

Foundation for the National Institutes of Health, Inc.

**Financial Statements
and Supplementary Information**

Years Ended December 31, 2017 and 2016

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Independent Auditors' Report

Board of Directors
Foundation for the National Institutes of Health, Inc.
North Bethesda, Maryland

We have audited the accompanying financial statements of Foundation for the National Institutes of Health, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for the National Institutes of Health, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 24 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Dixon Hughes Goodman LLP

Richmond, Virginia
May 17, 2018

Foundation for the National Institutes of Health, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,083,896	\$ 44,402,557
Appropriations receivable	500,000	500,000
Contributions receivable, net	21,674,301	17,152,232
Accrued interest	203,819	123,109
Prepaid expenses and other receivables	171,707	105,919
	<u>46,633,723</u>	<u>62,283,817</u>
Total current assets		
Contributions receivable	1,305,711	8,686,564
Investments	70,839,704	45,370,937
Property and equipment, net	1,653,277	42,605
	<u>\$ 120,432,415</u>	<u>\$ 116,383,923</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,704,459	\$ 8,076,645
Funds held for others, agency transactions	1,240,626	453,876
Charitable gift annuity	144,193	150,542
	<u>5,089,278</u>	<u>8,681,063</u>
Total current liabilities		
Deferred grant revenue	2,947,073	3,391,030
Other deferred revenue	435,000	1,083,500
Deferred lease incentive	1,372,009	-
Deferred rent liability	101,436	-
	<u>9,944,796</u>	<u>13,155,593</u>
Total liabilities		
Net assets:		
Unrestricted:		
Unrestricted, general	5,952,742	5,846,315
Board designated	10,018,000	7,476,625
	<u>15,970,742</u>	<u>13,322,940</u>
Total unrestricted		
Temporarily restricted	91,433,211	86,811,639
Permanently restricted	3,083,666	3,093,751
	<u>110,487,619</u>	<u>103,228,330</u>
Total net assets		
Total liabilities and net assets	<u>\$ 120,432,415</u>	<u>\$ 116,383,923</u>

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, support and other changes:				
Contributions	\$ 789,982	\$ 57,718,587	\$ 9,915	\$ 58,518,484
Grants	381,969	-	-	381,969
In-kind contributions	1,490,818	-	-	1,490,818
NIH appropriation	1,110,000	-	-	1,110,000
Donated services	39,000	-	-	39,000
Fundraising event	324,700	-	-	324,700
Investment and interest income	1,618,481	824,779	-	2,443,260
Administrative fee, agency transactions and grants	111,660	-	-	111,660
Net assets released from restrictions:				
Satisfaction of administrative fee requirements	4,066,868	(4,066,868)	-	-
Satisfaction of program restrictions	49,874,926	(49,874,926)	-	-
	<u>59,808,404</u>	<u>4,601,572</u>	<u>9,915</u>	<u>64,419,891</u>
Total revenue, support and other changes				
Expenses:				
Program services:				
Fellowships and training programs	958,145	-	-	958,145
Memorials, awards and events	813,509	-	-	813,509
Capital projects	66,782	-	-	66,782
Research programs	49,897,652	-	-	49,897,652
	<u>51,736,088</u>	<u>-</u>	<u>-</u>	<u>51,736,088</u>
Total program services				
Supporting services:				
Management and general	4,986,112	-	-	4,986,112
Fundraising	438,402	-	-	438,402
	<u>5,424,514</u>	<u>-</u>	<u>-</u>	<u>5,424,514</u>
Total supporting services				
Total expenses	<u>57,160,602</u>	<u>-</u>	<u>-</u>	<u>57,160,602</u>
Change in donor designation	-	20,000	(20,000)	-
Change in net assets	2,647,802	4,621,572	(10,085)	7,259,289
Net assets, beginning of year	<u>13,322,940</u>	<u>86,811,639</u>	<u>3,093,751</u>	<u>103,228,330</u>
Net assets, end of year	<u>\$ 15,970,742</u>	<u>\$ 91,433,211</u>	<u>\$ 3,083,666</u>	<u>\$110,487,619</u>

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, support and other changes:				
Contributions	\$ 282,273	\$ 80,314,445	\$ 8,886	\$ 80,605,604
Grants	351,613	-	-	351,613
In-kind contributions	960,688	-	-	960,688
NIH appropriation	1,150,000	-	-	1,150,000
Donated services	30,000	-	-	30,000
Fundraising event	279,800	-	-	279,800
Investment and interest income	805,384	297,107	-	1,102,491
Administrative fee, agency transactions and grants	122,392	-	-	122,392
Net assets released from restrictions:				
Satisfaction of administrative fee requirements	3,410,033	(3,410,033)	-	-
Satisfaction of program restrictions	42,118,174	(42,118,174)	-	-
	<u>49,510,357</u>	<u>35,083,345</u>	<u>8,886</u>	<u>84,602,588</u>
Total revenue, support and other changes				
Expenses:				
Program services:				
Fellowships and training programs	1,257,933	-	-	1,257,933
Memorials, awards and events	390,128	-	-	390,128
Capital projects	51,627	-	-	51,627
Research programs	41,957,442	-	-	41,957,442
	<u>43,657,130</u>	<u>-</u>	<u>-</u>	<u>43,657,130</u>
Total program services				
Supporting services:				
Management and general	3,800,393	-	-	3,800,393
Fundraising	392,283	-	-	392,283
	<u>4,192,676</u>	<u>-</u>	<u>-</u>	<u>4,192,676</u>
Total supporting services				
Total expenses	<u>47,849,806</u>	<u>-</u>	<u>-</u>	<u>47,849,806</u>
Change in donor restriction	<u>-</u>	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>
Change in net assets	1,660,551	35,203,345	(111,114)	36,752,782
Net assets, beginning of year	<u>11,662,389</u>	<u>51,608,294</u>	<u>3,204,865</u>	<u>66,475,548</u>
Net assets, end of year	<u>\$ 13,322,940</u>	<u>\$ 86,811,639</u>	<u>\$ 3,093,751</u>	<u>\$ 103,228,330</u>

