



RESEARCH!AMERICA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2025

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

RESEARCH!AMERICA

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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, 2025, 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 the Organization as of December 31, 2025, 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 the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 5, 2026

RESEARCH!AMERICA

Statement of Financial Position

December 31, 2025

(With Summarized Comparative Information for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 2,414,990	\$ 3,151,280
Contributions and grants receivable, net	919,045	1,590,356
Investments	7,025,610	6,496,473
Deferred compensation investments	1,178,551	1,007,113
Prepaid expenses and deposits	35,725	69,056
Property and equipment, net	120,431	170,118
Right-of-use asset – operating lease	343,376	544,164
Right-of-use asset – finance lease	22,678	8,422
Total assets	<u>\$ 12,060,406</u>	<u>\$ 13,036,982</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 169,882	\$ 336,251
Accrued expenses	400,981	394,417
Refundable advances and deferred revenue	166,881	949,051
Deferred compensation	1,178,551	1,007,113
Operating lease liability	526,777	827,539
Finance lease liability	22,638	8,278
Total liabilities	<u>2,465,710</u>	<u>3,522,649</u>
Net Assets		
Without donor restrictions:		
Undesignated	13,059	18,982
Board-designated funds	349,472	669,472
Total net assets without donor restrictions	<u>362,531</u>	<u>688,454</u>
With donor restrictions:		
Restricted for time and purpose	739,661	832,672
Restricted for purpose	2,492,504	1,993,207
Restricted in perpetuity	6,000,000	6,000,000
Total net assets with donor restrictions	<u>9,232,165</u>	<u>8,825,879</u>
Total net assets	<u>9,594,696</u>	<u>9,514,333</u>
Total liabilities and net assets	<u>\$ 12,060,406</u>	<u>\$ 13,036,982</u>

See accompanying notes.

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Statement of Activities

Year Ended December 31, 2025

(With Summarized Comparative Information for 2024)

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Grants of cash and other financial assets	\$ 613,345	\$ 4,120,600	\$ 4,733,945	\$ 3,783,393
Dues	1,352,350	-	1,352,350	1,369,195
Advocacy awards event	292,110	455,598	747,708	879,257
Partner programs	198,100	533,000	731,100	563,236
Contributed financial assets	442,417	130,000	572,417	250,325
National forum	326,200	108,640	434,840	562,350
Interest and dividends, net of fees	72,636	-	72,636	81,238
Contributed nonfinancial assets	3,836	-	3,836	68,241
Other income	46,392	-	46,392	44,559
Net assets released from restrictions:				
Release from endowment	250,000	(250,000)	-	-
Expiration of time restrictions	657,249	(657,249)	-	-
Satisfaction of purpose restrictions	4,717,508	(4,717,508)	-	-
Total revenue and support	<u>8,972,143</u>	<u>(276,919)</u>	<u>8,695,224</u>	<u>7,601,794</u>
Expenses				
Program services	<u>7,811,222</u>	<u>-</u>	<u>7,811,222</u>	<u>6,038,292</u>
Supporting services:				
Operating	921,152	-	921,152	872,966
Fundraising	<u>684,896</u>	<u>-</u>	<u>684,896</u>	<u>757,862</u>
Total supporting services	<u>1,606,048</u>	<u>-</u>	<u>1,606,048</u>	<u>1,630,828</u>
Total expenses	<u>9,417,270</u>	<u>-</u>	<u>9,417,270</u>	<u>7,669,120</u>
Change in Net Assets Before Nonoperating Activity	(445,127)	(276,919)	(722,046)	(67,326)
Nonoperating Activity				
Realized and unrealized gain on investments	119,204	573,943	693,147	288,887
Interest income on endowments	<u>-</u>	<u>109,262</u>	<u>109,262</u>	<u>107,667</u>
Change in Net Assets	(325,923)	406,286	80,363	329,228
Net Assets , beginning of year	<u>688,454</u>	<u>8,825,879</u>	<u>9,514,333</u>	<u>9,185,105</u>
Net Assets , end of year	<u>\$ 362,531</u>	<u>\$ 9,232,165</u>	<u>\$ 9,594,696</u>	<u>\$ 9,514,333</u>

See accompanying notes.

