

# **Foundation for the National Institutes of Health, Inc.**

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**Financial Statements**

**Years Ended December 31, 2015 and 2014**

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## **Independent Auditors' Report**

Board of Directors  
Foundation for the National Institutes of Health, Inc.  
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, 2015 and 2014, 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, 2015 and 2014, 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 25 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 6, 2016**

**Foundation for the National Institutes of Health, Inc.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 19,229,033	\$ 13,888,313
Appropriations receivable	500,000	500,000
Contributions receivable, net	9,355,038	16,050,466
Accrued interest	20,704	20,247
Prepaid expenses and other receivables	107,953	81,275
	<u>29,212,728</u>	<u>30,540,301</u>
Total current assets		
Contributions receivable	229,829	3,277,400
Investments	45,152,406	65,143,504
Furniture and equipment, net	50,340	54,336
	<u>50,340</u>	<u>54,336</u>
Total assets	<u>\$ 74,645,303</u>	<u>\$ 99,015,541</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,460,257	\$ 1,338,401
Funds held for others, agency transactions	577,271	1,338,837
Charitable gift annuity	156,970	163,461
Deferred grant revenue, current portion	2,120,000	-
	<u>4,314,498</u>	<u>2,840,699</u>
Total current liabilities		
Deferred grant revenue	3,797,756	4,587,961
Other deferred revenue	57,501	17,500
	<u>57,501</u>	<u>17,500</u>
Total liabilities	<u>8,169,755</u>	<u>7,446,160</u>
Net assets:		
Unrestricted:		
Unrestricted, general	5,165,965	5,047,787
Board designated	6,496,424	6,710,785
	<u>6,496,424</u>	<u>6,710,785</u>
Total unrestricted	11,662,389	11,758,572
Temporarily restricted	51,608,294	76,594,675
Permanently restricted	3,204,865	3,216,134
	<u>3,204,865</u>	<u>3,216,134</u>
Total net assets	<u>66,475,548</u>	<u>91,569,381</u>
Total liabilities and net assets	<u>\$ 74,645,303</u>	<u>\$ 99,015,541</u>

See accompanying notes.

**Foundation for the National Institutes of Health, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, support and other changes:				
Contributions	\$ 243,921	\$ 31,356,893	\$ 8,731	\$ 31,609,545
Grants	663,972	-	-	663,972
In-kind contributions	874,517	-	-	874,517
Government appropriations	1,000,000	-	-	1,000,000
Donated services	110,811	-	-	110,811
Fundraising event	257,150	-	-	257,150
Investment and interest income	(203,485)	(1,399)	-	(204,884)
Administrative fee, agency transactions and grants	194,500	-	-	194,500
Net assets released from restrictions:				
Satisfaction of administrative fee requirements	2,993,803	(2,993,803)	-	-
Satisfaction of program restrictions	53,367,972	(53,367,972)	-	-
Total revenue, support and other changes	<u>59,503,161</u>	<u>(25,006,281)</u>	<u>8,731</u>	<u>34,505,611</u>
Expenses:				
Program services:				
Fellowships and training programs	1,210,274	-	-	1,210,274
Memorials, awards and events	734,852	-	-	734,852
Capital projects	313,270	-	-	313,270
Research partnerships	53,177,305	-	-	53,177,305
Total program services	<u>55,435,701</u>	<u>-</u>	<u>-</u>	<u>55,435,701</u>
Supporting services:				
Management and general	3,781,357	-	-	3,781,357
Fundraising	382,386	-	-	382,386
Total supporting services	<u>4,163,743</u>	<u>-</u>	<u>-</u>	<u>4,163,743</u>
Total expenses	<u>59,599,444</u>	<u>-</u>	<u>-</u>	<u>59,599,444</u>
Change in donor designation	<u>100</u>	<u>19,900</u>	<u>(20,000)</u>	<u>-</u>
Change in net assets	(96,183)	(24,986,381)	(11,269)	(25,093,833)
Net assets, beginning of year	<u>11,758,572</u>	<u>76,594,675</u>	<u>3,216,134</u>	<u>91,569,381</u>
Net assets, end of year	<u>\$ 11,662,389</u>	<u>\$ 51,608,294</u>	<u>\$ 3,204,865</u>	<u>\$ 66,475,548</u>

See accompanying notes.