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,259,289	\$ 36,752,782
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	51,250	20,094
Contributions restricted for long-term purposes	(9,915)	(8,886)
Net realized and unrealized gain on investments	(1,377,208)	(528,175)
Deferred lease incentive amortization	(15,416)	-
Change in assets and liabilities:		
Contributions receivable	2,858,784	(16,253,929)
Accrued interest	(80,710)	(102,405)
Prepaid expenses and other receivables	(65,788)	2,034
Accounts payable and accrued expenses	(4,372,186)	6,616,388
Funds held for others, agency transactions	786,750	(123,395)
Charitable gift annuity	(6,349)	(6,428)
Deferred grant revenue	(443,957)	(2,526,726)
Other deferred revenue	(648,500)	1,025,999
Net cash provided by operating activities	<u>3,936,044</u>	<u>24,867,353</u>
Cash flows from investing activities:		
Furniture and equipment acquisitions	(274,497)	(12,359)
Sales and maturities of investments	11,608,561	4,516,370
Purchase of investments	<u>(35,700,120)</u>	<u>(4,206,726)</u>
Net cash provided (used) by investing activities	<u>(24,366,056)</u>	<u>297,285</u>
Cash flows from financing activities:		
Deferred rent liability	101,436	-
Contributions restricted for investment in permanent endowment	<u>9,915</u>	<u>8,886</u>
Net cash provided by financing activities	<u>111,351</u>	<u>8,886</u>
Net change in cash and cash equivalents	<u>(20,318,661)</u>	<u>25,173,524</u>
Cash and cash equivalents, beginning of year	<u>44,402,557</u>	<u>19,229,033</u>
Cash and cash equivalents, end of year	<u>\$ 24,083,896</u>	<u>\$ 44,402,557</u>
Supplemental disclosure of noncash transactions:		
Leasehold improvements acquired with lease incentive	<u>\$ 1,387,425</u>	<u>\$ -</u>

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

Foundation for the National Institutes of Health, Inc. (Foundation) is a not-for-profit organization, whose mission is to support the National Institutes of Health (NIH) in its mission, and to advance collaboration with biomedical researchers from universities, industry, and nonprofit organizations.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the financial statement presentation, cash and cash equivalents includes all cash on hand, demand accounts, and highly-liquid investments with original maturities of three months or less, excluding temporarily uninvested money market funds held in brokerage accounts.

Investments

Investments are recorded at market value. Realized gains or losses are recognized upon sale or disposal. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses, due to market fluctuations during the year, are recognized at year-end.

Contributions and appropriations receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions to be collected in more than one year are recorded at net present value, which approximates fair value. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Credit risk for contributions receivable is concentrated, as a significant amount of contributions receivable are received from a few donor organizations. Appropriations receivable are stated at net realizable value and are deemed fully collectible by management.

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

Allowance for uncollectible receivables

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management has established an allowance for uncollectible contributions receivable in the amount of \$15,000 as of December 31, 2017 and 2016, based on a review of historical collections. Receivables are considered delinquent if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Amounts recorded as other receivables are deemed to be fully collectible by management. Accordingly, an allowance has not been recorded for those receivables.

Property and equipment

Property and equipment purchases are recorded at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Furniture & equipment	3 - 5 years
Leasehold improvements	15 years

The Foundation's policy is to capitalize furniture and equipment purchased with a cost of \$1,000 or more. Donated equipment is recorded at fair market value at the date of contribution.

Deferred rent and incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed or are less than the cash payments required. Deferred leasehold incentives are recorded and amortized over the life of the lease.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence and/or nature of any donor restrictions. Donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Agency transactions

The Foundation recognizes a liability equal to the fair value of assets received by the Foundation for which the donor stipulates that the assets are to be used on behalf of the donor or another entity (the beneficiary) or to be transferred to another entity.

Grant revenue recognition

Amounts received under grant awards are considered exchange transactions and are recognized as unrestricted revenue when the related expenses are incurred. Unexpended amounts received are recorded as deferred grant revenue. Expenditures in excess of receipts are recorded as grants receivable.

Appropriations revenue recognition

Government appropriations are recognized as revenue in the year they are appropriated.

Allocation of expenses

Salaries and benefits have been allocated to program and supporting services based on timekeeping by employees.

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017 and 2016.

