391,392	$ (475,826)	$ 632,672
National Forum	-	150,000	-	150,000
Early Career Summit	125,000	50,000	(125,000)	50,000
Board Leadership Campaign	125,637	-	(125,637)	-
Baltimore Multiyear pledge	20,000	-	(20,000)	-
Total time and purpose restricted	$ 987,743	$ 591,392	$ (746,463)	$ 832,672
Purpose-restricted:				
Vision for American Science & Technology	-	1,267,328	(657,817)	609,511
Science and Technology Action Plan	298,116	1,000,000	(864,112)	434,004
Gen Z Research	-	380,139	-	380,139
Dr. Leroy Hood Science Policy	275,190	-	(39,558)	235,632
Louis Sullivan Fellow	272,628	-	(57,094)	215,534
Civic Engagement Microgrants	193,124	200,000	(207,958)	185,166
Meetings and briefings	-	125,000	-	125,000
Science CEO Roundtable	240,000	-	(120,000)	120,000
Civic Curriculum	-	100,000	(6,924)	93,076
Internship program	87,228	75,000	(60,592)	101,636
Earnings (losses) from endowment	(152,012)	345,521	-	193,509
Release from endowment	(450,000)	-	(250,000)	(700,000)
Total purpose restricted	764,274	3,492,988	(2,264,055)	1,993,207
Perpetuity:				
Gund Leadership Award endowment	990,363	9,637	-	1,000,000
Public Health Awards supported by J	5,000,000	-	-	5,000,000
Total held in perpetuity	5,990,363	9,637	-	6,000,000
Total net assets with donor restrictions	$ 7,742,380	$ 4,094,017	$ (3,010,518)	$ 8,825,879

10. Endowments

The Organization's endowments include the following two donor-restricted endowment funds which have been classified within net assets with donor restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Net Assets with donor restrictions that are perpetual in nature were comprised of the following at December 31, 2024:

- *Gordon and Llura Gund Endowment Fund (The Gund Fund)*: Established in February 2020 to support the Gordon and Llura Gund Leadership Award presented by the Organization annually at its Advocacy Awards Event 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.

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

<u>Interpretation of Relevant Law</u>

The Organization has interpreted the 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.

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 exception of an annual release of investment earnings being made available to support the purpose of the fund as described above.

10. Endowments (continued)

Interpretation of Relevant Law (continued)

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 the Organization's approved investment policy.

Spending Policy

Beginning in 2023, the earnings generated by the Gund Fund are distributed annually at 5% of the initial principal balance or no less than $50,000 to support the named Advocacy Award.

The Public Health Awards donor agreement states that the payout will be distributed annually at 5% of the initial principal balance, or no less than $200,000 to support the named Advocacy Award. The agreement also states that this policy should still be followed in the event that from time to time the spend exceeds the net income generated by the fund.

Contingent Use of the Funds

Should it become clear in future years that the above-stated purpose for a fund 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 provider of the funds.

Underwater Endowments

The Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent gift amounts donated to the fund.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law and in accordance with the donors' instructions.

At December 31, 2024, the Gund Fund with an original gift value of $1,000,000 (consisting of contributions receivable of $200,000, invested contributions of $800,000) and a fair value of $963,588 (consisting of contributions receivable of $200,000 and investments of $763,588) was reported in net assets with donor restrictions. The Gund endowment deficiency of $36,412 at December 31, 2024 is a result of market fluctuations and required distributions even in years when the fund is underwater.

10. Endowments (continued)

<u>Interpretation of Relevant Law (continued)</u>

Underwater Endowments (continued)

At December 31, 2024, the Public Health Awards Fund, established with an original gift value of $5,000,000 has a fair value of $4,529,921. The deficiency of $470,079 resulted from market fluctuations and required distributions even in years when the fund is underwater.

As noted above, both the Gund Fund and the Public Health Awards Fund require a stated minimum spend annually and both donors specify that this is still required when the fund is underwater. The Organization is currently conducting an analysis of the endowment asset allocation policy to determine an appropriate asset allocation that targets return above its spend 5% policy.