**Foundation for the National Institutes of Health, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2014**

**(Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, support and other changes:				
Contributions	\$ 356,880	\$ 72,405,297	\$ 8,734	\$ 72,770,911
Grants	634,635	-	-	634,635
In-kind contributions	1,724,619	-	-	1,724,619
Government appropriations	500,000	-	-	500,000
Donated services	188,637	-	-	188,637
Fundraising event	184,675	-	-	184,675
Investment and interest income	108,392	98,087	-	206,479
Administrative fee, agency transactions and grants	197,177	-	-	197,177
Miscellaneous revenue	153,956	-	-	153,956
Net assets released from restrictions:				
Satisfaction of administrative fee requirements	3,109,085	(3,109,085)	-	-
Satisfaction of program restrictions	69,423,844	(69,423,844)	-	-
Total revenue, support and other changes	<u>76,581,900</u>	<u>(29,545)</u>	<u>8,734</u>	<u>76,561,089</u>
Expenses:				
Program services:				
Fellowships and training programs	1,605,067	-	-	1,605,067
Memorials, awards and events	442,058	-	-	442,058
Capital projects	103,421	-	-	103,421
Research partnerships	69,780,507	-	-	69,780,507
Total program services	<u>71,931,053</u>	<u>-</u>	<u>-</u>	<u>71,931,053</u>
Supporting services:				
Management and general	3,928,920	-	-	3,928,920
Fundraising	270,153	-	-	270,153
Total supporting services	<u>4,199,073</u>	<u>-</u>	<u>-</u>	<u>4,199,073</u>
Total expenses	<u>76,130,126</u>	<u>-</u>	<u>-</u>	<u>76,130,126</u>
Change in donor restriction	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Change in net assets	451,774	(9,545)	(11,266)	430,963
Net assets, beginning of year	<u>11,306,798</u>	<u>76,604,220</u>	<u>3,227,400</u>	<u>91,138,418</u>
Net assets, end of year	<u>\$ 11,758,572</u>	<u>\$ 76,594,675</u>	<u>\$ 3,216,134</u>	<u>\$ 91,569,381</u>

See accompanying notes.

**Foundation for the National Institutes of Health, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (25,093,833)	\$ 430,963
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	21,850	26,542
Contributions restricted for long-term purposes	(8,731)	(8,734)
Net realized and unrealized loss on investments	572,781	7,824
Change in assets and liabilities:		
Contributions receivable	9,742,999	(8,909,956)
Accrued interest	(457)	19,463
Prepaid expenses and other receivables	(26,678)	122,950
Accounts payable and accrued expenses	121,856	(2,397,351)
Funds held for others, agency transactions	(761,566)	142,705
Charitable gift annuity	(6,491)	(6,543)
Deferred grant revenue	1,329,795	(732,778)
Other deferred revenue	40,001	(2,500)
Net cash used by operating activities	<u>(14,068,474)</u>	<u>(11,307,415)</u>
Cash flows from investing activities:		
Furniture and equipment acquisitions	(17,854)	(48,862)
Sales and maturities of investments	76,492,222	71,282,940
Purchase of investments	<u>(57,073,905)</u>	<u>(60,522,315)</u>
Net cash provided by investing activities	<u>19,400,463</u>	<u>10,711,763</u>
Cash flows from financing activities:		
Contributions restricted for investment in permanent endowment	<u>8,731</u>	<u>8,734</u>
Net increase (decrease) in cash and cash equivalents	5,340,720	(586,918)
Cash and cash equivalents, beginning of year	<u>13,888,313</u>	<u>14,475,231</u>
Cash and cash equivalents, end of year	<u>\$ 19,229,033</u>	<u>\$ 13,888,313</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. 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**

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***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, 2015 and 2014, 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.