Reclassification

Certain reclassifications have been made to the 2016 financial statements to confirm to the 2017 financial statement presentation.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 17, 2018, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist of cash transaction accounts. The Foundation places its cash transaction accounts with high credit quality financial institutions. On December 31, 2017 and 2016, the Foundation had deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. Cash and Cash Equivalents

Elements of cash and cash equivalents consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Cash in banks	\$ 1,032,985	\$ 264,539
Money market funds	<u>23,050,911</u>	<u>44,138,018</u>
	<u>\$ 24,083,896</u>	<u>\$ 44,402,557</u>

5. Property and Equipment

Major classes of property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 967,341	\$ 692,845
Leasehold improvements	<u>1,372,009</u>	<u>-</u>
	<u>2,339,350</u>	692,845
Accumulated depreciation and amortization	<u>(686,073)</u>	<u>(650,240)</u>
	<u>\$ 1,653,277</u>	<u>\$ 42,605</u>

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

6. Investments

Investments as of December 31, 2017, are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 1,113,648	\$ 1,113,648
Stocks	499,651	870,417
Corporate bonds	236,083	301,650
U.S. government bonds	56,828,181	56,524,690
Exchange traded funds	2,337,006	2,168,144
Mutual funds	<u>8,790,300</u>	<u>9,861,155</u>
	<u>\$ 69,804,869</u>	<u>\$ 70,839,704</u>

The following schedule summarizes the investment return and its classification for 2017.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 794,286	\$ 271,766	\$ 1,066,052
Realized gains	198,937	133,209	332,146
Unrealized gains	<u>625,258</u>	<u>419,804</u>	<u>1,045,062</u>
Total investment return	<u>\$ 1,618,481</u>	<u>\$ 824,779</u>	<u>\$ 2,443,260</u>

Investments as of December 31, 2016, are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 2,290,760	\$ 2,290,760
Stocks	482,094	740,342
Corporate bonds	842,395	926,955
U.S. government bonds	31,665,066	31,640,765
Exchange traded funds	1,524,177	1,561,261
Mutual funds	<u>8,252,979</u>	<u>8,210,854</u>
	<u>\$ 45,057,471</u>	<u>\$ 45,370,937</u>

The following schedule summarizes the investment return and its classification for 2016.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 404,239	\$ 170,077	\$ 574,316
Realized losses	(55,407)	(40,267)	(95,674)
Unrealized gains	<u>456,552</u>	<u>167,297</u>	<u>623,849</u>
Total investment return	<u>\$ 805,384</u>	<u>\$ 297,107</u>	<u>\$ 1,102,491</u>

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

7. Contributions Receivable

Contributions receivable at December 31, were as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 21,689,301	\$ 17,167,232
Receivable in one to five years	<u>1,344,000</u>	<u>8,894,000</u>
Total unconditional contributions receivable	23,033,301	26,061,232
Discounts to net present value	(38,289)	(207,436)
Allowance for uncollectible contributions receivable	<u>(15,000)</u>	<u>(15,000)</u>
Net unconditional contributions receivable	<u>\$ 22,980,012</u>	<u>\$ 25,838,796</u>

The discount rate used on long-term contributions receivable was 2.25% in 2017 and 2016.

8. Conditional Contributions Receivable

As of December 31, the Foundation had the following contributions receivable subject to donor conditions:

	<u>2017</u>	<u>2016</u>
Conditioned upon the funder not notifying the Foundation by a specific date that they do not wish to fund the program:		
Comprehensive Cellular Vaccine Immune Monitoring Consortium	\$ 6,781,274	\$ 9,116,153
Developing Leads to Shorten Duration of TB Chemotherapy	3,375,351	3,375,351
Using Biomarkers to Predict TB Treatment Duration	8,672,115	8,672,115
Alzheimer's Disease Neuroimaging Initiative-2	-	10,000
Lurie Prize in Biomedical Research	400,000	100,000
Support functions for Vector-based Control of Transmission Research	1,017,445	1,785,326
Pew Latin American Fellows Awards	238,875	76,125
Lifespan Connectome Project	1,161,290	1,741,935
Transitional Support for Gene Drive Research	5,287,190	5,287,190
Efficacy of Heterodimeric IL-15 Treatment Regimens in Reducing SIV Reservoir	2,002,514	2,874,832
Health Effects of Moderate Drinking	51,550,000	56,650,000
Biomarkers Consortium Novel Cardiac Biomarkers in the General US Population	100,000	325,000
Conditioned upon meeting certain milestones and/or the funder not cancelling:		
The Sports and Health Research Program	-	16,325,242
Biomarkers Consortium Autism Spectrum Disorder	-	1,000,000
NIH Medical Research Scholars Program	240,000	270,000
Follicular Lymphoma Research Fund	40,000	60,000
Charles A. Sanders Legacy Fund	50,000	100,000
2017 Cognitive Aging Summit	-	83,636
Alzheimer's Disease Neuroimaging Initiative-3	7,905,000	12,190,000
Accelerating Medicines Partnership: RA, SLE & Related Autoimmune Disorders	-	11,443,000
Biomarkers Consortium Treatments Against Rheumatoid Arthritis and Effect on FDG PET-CT	512,500	798,750
Biomarkers Consortium High Definition Single Cell Analysis of Blood and Tissue Biopsies in Patients with Colorectal Cancer	-	800,000
Biomarkers Consortium Advanced Metrics and Modeling with Volumetric CT for Precision Analysis of Clinical Trial Results	1,008,333	1,450,000

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

Longitudinal Proteomic Changes in CSF from ADNI: Towards Better Defining the Trajectory of Prodromal and Early Alzheimer's Disease	22,000	122,000
Amgen NIH Scholars Program	-	212,500
The Pew Scholars Program in the Biomedical Sciences	-	63,000
Pamela Anne Cafritz Renal Cell Carcinoma Award	400,000	-
Biomarkers Consortium Osteoarthritis Biomarkers Qualification	1,041,000	-
Structure-based Vaccine Design Against HIV-1	250,000	-
Biomarkers Consortium Inflammatory Markers for Neurodegenerative and Mood Disorders	188,500	-
Partnership for Accelerating Cancer Therapies	9,200,000	-
Accelerating Medicines Partnership: Parkinson's Disease	6,800,000	-
NCTN Data Archive De-Identification Project	120,000	-
Biomarkers Consortium ctDNA Reference Standards	154,822	-
	<u>\$ 108,518,209</u>	<u>\$ 134,932,155</u>

Since these represent conditional contributions receivable, they are not recorded as contributions receivable and contribution revenue until donor conditions are met.