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Statement of Functional Expenses

Year Ended December 31, 2025

(With Summarized Comparative Information for 2024)

	2025			2024		
	Program Services	Supporting Services		Total Supporting Services	Total	Total
		Operating	Fundraising			
Salaries and related expenses	\$ 3,409,780	\$ 682,071	\$ 590,817	\$ 1,272,888	\$ 4,682,668	\$ 4,725,105
Professional fees	1,931,851	175,044	22,573	197,617	1,931,851	1,509,963
Advocacy and awareness	1,417,883	-	-	-	1,417,883	143,531
Travel, events and meetings	377,586	1,279	8,998	10,277	387,863	329,787
Lobbying	355,092	-	-	-	355,092	286,719
Occupancy	196,164	11,961	31,099	43,060	239,224	246,023
Information technology, equipment and maintenance	104,715	9,066	15,517	24,583	129,298	125,055
Depreciation and amortization	62,611	3,818	9,926	13,744	76,355	74,867
Civic engagement microgrants	49,033	-	-	-	49,033	47,759
Dues and subscriptions	44,465	2,420	1,089	3,509	47,974	43,158
Office expenses	26,858	1,499	3,459	4,958	31,816	40,876
Other expenses	32,801	33,994	1,418	35,412	68,213	96,277
Total Expenses	\$ 7,811,222	\$ 921,152	\$ 684,896	\$ 1,606,048	\$ 9,417,270	\$ 7,669,120

See accompanying notes.

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Statement of Cash Flows

Year Ended December 31, 2025

(With Summarized Comparative Information for 2024)

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 80,363	\$ 329,228
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	69,462	71,499
Amortization of finance lease	6,893	3,368
Donated marketable securities	(31,294)	(25,826)
Proceeds from sales of donated marketable securities	29,712	25,144
Realized and unrealized gain on investments	(693,147)	(288,887)
Change in value of deferred compensation investments	(171,438)	(210,902)
Change in discount on contributions and grants receivable	1,583	36,029
Contributions restricted for endowment	-	(200,000)
Changes in operating assets and liabilities:		
Contributions and grants receivable	669,728	262,675
Prepaid expenses and deposits	33,331	(9,327)
Operating lease assets and liabilities	(99,974)	(92,481)
Accounts payable	(166,369)	83,688
Accrued expenses	6,564	36,397
Refundable advances and deferred revenue	(782,170)	723,472
Deferred compensation	171,438	210,902
Net cash (used in) provided by operating activities	<u>(875,318)</u>	<u>954,979</u>
Cash Flows from Investing Activities		
Purchases of investments	(1,583,934)	(1,314,257)
Proceeds from sales of investments	1,749,526	1,231,976
Purchases of property and equipment	<u>(19,775)</u>	<u>(12,657)</u>
Net cash provided by (used in) investing activities	<u>145,817</u>	<u>(94,938)</u>
Cash Flows from Financing Activities		
Proceeds from endowment contributions	-	200,000
Payments on finance lease liabilities	<u>(6,789)</u>	<u>(3,352)</u>
Net cash (used in) provided by financing activities	<u>(6,789)</u>	<u>196,648</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(736,290)	1,056,689
Cash and Cash Equivalents, beginning of year	<u>3,151,280</u>	<u>2,094,591</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,414,990</u>	<u>\$ 3,151,280</u>
Supplemental Information:		
Donated marketable securities	<u>\$ 31,294</u>	<u>\$ 25,826</u>
Initial recognition of finance lease liability	<u>\$ 21,149</u>	<u>\$ -</u>

See accompanying notes.

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 PoliciesBasis 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 recognized as an increase to contribution-related revenue, including grants of cash and other financial assets and advocacy awards event revenue. 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 nonoperating activity on the accompanying statement of activities.