***Furniture and equipment***

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to five 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. As of December 31, 2015 and 2014, furniture and equipment was \$680,486 and \$662,632, respectively, and accumulated depreciation was \$630,146 and \$608,296, respectively.

***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.

***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, 2015 and 2014.

***Subsequent events***

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 6, 2016, the date the financial statements were available to be issued.

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

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**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, 2015 and 2014, 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>2015</u>	<u>2014</u>
Cash in banks	\$ 697,708	\$ 637,673
Money market funds	18,531,325	13,250,640
	<u>\$ 19,229,033</u>	<u>\$ 13,888,313</u>

**5. Investments**

Investments as of December 31, 2015, are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 1,902,239	\$ 1,902,239
Stocks	518,639	679,071
Corporate bonds	868,496	861,052
U.S. government bonds	32,488,329	32,488,437
Exchange traded funds	1,446,692	1,428,541
Bond mutual funds	2,201,608	2,099,258
Equity mutual funds	6,053,913	5,693,808
	<u>\$ 45,479,916</u>	<u>\$ 45,152,406</u>

The following schedule summarizes the investment return and its classification for 2015.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 243,527	\$ 124,370	\$ 367,897
Realized gains	3,062	14,492	17,554
Unrealized losses	(450,074)	(140,261)	(590,335)
Total investment return	<u>\$ (203,485)</u>	<u>\$ (1,399)</u>	<u>\$ (204,884)</u>

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

Investments as of December 31, 2014, are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 6,354,230	\$ 6,354,230
Stocks	500,486	703,404
Corporate bonds	207,623	213,211
U.S. government bonds	56,901,467	56,897,792
Exchange traded funds	81,339	113,810
Bond mutual funds	614,943	591,522
Equity mutual funds	230,871	269,535
	<u>\$ 64,890,959</u>	<u>\$ 65,143,504</u>

The following schedule summarizes the investment return and its classification for 2014.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 133,514	\$ 80,789	\$ 214,303
Realized losses	(54,907)	(10,878)	(65,785)
Unrealized gains	29,785	28,176	57,961
	<u>\$ 108,392</u>	<u>\$ 98,087</u>	<u>\$ 206,479</u>

**6. Contributions Receivable**

Contributions receivable at December 31, were as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 9,370,038	\$ 16,065,466
Receivable in one to five years	235,000	3,355,212
Total unconditional contributions receivable	9,605,038	19,420,678
Discounts to net present value	(5,171)	(77,812)
Allowance for uncollectible contributions receivable	(15,000)	(15,000)
	<u>\$ 9,584,867</u>	<u>\$ 19,327,866</u>

The discount rate used on long-term contributions receivable was 2.25% in 2015 and 2014.