9. Board Designated Net Assets

The Board of Directors has established three board designated funds as follows at December 31:

	<u>2017</u>	<u>2016</u>
Endowment Fund	\$ 7,968,000	\$ 6,259,011
Contingency Fund	500,000	467,614
Legacy Fund	1,550,000	750,000
	<u>\$ 10,018,000</u>	<u>\$ 7,476,625</u>

10. Temporarily Restricted Net Assets

As of December 31, temporarily restricted net assets were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Fellowships and Training Programs:		
Amgen Scholars Program	\$ 176,812	\$ 184,721
Amgen Scholars Science Education Fellowship at NIH	183	54,466
Clinical Research Training Program	292,561	292,561
Dean R. O'Neill Renal Cell Cancer Research Fund	188,625	157,576
Dr. Edward T. Rancic Memorial Fund	6,431	11,982
Dr. John L. Barr Memorial Fund	257	9,239
Neva Fund	27,851	29,117
NIH Medical Research Scholarship Program	709,447	1,022,311
NINDS/CNS Getch Scholar	200,000	-
NOB Fund	8,152	8,152
Norman P. Salzman Memorial Award and Lecture in Virology	241,605	221,999
Pew Biomedical Scholars	-	45,750
Pew Latin American Fellow	30,000	-
Robert Whitney Newcomb Memorial Lecture and Internship	1,171,991	1,125,665
Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research	150,210	30,388

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

Swanson Family Fellowship in Generic Thyroid Benign Chorea and IgA Deficiency (TTF-1)	92,500	92,500
Memorials, Awards and Events:		
2016 Alzheimer's Disease-Related Dementia (ADRD) Summit	-	33,263
2017 AD Caregiving Summit	45,689	-
Adam J. Berry Memorial Fund	4,890	6,342
Alzheimer's Disease 2018	56,922	-
Breast Cancer Summit	-	9,296
Breast Cancer Summit 2	65,198	65,740
Carcinoid Summit Workshop	17,594	22,129
Celebrating 50 Years of Brain Research: New Discoveries, New Hope	171,451	171,452
Clinical Research Training Program 10-Year Reunion	23,642	23,642
Cognitive Aging Summit	-	180,117
Dr. Anita Roberts Memorial Fund	32,247	32,880
Dr. Jane M. Sayer Vision Research Lecture and Award	227,580	253,547
Edna Williams Curl & Myron R. Curl Endowment for Multiple Sclerosis Research	64,615	63,352
Human Genome Exhibition	75,969	146,033
International Summit in Human Genetics and Genomics	37,089	36,765
John Laws Decker Memorial Fund	2,156	2,360
Lurie Prize	100,000	-
Pamela Ana Cafritz	100,000	-
Polio Conference	40,698	40,698
Stephen E. Straus Award	104,565	104,555
Capital Projects:		
Edmond J. Safra Family Lodge Bricks and Mortar	79,759	80,562
Edmond J. Safra Family Lodge All Programs	16,563	14,913
Edmond J. Safra Family Lodge GSK Endowment	307,469	67,078
Edmond J. Safra Family Lodge Weinberg Endowment	163,664	30,530
Edmond J. Safra Family Lodge Gallin Endowment	118,942	118,048
Edmond J. Safra Family Lodge Lifecycle Renewal Project	354,919	370,226
Tracy's Toy Box	7,941	7,941
Research Partnerships:		
Accelerating Medicines Partnership Membership	1,480,355	2,184,170
Accelerating Medicines Partnership: Type 2 Diabetes	14,225,557	17,128,988
Accelerating Medicines Partnership: Alzheimer's	12,691,443	13,923,858
Accelerating Medicines Partnership: Rheumatoid Arthritis and Lupus	5,766,189	1,490,356
Accelerating Medicines Partnership: Parkinson's Disease	3,152,729	-
ADNI - Optimization of Alzheimer's Disease Cognitive Measures Project	15,980	15,980
Alzheimer's Disease Neuroimaging Initiative – 2	8,461	946,419
Alzheimer's Disease Neuroimaging Initiative – 3	5,733,526	3,038,197
AREDS2 ancillary	-	381,764
Biomarker Consortium	2,030,738	1,752,807
Biomarkers Consortium: Atherosclerosis Computer Modeling	741,009	956,137
Biomarkers Consortium: Autism Spectrum Disorder	571,921	46,371
Biomarkers Consortium: Beta Cell Clinical Trial	185,817	705,162
Biomarkers Consortium: Bone Quality Project	721,831	1,063,013
Biomarkers Consortium: CABP-Skin Infection	19,736	31,846
Biomarkers Consortium: CSF-Based Biomarkers in AD	10,838	75,319
Biomarkers Consortium: HABP/VABP Working Group	65,311	100,147
Biomarkers Consortium: HD-SCA in CRC (High Definition Single Cell Analysis of Blood and Tissue Biopsies)	575,184	719,166
Biomarkers Consortium: Inflammatory Markers for Neurodegenerative And Mood Disorders	385,334	-
Biomarkers Consortium: Kidney Safety	169,113	453,327
Biomarkers Consortium: Longitudinal CSF Proteomics	399,059	168,407
Biomarkers Consortium: MRD Project	1,214,564	1,375,787