Property and Equipment

Property and equipment with a cost over \$1,200 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 presented as right-of-use asset – finance lease 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 funds. Net assets without donor restrictions also include 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, 2025.

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, Partner Programs and National Forum.

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. At December 31, 2025, the Organization had approximately \$1,660,000 in unrecognized conditional awards. This includes advances received for which the conditions are yet to be met at December 31, 2025, totaling \$155,756 included in refundable advances and deferred revenue on the accompanying statement of financial position.

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 nonfinancial 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)Advocacy and Awareness

The Organization incurs costs for advocacy and awareness initiatives, including cooperative media campaigns conducted in collaboration with partner organizations in support of the Americans for Medical Research and the Science and Technology Action Committee. These activities are programmatic in nature and are designed to advance public education and policy awareness aligned with the Organization's mission.

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

For comparative purposes, certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Specifically, \$8,422 previously reported as property and equipment has been reclassified to right-of-use asset – finance lease to better reflect the nature of the asset. In addition, prior year net asset classifications were combined within board-designated net assets, and certain expenses previously reported within professional fees have been reclassified to advocacy and awareness to better align with the nature of the underlying activities. These reclassifications had no effect on total assets, total net assets, or changes in 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, 2024, from which the summarized information was derived.

3. Concentrations and Contingencies

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.

3. Concentrations and Contingencies (continued)

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.

Revenue from one source accounted for approximately 20% of the Organization's revenue and support for the year ended December 31, 2025. In addition, receivables due from six sources comprised 95% of the total receivables due at December 31, 2025.

4. Contributions and Grants Receivable

At December 31, 2025, 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	\$ 607,039
Contributions and grants receivable in one to five years	<u>335,000</u>
Total contributions and grants receivable	942,039
Less: Unamortized discount	<u>(22,994)</u>
Contributions and grants receivable, net	<u>\$ 919,045</u>

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.

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Notes to Financial Statements

December 31, 2025

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, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Equity funds	\$ 3,806,222	\$ -	\$ -	\$ 3,806,222
Fixed-income mutual funds	3,040,714	-	-	3,040,714
Money market funds and cash equivalents	178,674	-	-	178,674
Total investments at fair value	<u>\$ 7,025,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,025,610</u>
Investments in deferred compensation plan:				
Large blend equity index	\$ 1,178,551	\$ -	\$ -	\$ 1,178,551
Deferred compensation	<u>\$ 1,178,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178,551</u>

6. Property and Equipment

The Organization held the following property and equipment at December 31, 2025:

Leasehold improvements	\$ 524,438
Furniture and equipment	<u>178,795</u>
Total property and equipment	703,233
Less: Accumulated depreciation	<u>(582,802)</u>
Property and equipment, net	<u>\$ 120,431</u>

Depreciation expense related to property and equipment was \$69,462 for the year ended December 31, 2025, and is included in depreciation and amortization expense in the accompanying statement of functional expenses. During the year, the Organization disposed of property and equipment that was fully depreciated, with an original cost of \$13,555.

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Notes to Financial Statements

December 31, 2025

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, 2025:

Contribution	Amount	Usage in Programs/ Activities	Donor Imposed Restrictions	Fair Value Technique and Inputs
Professional fees	\$ 1,556	Programs	None	Service rate for the same services at the time of receipt
Wine – 30 Bottles	2,280	Programs	None	Cost of same item on a public website
Total contributed nonfinancial assets	<u>\$ 3,836</u>			

8. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use within one year:

Financial assets:	
Cash and cash equivalents	\$ 2,414,990
Contributions and grants receivable, net	919,045
Investments	<u>7,025,610</u>
Total financial assets	10,359,645
Less those unavailable for general expenditures within one year:	
Board-designated funds	(349,472)
Donor-imposed restrictions	<u>(9,232,165)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 778,008</u>

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 nonoperating debt. Should the need arise, the Board may approve releases of the board-designated funds. In addition, as of December 31, 2025, the Organization has \$250,000 available on a line of credit upon which they may draw.