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

**7. Conditional Contributions Receivable**

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

	<u>2015</u>	<u>2014</u>
Conditioned upon the funder not notifying the Foundation by a specific date that they do not wish to fund the program:		
Comprehensive T Cell Vaccine Immune Monitoring Consortium	\$ -	\$ 1,933,733
Comprehensive Investigation into the Risk Factors of Malnutrition and the Consequences for Child Health	1,097,544	3,767,419
Centralized Envelope Comparative Immunogenicity Study	-	629,092
Vector-based Control of Transmission: Discovery Research	-	1,540,004
Alzheimer's Disease Neuroimaging Initiative-2	70,000	210,000
Lurie Prize in Biomedical Research	200,000	300,000
Identification of high-quality HITs for Tuberculosis	1,571,489	3,223,919
Support functions for Vector-based Control of Transmission Research	56,855	-
Biomarkers Consortium High Definition Single Cell Analysis of Blood and Tissue Biopsies	1,200,000	-
Pew Latin American Fellows Awards	15,750	39,375
Biomarkers Consortium – Bone Quality Project	100,000	810,000
Exacerbation Sub-Study of SubPopulations and Intermediate Outcomes Measure in COPD study (SIROMICS)	40,000	160,000
Lifespan Connectome Project	2,322,580	-
FNIH Travel Support for NIH Scientists	-	79,978
Rapid identification of individuals with viable adult female worms of Onchoerca volvulus: a means to the end	-	286,932
Eliminate Dengue	-	4,059,554
Accelerating Medicines Partnership, Membership	-	1,900,000
Health Effects of Moderate Drinking	13,860,000	-
Biomarkers Consortium Novel Cardiac Biomarkers in the General US Population	300,000	750,000
Conditioned upon meeting certain milestones and/or the funder not canceling:		
The Sports and Health Research Program	16,325,242	16,325,242
Biomarkers Consortium Autism Spectrum Disorder	1,000,000	-
NINDS/CNS Getch Scholar	100,000	-
Prize: Low Dose Helical CT (Coding for Cancer)	1,800,000	-
Alzheimer's Disease Neuroimaging Initiative-3	2,000,000	-
Accelerating Medicines Partnership: Alzheimer's Disease	13,450,000	13,450,000
Accelerating Medicines Partnership: RA, SLE & Related Autoimmune Disorders	12,445,000	12,445,000
Accelerating Medicines Partnership: Type 2 Diabetes	13,000,000	13,000,000
Roth Fellowship for Chronic Active Epstein Barr Virus and Chronic Active Epstein Barr Virus-Hydroa Vacciniforme	52,500	52,500
Biomarkers Consortium Minimal Residual Disease Detection in Adult Acute Lymphoblastic Leukemia	484,000	1,384,000
Amgen NIH Scholars Program	425,000	637,500
The Pew Scholars Program in the Biomedical Sciences	126,000	204,750
	<u>\$ 82,041,960</u>	<u>\$ 77,188,998</u>

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

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

**8. Board Designated Net Assets**

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

	<u>2015</u>	<u>2014</u>
Endowment Fund	\$ 6,044,650	6,259,011
Contingency Fund	451,774	451,774
	<u>\$ 6,496,424</u>	<u>\$ 6,710,785</u>

**9. Temporarily Restricted Net Assets**

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

	<u>2015</u>	<u>2014</u>
Fellowships and Training Programs:		
Amgen Scholars Program	\$ 184,371	\$ 177,500
Clinical Research Training Program	292,561	292,561
Dean R. O'Neill Renal Cell Cancer Research Fund	184,703	167,296
Dr. Edward T. Rancic Memorial Fund	11,935	47,083
Dr. John L. Barr Memorial Fund	8,969	8,620
Neva Fund	30,567	35,033
NIH Medical Research Scholarship Program	772,377	1,256,091
NINDS/CNS Getch Scholar	95,000	-
NOB Fund	8,652	25,983
Norman P. Salzman Memorial Award and Lecture in Virology	117,014	116,625
Pew Biomedical Scholars	45,020	45,000
Principles of Clinical Pharmacology Course	10,853	55,504
Robert Whitney Newcomb Memorial Lecture and Internship	1,082,254	1,124,377
Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research	-	5,227
The Penates Fellowship	-	70,114
The Bernard Osher Foundation NCCAM Practitioner Research Career Development Award	-	56,304
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	6,408	-
Adam J. Berry Memorial Fund	5,820	7,020
Alzheimer's Disease Research Summit: AD Summit	31,128	73,288
Breast Cancer Summit	9,296	9,296
Breast Cancer Summit 2	65,740	65,740
Carcinoid Summit Workshop	22,129	22,129
Celebrating 50 Years of Brain Research: New Discoveries, New Hope	171,451	171,451
Clinical Research Training Program 10-Year Reunion	23,642	23,642
Dr. Anita Roberts Memorial Fund	28,005	23,805
Dr. Jane M. Sayer Vision Research Lecture and Award	220,158	219,900
Edna Williams Curl & Myron R. Curl Endowment for Multiple Sclerosis Research	63,876	63,698