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Biomarkers Consortium: Novel Cardiac Biomarkers in the General US Population	541,931	667,939
Biomarkers Consortium: Osteoarthritis Project	216,472	221,985
Biomarkers Consortium: OA BMxQ	691,000	-
Biomarkers Consortium: Pet Variability	-	25,000
Biomarkers Consortium: Placebo Data Analysis Project in AD	44,525	221,577
Biomarkers Consortium: Target BMx	433,081	324,600
Biomarkers Consortium: Vol-PACT Pilot	-	9,718
Biomarkers Consortium: Vol-PACT	1,731,000	1,251,000
Biomarkers Consortium: PACT Implementation	8,200,000	-
Bradley Charitable Gift Annuity	32,031	39,073
Cancer Research Fund	161,379	128,702
Cancer Research Major Gift	4,737,225	-
Centralized Envelope Comparative Immunogenicity Study (CECI)	-	10,426
Charles A. Sanders Legacy Fund	1,445,432	1,384,853
Comprehensive Cellular Vaccine Immune Monitoring Consortium (CVIMC)	1,641,684	2,317,434
Comprehensive Investigation into the Risk Factors of Malnutrition and the Consequences for Child Health	262,867	511,276
Comprehensive T Cell Vaccine Immune Monitoring Consortium	298,731	296,485
Comprehensive T Cell Vaccine Immune Monitoring Consortium (CTVIMCS2)	609,341	1,238,123
Consensus Pathway for Gene Drive in Mosquitoes	346,087	982,873
ctDNA Reference Standards	154,823	-
Development of a Second Generation Broadly Neutralizing Antibody (2GVRC01)	35,060	34,738
Essential Strategies to Combat Ebola in West Africa: Social Mobilization And Communications	162,291	-
Effects of Moderate Drinking	4,423,218	5,736,261
Eliminate Dengue	3,320	5,401
Epilepsy Research in the Laboratory of Kareem Zaghloul, M.D., Ph.D	148,212	148,212
FDG-PET Lung/Lymphoma	372,025	622,289
FNIH Travel support for NIH Scientists	777,096	220,045
Follicular Lymphoma Research Fund	-	18,000
Fojo Laboratory	104,185	-
Gates Funding for NIAID Ebola Community Engagement project	-	10,534
Gilead HIV Cure Grants	696,775	-
Gramlich Melanoma Research Trust	154,617	133,528
Grand Challenges in Global Health	119,258	119,258
Heart Truth Community Grant Award Program	61,321	47,941
HIT-TB	133,249	1,055,134
IL 2 Reactivation HIV	191,440	-
I-SPY TRIAL-2 (Investigation of Serial Studies to Predict Your Therapeutic Response with Imaging and Molecular Analysis)	176,311	176,311
Kidney Cancer Research	106,964	-
Lifespan Connectome Project	360,002	540,000
Lung Cancer Master Protocol (LungMAP)	1,000,928	242,846
NCTN Data Archive De-Identification Project	100,584	-
OPIOID	22,717	-
Partnership for Accelerating Cancer Therapies	86,146	290,807
PREDICT-TB	329,700	4,156,101
Rapid identification of individuals with viable adult female worms of Onchocerca volvulus: a means to the end	560	4,138
Sarcopenia 2	295,307	543,221
SHORTEN-TB	408,814	4,192,482
Solarz Memorial Fund	258,179	399,652
Spiromic Project	3,396	3,396
Spiromics Exacerbation Sub-Study	-	40,000
Structure-Based Vaccine D	28,518	-

Foundation for the National Institutes of Health, Inc.
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Support functions for VCTR	752,502	776,011
The Hemodialysis Fistula Maturation Cohort Study	-	24,317
The Lowy Cancer Research Support Fund	20,000	20,000
The Sports and Health Research Program	5,801	1,114,341
Sports and Health Research Program P2 CTE Research	-	103,398
Sports and Health Research Program P3 CTE Pilot	-	16,797
Transitional Support Gene Drive Research	2,531,552	4,197,180
The William N. Cafritz Trust - Recruitment Support for Parkinson's Disease	-	97,000
VCTR (Vector-based Control of Transmission)	-	97,414
Other Temporarily Restricted Programs	334,672	268,525
	<u>\$ 91,433,211</u>	<u>\$ 86,811,639</u>

11. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment fund assets, included in investments on the statements of financial position to be held indefinitely. The earnings from these assets are to be used for the purposes established by the donors and are recorded as temporarily restricted interest revenue for those purposes.