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Notes to Financial Statements

December 31, 2025

9. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the year ended December 31, 2025, are as follows:

	December 31, 2024	Additions	Releases	December 31, 2025
Time and purpose restricted:				
Advocacy awards event	\$ 632,672	\$ 455,598	\$ (457,249)	\$ 631,021
National forum	150,000	108,640	(150,000)	108,640
Early career summit	50,000	-	(50,000)	-
Total time and purpose restricted	<u>832,672</u>	<u>564,238</u>	<u>(657,249)</u>	<u>739,661</u>
Purpose restricted:				
American's for Medical Research Campaign	-	2,633,000	(1,975,919)	657,081
Science and Technology Action Committee	434,004	1,000,000	(977,420)	456,584
HSR Landscape Project	-	429,200	(56,289)	372,911
Dr. Leroy Hood Science Policy Fellowship	235,632	-	(74,165)	161,467
Meetings and briefings	125,000	160,000	(125,000)	160,000
Internship program	101,636	130,000	(76,145)	155,491
Louis Sullivan Fellow	215,534	-	(60,373)	155,161
Investment report	-	150,000	-	150,000
Science CEO Roundtable	120,000	146,400	(120,000)	146,400
Civic Engagement Microgrants	185,166	135,000	(194,981)	125,185
Gen Z Research	380,139	-	(355,046)	25,093
Vision for American Science & Technology	609,511	-	(609,094)	417
Civic Curriculum	93,076	-	(93,076)	-
Earnings (losses) from endowment	193,509	683,205	-	876,714
Release from endowment	(700,000)	-	(250,000)	(950,000)
Total purpose restricted	<u>1,993,207</u>	<u>5,466,805</u>	<u>(4,967,508)</u>	<u>2,492,504</u>
Perpetuity:				
Gund Leadership Award endowment	1,000,000	-	-	1,000,000
Public Health Awards supported by J & J	5,000,000	-	-	5,000,000
Total held in perpetuity	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total net assets with donor restrictions	<u>\$ 8,825,879</u>	<u>\$ 6,031,043</u>	<u>\$ (5,624,757)</u>	<u>\$ 9,232,165</u>

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, 2025:

- *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.

Interpretation of Relevant Law

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, 2025, the Gund Fund with an original gift value of \$1,000,000 and a fair value of \$1,013,451 was reported in net assets with donor restrictions and is no longer considered underwater. In the prior year, the fund was underwater as its fair value was less than the original gift amount.

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December 31, 2025

10. Endowments (continued)Interpretation of Relevant Law (continued)*Underwater Endowments (continued)*

At December 31, 2025, the Public Health Awards Fund, established with an original gift value of \$5,000,000 has a fair value of \$4,913,263. The deficiency of \$86,737 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, 2025:

	With Donor Restrictions		Total
	Accumulated Income (Loss)	Held in Perpetuity	
Endowment funds:			
Public Health Awards Fund	\$ (86,737)	\$ 5,000,000	\$ 4,913,263
Gordan and Llura Gund Leadership Award	13,451	1,000,000	1,013,451
Total endowment funds	\$ (73,286)	\$ 6,000,000	\$ 5,926,714

Endowment net assets and related activity consist of the following at December 31, 2025:

	With Donor Restrictions		Total
	Accumulated Income (Loss)	Held in Perpetuity	
Endowment net assets, December 31, 2024	\$ (506,491)	\$ 5,800,000	\$ 5,293,509
Contributions	-	200,000	200,000
Withdrawals	(250,000)	-	(250,000)
Investment earnings	683,205	-	683,205
Endowment net assets, December 31, 2025	\$ (73,286)	\$ 6,000,000	\$ 5,926,714

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Notes to Financial Statements

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11. Related Party Transactions

During the year ended December 31, 2025, the Organization received contributions totaling \$144,117 from Board members.

During the year ended December 31, 2025, the Organization incurred professional fees totaling \$25,999 with another nonprofit organization for which a Board Member serves as 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 7.4% at December 31, 2025. 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, 2025, the Organization had pledged collateral of investments in the amount of \$1,097,914. At December 31, 2025, there was no outstanding balance on the line.