Endowment funds consisted of the following at December 31, 2024:

Endowment funds:	With Donor Restrictions		
	Accumulated Income (Loss)	Held in Perpetuity	Total
Public Health Awards Fund	$ (470,079)	$ 5,000,000	$ 4,529,921
Gordan and Llura Gund Leadership Award	(36,412)	800,000	763,588
Total endowment funds	$ (506,491)	$ 5,800,000	$ 5,293,509

Endowment net assets and related activity consist of the following at December 31, 2024:

	With Donor Restrictions		
	Accumulated Income (Loss)	Held in Perpetuity	Total
Endowment net assets, December 31, 2023	$ (602,012)	$ 5,600,000	$ 4,997,988
Contributions	-	200,000	200,000
Withdrawals	(250,000)	-	(250,000)
Investment earnings	345,521	-	345,521
Endowment net assets, December 31, 2024	$ (506,491)	$ 5,800,000	$ 5,293,509

The Gund Fund includes gross promises to give at December 31, 2024 of $200,000. However, these amounts are not subject to UPMIFA nor to reporting in the above table of net assets and related activity until collected by the Organization.

11. Related-Party Transactions

During the year ended December 31, 2024, the Organization received approximately $217,000 in contributions from Board members.

During the year ended December 31, 2024, the Organization contracted with and incurred professional services expenses totaling $120,000 with a non-profit of which a Board Member is the Chief Executive Officer.

12. Line of Credit

The Organization has a line of credit with a financial institution of up to $250,000 with a variable interest rate of the portfolio loan account interest rate plus 3. 5%, which was 8.14% at December 31, 2024. 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, 2024, the Organization had pledged collateral of investments in the amount of $1,202,964. At December 31, 2024, there was no outstanding balance on the line.

13. Employment Agreement

The Organization has an employment contract with its President through January 31, 2026. The contract contains a noncancelable commitment in the event of termination under certain circumstances of approximately $550,000 plus any performance bonus due.

14. Finance Leases

In April 2022, the Organization entered into two finance lease obligations for equipment due to expire by 2027. In connection with these leases, the Organization recorded ROU assets and corresponding finance lease liabilities in the amount of $17,394 using an interest rate of 1. 27%. The ROU assets and finance lease liabilities are being amortized over the life of the lease agreements. At December 31, 2024, the unamortized balance of the ROU assets is $8,422, which is included in property and equipment on the accompanying statement of financial position.

Future minimum lease payments at December 31, 2024 are as follows:

Years ending December 31:	
2025	$ 3,480
2026	3,480
2027	1,450
Total future minimum lease payments	8,410
Less: amount of lease payments representing interest	(132)
Present value of future minimum lease payments	8,278
Less: current obligations under leases	(3,395)
Long-term lease obligations	$ 4,883

15. Operating 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 an option to renew for an additional five years. Rent expense is recognized on a straight-line basis over the term of the lease. Rent expense, including parking, was $246,023 for the year ended December 31, 2024 and is included in occupancy on the accompanying statement of functional expenses.

The Organization subleases a portion of its lease with a one-year sublease agreement that expires on August 31, 2025. Monthly payments of $3,770 are required throughout the term of the sublease. The agreement can be extended with sixty-day notice and an escalation of 2.5%. During the year ended December 31, 2024, total rental income of $44,504 was included in other income on the accompanying statement of activities.

The balance of the ROU asset – operating is as follows at December 31, 2024:

ROU asset - operating lease	$ 1,124,594
Amortization of ROU asset - operating lease	(580,430)
Net operating ROU asset	$ 544,164

The table below presents a maturity analysis of the operating lease liability in the statement of financial position as of December 31, 2024:

Years ending December 31:	
2025	$ 309,210
2026	316,941
2027	215,239
Total future minimum lease payments	841,390
Less: discount for present value	(13,851)
Present value of future minimum lease payments	827,539
Less: current obligations under leases	(300,762)
Long-term lease obligations	$ 526,777

Lease costs and other related information for the year ended December 31, 2024 were as follows:

Lease costs:	
Operating lease costs	$ 209,237
Variable lease costs	12,158
Sublease income	(44,504)
Total lease costs	$ 176,891

15. Operating Lease (continued)

Other information:

Cash paid for amounts included in measurement of lease liability:		
Operating cash flows for operating lease	$	301,668
Remaining lease term – operating lease (years)		2.7
Discount rate – operating lease		1.27%

16. 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 year ended December 31, 2024, retirement plan expense was $265,035 and is included in salaries and related expenses on the accompanying statement of functional expenses.

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 to the plan for contributions and investment income activity were $210,902 for the year ended December 31, 2024. The balance of deferred compensation is $1,007,113 at December 31, 2024, as shown on the accompanying statement of financial position.

17. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2024, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Subtopic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2024 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U. S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

18. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 9, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.