As of December 31, permanently restricted net assets consisted of the following endowed gifts to be held in perpetuity with the income to be used for:

	<u>2017</u>	<u>2016</u>
Edmond J. Safra Family Lodge:		
GlaxoSmithKline Endowment Fund	\$ 1,500,000	\$ 1,500,000
Harry and Jeanette Weinberg Endowment at the Edmond J. Safra Family Lodge	831,005	830,894
Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research	707,772	727,772
CarMollNat Muscular Dystrophy Endowment	44,889	35,085
	<u>\$ 3,083,666</u>	<u>\$ 3,093,751</u>

12. Endowments

The Foundation's endowments consist of individual donor-restricted endowment funds established for a variety of purposes and board designated endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Foundation for the National Institutes of Health, Inc.
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Interpretation of relevant law

The Board of Directors of the Foundation has interpreted the Maryland State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. The Foundation 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 Foundation 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 Foundation
7. The investment policies of the Foundation

The endowment net asset composition, by type of fund, was as follows as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 869,060	\$ 3,083,666	\$ 3,952,726
Board-designated endowment funds	<u>7,968,000</u>	<u>-</u>	<u>-</u>	<u>6,259,011</u>
	<u>\$ 7,968,000</u>	<u>\$ 869,060</u>	<u>\$ 3,083,666</u>	<u>\$ 10,211,737</u>

The changes in endowment assets were as follows for 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,259,011	\$ 351,268	\$ 3,093,751	\$ 9,704,030
Investment return:				
Investment income	-	116,158	-	116,158
Net appreciation (realized and unrealized)	<u>-</u>	<u>436,670</u>	<u>-</u>	<u>436,670</u>
Total investment return	<u>-</u>	<u>552,828</u>	<u>-</u>	<u>552,828</u>
Contributions	<u>1,708,989</u>	<u>2,300</u>	<u>9,915</u>	<u>12,215</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(57,336)</u>	<u>-</u>	<u>(57,336)</u>
Change in donor restriction	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 7,968,000</u>	<u>\$ 869,060</u>	<u>\$ 3,083,666</u>	<u>\$ 10,211,737</u>

Foundation for the National Institutes of Health, Inc.
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The endowment net asset composition, by type of fund, was as follows as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 351,268	\$ 3,093,751	\$ 3,445,019
Board-designated endowment funds	<u>6,259,011</u>	<u>-</u>	<u>-</u>	<u>6,259,011</u>
Total	<u>\$ 6,259,011</u>	<u>\$ 351,268</u>	<u>\$ 3,093,751</u>	<u>\$ 9,704,030</u>

The changes in endowment assets were as follows for 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 6,179,696</u>	<u>\$ 117,014</u>	<u>\$ 3,204,865</u>	<u>\$ 9,501,571</u>
Investment return:				
Investment income	-	87,097	-	87,097
Net appreciation (realized and unrealized)	<u>79,315</u>	<u>76,866</u>	<u>-</u>	<u>156,181</u>
Total investment return	<u>79,315</u>	<u>163,963</u>	<u>-</u>	<u>243,278</u>
Contributions	<u>-</u>	<u>2,526</u>	<u>8,886</u>	<u>10,356</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(52,235)</u>	<u>-</u>	<u>(24,616)</u>
Change in donor restriction	<u>-</u>	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 6,259,011</u>	<u>\$ 351,268</u>	<u>\$ 3,093,751</u>	<u>\$ 9,704,030</u>

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize long-term results, consistent with a prudent level of risk while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period or purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested to maximize long-term results, consistent with a prudent level of risk. The goal is to produce a return on the assets to support the programmatic purposes, while also achieving growth of principal in order to maintain real purchasing power. This approach helps assure that gifts to endowment funds keep pace with inflation and always support the designated activity.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that balances fixed-income and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

13. Grant Revenue

The Foundation receives a portion of its support under certain grants and contributions that may be audited by the donors and the ultimate determination of allowable costs is determined by such audits.

14. In-Kind Contributions

Telephone expense, on-line communication costs, and some office space for the Foundation are donated by NIH. The value of the telephone expense, value of the on-line communication costs, and estimated rental value, has been reflected in the accompanying financial statements as in-kind contributions with a like amount recorded as telephone expense, communications expense, or rent/housing expense. For 2017 and 2016, these in-kind contributions from NIH of \$234,612 and \$223,020, respectively, are reflected in the financial statements.

In 2017 the Foundation received medical supplies from Novartis. The estimated value of the goods and services is determined by the donor, based on costs and current market value and has been reflected in the accompanying financial statements as in-kind contributions with a like amount recorded as program contracts. For 2017, in-kind contributions for these materials of \$1,098,661 are reflected in the financial statements.

In 2016, the Foundation received medical supplies from C.U.R.E for the Ebola Community Outreach project. The estimated value of the goods and services is determined by the donor, based on costs and current market value and has been reflected in the accompanying financial statements as in-kind contributions with a like amount recorded as program contracts. For 2016, in-kind contributions for these materials of \$737,668 are reflected in the financial statements.

Various other items were donated during 2017 in the amount of \$157,545.

15. Donated Services

The Foundation receives benefit from services donated by NIH, which include various administrative and technical services performed by NIH employees. The estimated value of these services is based on the hourly rate and average benefit amount of the NIH employees. The estimated amount of these services has been reflected in the accompanying financial statements as donated services with a like amount recorded as salaries and benefits expense.

The Foundation also receives benefit from donated legal services. The value of these services has been reflected in the financial statements as donated services with a like amount recorded as professional fees expense.

For 2017 and 2016, donated services of \$39,000 and \$30,000, respectively, are reflected in the financial statements.

16. Retirement Plan

The Foundation has a retirement plan through TIAA-CREF. The plan calls for a mandatory contribution of at least 2% of annual salary from participating employees and an additional contribution of 10% of annual salary from the Foundation. Retirement plan expense for 2017 and 2016 was \$526,775 and \$485,992, respectively.

17. Concentration of Revenue

For 2017, the Foundation received approximately 12% of its revenue from contributions and grants from Bristol-Myers Squibb Company. For 2016, the Foundation received approximately 23% of its revenue from contributions and grants from the Bill and Melinda Gates Foundation.