13. Finance Leases

In April 2022, the Organization entered into a finance lease for equipment with a term through 2027. In June 2025, the Organization entered into another finance lease for equipment with a term through 2028. In connection with these leases, the Organization recorded ROU assets and corresponding finance lease liabilities totaling \$38,833, using an interest rate of 1.27%. The ROU assets and finance lease liabilities are amortized over the terms of the lease agreements. At December 31, 2025, the unamortized balance of the ROU assets is \$22,678, which is presented as right-of-use asset – finance lease on the accompanying statement of financial position. The weighted-average remaining lease term for finance leases is 2.3 years, and the weighted-average discount rate is 1.27%.

Future minimum lease payments at December 31, 2025 are as follows:

Years ending December 31:		
2026	\$	11,044
2027		8,432
2028		3,491
		<hr/>
Total future minimum lease payments		22,967
Less: Amount of lease payments representing interest		(329)
		<hr/>
Present value of future minimum lease payments		22,638
Less: Current obligations under finance leases		(10,253)
		<hr/>
Long-term finance lease obligations	\$	12,385

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Notes to Financial Statements

December 31, 2025

14. 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 \$239,224 for the year ended December 31, 2025 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, 2026. Monthly payments of \$3,864 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, 2025, total rental income of \$45,616 was included in other income on the accompanying statement of activities.

The balance of the ROU asset – operating is as follows at December 31, 2025:

ROU asset – operating lease	\$ 1,124,594
Amortization of ROU asset – operating lease	<u>(781,218)</u>
Net operating ROU asset	<u>\$ 343,376</u>

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:	
2026	\$ 316,941
2027	<u>215,239</u>
Total future minimum lease payments	532,180
Less: Discount for present value	<u>(5,403)</u>
Present value of future minimum lease payments	526,777
Less: Current obligations under operating leases	<u>(312,387)</u>
Long-term operating lease obligations	<u>\$ 214,390</u>

Lease costs and other related information for the year ended December 31, 2025 were as follows:

Lease costs:	
Operating lease costs	\$ 209,237
Variable lease costs	13,369
Sublease income	<u>(45,616)</u>
Total lease costs	<u>\$ 176,990</u>

14. Operating Lease (continued)

Lease costs are included in occupancy on the accompanying statement of functional expenses and sublease income is included in other income on the statement of activities.

Other information:

Cash paid for amounts included in measurement of lease liability:	
Operating cash flows for operating lease	\$ 309,210
Remaining lease term – operating lease (years)	1.7
Discount rate – operating lease	1.27%

15. 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, 2025, retirement plan expense was \$257,893 and is included in salaries and related expenses on the accompanying statement of functional expenses.

The Organization has a funded, nonqualified deferred compensation plan established under Section 457(b) of the Internal Revenue Code (IRC) to provide deferred compensation for selected key employees. Increases to the plan for contributions and investment income activity were \$171,438 for the year ended December 31, 2025. The balance of deferred compensation is \$1,178,551 at December 31, 2025, as shown on the accompanying statement of financial position.

16. Employment Agreements

The Organization had an employment agreement with its President in effect as of December 31, 2025, which was scheduled to end on January 31, 2026. The agreement included a termination provision with potential severance obligations under certain circumstances through that date. Subsequent to year-end, the Organization amended the agreement to extend employment through May 15, 2026; however, the amended agreement removed the termination and severance provisions. As such, any potential financial obligation related to the termination provision was limited to the period ending January 31, 2026.

Subsequent to year-end, the Organization entered into an employment agreement with a new President, effective May 4, 2026. The Organization expects a transition period during which both the outgoing and incoming Presidents will be employed concurrently.

17. Income Taxes

Under Section 501(c)(3) of the IRC, 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, 2025, as the Organization had no taxable net unrelated business income.

17. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC 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, 2025, 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 5, 2026, the date the financial statements were available to be issued except as disclosed in Note 16, *Employment Agreements*.