18. Relationship with the Foundation for Advanced Education in the Sciences, Inc.

The Foundation was established under legislation that authorized it to be the sole entity responsible for soliciting funds on behalf of NIH and to conduct specific other activities that support NIH in its mission. Certain of the activities described in the legislation are conducted by the Foundation for Advanced Education in the Sciences, Inc. (FAES) under a Memorandum of Understanding (MOU) with the Foundation. This MOU preserves the prerogatives conferred on the Foundation by its authorizing legislation but also allows the FAES to carry on its current activities under the authority of the Foundation.

19. Fair Value of Financial Instruments

Accounting Standards Codification (ASC) Topic 820 provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

U.S. government and corporate bonds

Valued at quoted market price per number of units held at year-end.

Equity mutual funds

Valued at net asset value (NAV) of shares held at year-end.

Bond mutual funds

Valued at net asset value (NAV) of shares held at year-end.

Exchange traded funds

Valued at net asset value (NAV) of shares held at year-end.

Common stocks

Valued at quoted market values of shares held at year-end.

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

All assets have been valued using a market approach. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. There were no changes in the valuation techniques during the current year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2017 and 2016:

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 301,650	\$ -	\$ -	\$ 301,650
U.S. government bonds	56,524,690	-	-	56,524,690
Equity mutual funds:				
Large-cap growth	1,838,439	-	-	1,838,439
Large-cap blend	2,544,212	-	-	2,544,212
Large-cap value	21,764	-	-	21,764
Mid-cap growth	574,826	-	-	574,826
Mid-cap blend	6,560	-	-	6,560
Small-cap blend	642,808	-	-	642,808
Small-cap value	200,158	-	-	200,158
Emerging market	6,944	-	-	6,944
Multi-alternative	262,964	-	-	262,964
Bond mutual funds:				
Low extensive	80,981	-	-	80,981
Low limited	3,219	-	-	3,219
Medium moderate	20,155	-	-	20,155
Intermediate	2,603,128	-	-	2,603,128
International	752,458	-	-	752,458
Short term	41,996	-	-	41,996
Small growth	11,940	-	-	11,940
High yield bond	248,603	-	-	248,603
Exchange traded funds:				
Large-cap growth	45,606	-	-	45,606
Large-cap value	1,203,471	-	-	1,203,471
Mid-cap blend	866,607	-	-	866,607
Government	23,324	-	-	23,324
Inflation-protected bond	21,675	-	-	21,675
Intermediate-term bond	7,461	-	-	7,461
Common stocks:				
Large-cap core	275,650	-	-	275,650
Large-cap growth	164,670	-	-	164,670
Large-cap value	200,840	-	-	200,840
Large-cap blend	45,657	-	-	45,657
Mid-cap growth	26,113	-	-	26,113
Small-cap value	105,111	-	-	105,111
Exchange traded fund	43,889	-	-	43,889
Mid-cap value	8,486	-	-	8,486
Total investments	<u>\$ 69,726,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,726,056</u>

Foundation for the National Institutes of Health, Inc.
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	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 926,955	\$ -	\$ -	\$ 926,955
U.S. government bonds	31,640,765	-	-	31,640,765
Equity mutual funds:				
Large-cap growth	1,231,614	-	-	1,231,614
Large-cap blend	1,713,102	-	-	1,713,102
Large-cap value	707,502	-	-	707,502
Mid-cap growth	302,354	-	-	302,354
Mid-cap blend	475,972	-	-	475,972
Small-cap blend	505,887	-	-	505,887
Small-cap value	188,630	-	-	188,630
Emerging market	4,838	-	-	4,838
Multi-alternative	277,538	-	-	277,538
Bond mutual funds:				
Low extensive	75,531	-	-	75,531
Low limited	3,030	-	-	3,030
Medium moderate	18,980	-	-	18,980
Intermediate	88,455	-	-	88,455
International	1,939,208	-	-	1,939,208
Short term	402,551	-	-	402,551
Small growth	11,223	-	-	11,223
High yield bond	264,439	-	-	264,439
Exchange traded funds:				
Large-cap growth	42,577	-	-	42,577
Large-cap value	527,210	-	-	527,210
Mid-cap blend	352,864	-	-	352,864
Government	609,664	-	-	609,664
Inflation-protected bond	21,502	-	-	21,502
Intermediate-term bond	7,444	-	-	7,444
Common stocks:				
Large-cap core	221,117	-	-	221,117
Large-cap growth	152,147	-	-	152,147
Large-cap value	199,544	-	-	199,544
Large-cap blend	24,248	-	-	24,248
Mid-cap growth	22,395	-	-	22,395
Small-cap value	100,446	-	-	100,446
Exchange traded fund	12,344	-	-	12,344
Mid-cap value	8,101	-	-	8,101
Total investments	<u>\$ 43,080,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,080,177</u>

Foundation for the National Institutes of Health, Inc.
Notes to Financial Statements

20. Conditional Grant Awards

As of December 31, 2017 and 2016, the Foundation has authorized conditional scientific grants under the following programs:

	<u>2017</u>	<u>2016</u>
Accelerating Medicines Partnership: Type 2 Diabetes	\$ 2,882,518	\$ 4,425,736
Biomarkers Consortium – HD-SCA in CRC Project	490,151	1,266,490
HIT-TB	-	997,641
Using Biomarkers to Predict TB Treatment Duration	6,892,446	955,909
Developing Leads to Shorten Duration of TB Chemotherapy	3,382,189	-
Support Functions of VCTR	447,584	857,814
Transitional Support for Gene Drive	1,302,745	-
Biomarkers Consortium – Cardiac Troponin Project	433,833	751,891
Biomarkers Consortium – Bone Quality Project	257,500	520,105
Biomarkers – Target BMx	730,048	-
LungMaP (Lung Cancer Master Protocol)	200,000	250,000
Biomarkers Consortium – Sarcopenia 2 Project	227,125	90,620
Accelerating Medicines Partnership: Alzheimer’s Disease	4,292,566	76,666
Efficacy of Heterodimeric IL-15 Treatment Regimens	473,729	-
Comprehensive Cellular Vaccine Immune Monitoring Consortium	6,368,223	-
Structure-based Vaccine Design Against HIV-1	216,666	-
	<u>\$ 28,627,323</u>	<u>\$ 10,192,872</u>

These authorized awards would become a liability to the Foundation in the future, if the grantees meet certain conditions, including the Foundation’s satisfaction with and approval of progress reports.

21. Lease

The Foundation had an office location in Bethesda, Maryland under a lease agreement with the Federation of American Societies for Experimental Biology (FASEB). Beginning in 2007, the Foundation entered into a lease agreement with FASEB for a ten year period which expired October 31, 2017 and not renewed.

In January 2017, the Foundation entered into a new lease agreement with Hines USVF North Bethesda Place LP for a fifteen-year period which expires October 31, 2032. This lease is effective November 2017 and contains a rent abatement period for the first seven months.

Rent expense was \$502,811 and \$467,012, respectively, for 2017 and 2016.

The future minimum lease payments required under the operating lease for the years ending December 31, are as follows:

2018	\$ 326,276
2019	572,845
2020	588,599
2021	604,785
2022	515,485
Thereafter	<u>6,521,258</u>
	<u>\$ 9,129,248</u>

22. Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Foundation's account balances and amounts reported in the statements of financial position.

Supplementary Information

Foundation for the National Institutes of Health, Inc.

Schedules of Functional Expenses

Year Ended December 31, 2017, with Comparative Totals for 2016

	Program Services					Supporting Services				
	Fellowships and Training Programs	Memorials, Awards and Events	Capital Projects	Research Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2017	Total 2016
Salaries and benefits	\$ 41,533	\$ 96,344	\$ 8,996	\$ 3,581,080	\$ 3,727,953	\$ 3,284,102	\$ 225,289	\$ 3,509,391	\$ 7,237,344	\$ 6,327,026
Stipends	-	146,522	-	39,000	185,522	-	-	-	185,522	130,200
Program contracts	765,045	251,444	-	31,675,687	32,692,176	940	-	940	32,693,116	30,142,366
Grant awards	-	-	-	11,428,707	11,428,707	-	-	-	11,428,707	6,307,252
Meetings and travel	122,305	282,658	20,973	1,430,766	1,856,702	110,580	82,924	193,504	2,050,206	1,526,627
Office supplies and expense	1,045	1,518	-	5,737	8,300	13,758	356	14,114	22,414	25,288
Telephone	-	-	-	63,824	63,824	79,151	7,588	86,739	150,563	151,166
Books and supplies	-	114	-	2,339	2,453	4,615	-	4,615	7,068	6,133
Tuition	-	-	-	3,045	3,045	3,760	79	3,839	6,884	6,275
Insurance	-	-	-	147,202	147,202	51,073	-	51,073	198,275	190,673
Consultants	15,733	3,696	15,249	967,422	1,002,100	181,173	66,000	247,173	1,249,273	1,615,064
Professional fees	-	-	-	62,140	62,140	107,167	-	107,167	169,307	203,230
Depreciation	-	-	-	-	-	51,250	-	51,250	51,250	20,094
Rent/housing	3,502	-	-	175,697	179,199	323,612	-	323,612	502,811	484,121
Recruiting	-	-	-	13,121	13,121	92,576	-	92,576	105,697	78,964
Relocation	-	-	-	5,000	5,000	347,047	-	347,047	352,047	-
Temporary services	7,467	1,603	-	150,208	159,278	24,375	-	24,375	183,653	96,946
Dues and subscriptions	-	-	-	7,819	7,819	12,077	-	12,077	19,896	26,208
Equipment and rental and maintenance	-	-	757	11,124	11,881	50,586	-	50,586	62,467	36,469
Printing and photocopying	-	1,330	675	5,913	7,918	28,596	12,709	41,305	49,223	72,556
Postage and delivery	-	219	57	20,685	20,961	6,217	6,131	12,348	33,309	23,557
Service charges	1,453	19,496	13,722	10,785	45,456	118,387	673	119,060	164,516	140,626
Communications	62	6,051	2	76,283	82,398	74,367	15,173	89,540	171,938	213,499
Advertising and promotion	-	1,500	-	855	2,355	10,924	500	11,424	13,779	7,000
Miscellaneous	-	1,014	6,351	13,213	20,578	9,779	20,980	30,759	51,337	18,466
	<u>\$ 958,145</u>	<u>\$ 813,509</u>	<u>\$ 66,782</u>	<u>\$ 49,897,652</u>	<u>\$ 51,736,088</u>	<u>\$ 4,986,112</u>	<u>\$ 438,402</u>	<u>\$ 5,424,514</u>	<u>\$ 57,160,602</u>	<u>\$ 47,849,806</u>