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

Human Genome Exhibition	<b>198,010</b>	283,832
John Laws Decker Memorial Fund	<b>3,271</b>	3,798
NCI National Clinical Trials Network (NCTN) Workshop	-	39,007
Polio Conference	<b>40,698</b>	40,698
Stephen E. Straus Award	<b>111,575</b>	116,975
William McCormick Blair, III Memorial Fund	-	5,150
Capital Projects:		
Edmond J. Safra Family Lodge Bricks and Mortar	<b>80,567</b>	70,521
Edmond J. Safra Family Lodge All Programs	<b>9,082</b>	-
Edmond J. Safra Family Lodge GSK Endowment	-	16,782
Edmond J. Safra Family Lodge Weinberg Endowment	-	2,696
Edmond J. Safra Family Lodge Gallin Endowment	<b>117,588</b>	117,445
Edmond J. Safra Family Lodge Kitchen Renovation	<b>676,726</b>	929,277
Tracy's Toy Box	<b>7,941</b>	7,941
Research Partnerships:		
Accelerating Medicines Partnership Membership	<b>2,664,882</b>	1,933,746
Accelerating Medicines Partnership: Type 2 Diabetes	<b>7,349,186</b>	8,606,127
Accelerating Medicines Partnership: Alzheimer's	<b>2,430,996</b>	6,263,440
Accelerating Medicines Partnership: Rheumatoid Arthritis and Lupus	<b>2,580,170</b>	5,475,966
ADNI - Optimization of Alzheimer's Disease Cognitive Measures Project	<b>15,980</b>	15,980
Alzheimer's Disease Neuroimaging Initiative – 2	<b>937,110</b>	7,801,102
Alzheimer's Disease Neuroimaging Initiative – 3	<b>22,933</b>	-
AREDS2 ancillary	<b>381,764</b>	381,764
Biomarker Consortium	<b>2,079,891</b>	1,367,058
Biomarkers Consortium: Atherosclerosis Computer Modeling	<b>1,210,714</b>	1,440,544
Biomarkers Consortium: Autism Spectrum Disorder	<b>541,456</b>	-
Biomarkers Consortium: Beta Cell Clinical Trial	<b>1,662,932</b>	2,673,165
Biomarkers Consortium: Bone Quality Project	<b>1,287,832</b>	684,273
Biomarkers Consortium: CABP-Skin Infection	<b>93,137</b>	229,302
Biomarkers Consortium: CSF-Based Biomarkers in AD	<b>75,319</b>	75,511
Biomarkers Consortium: HABP/VABP Working Group	<b>235,586</b>	331,215
Biomarkers Consortium: HD-SCA in CRC (High Definition Single Cell Analysis of Blood and Tissue Biopsies)	<b>800,000</b>	-
Biomarkers Consortium: Kidney Safety	<b>907,393</b>	1,388,168
Biomarkers Consortium: MRD Project	<b>1,210,473</b>	760,820
Biomarkers Consortium: Pet Variability	<b>25,000</b>	25,000
Biomarkers Consortium: Placebo Data Analysis Project in AD	<b>221,577</b>	222,908
Biomarkers Consortium: Target BMx	<b>98,900</b>	-
Biomarkers Consortium: Novel Cardiac Biomarkers in the General US Population	<b>725,000</b>	312,500
Biomarkers Consortium: Osteoarthritis Project	<b>244,864</b>	373,286
Bradley Charitable Gift Annuity	<b>45,900</b>	52,733
Cancer Research Fund	<b>111,622</b>	100,137
Centralized Envelope Comparative Immunogenicity Study (CECI).	<b>10,385</b>	318,172
Charles A. Sanders Legacy Fund	<b>628,514</b>	-
Coding for Cancer	<b>195,970</b>	-
Comprehensive Investigation into the Risk Factors of Malnutrition and the Consequences for Child Health	<b>860,881</b>	2,560,164
Comprehensive T Cell Vaccine Immune Monitoring Consortium	<b>299,673</b>	327,499

**Foundation for the National Institutes of Health, Inc.**  
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Comprehensive T Cell Vaccine Immune Monitoring Consortium (CTVIMCS2)	3,077,211	4,661,263
Development of a Second Generation Broadly Neutralizing Antibody (2GVRC01)	58,810	229,086
Effects of Moderate Drinking	1,525,043	-
Eliminate Dengue	5,081	3,818
Epidemiology of Visceral Leishmaniasis in Bihar, India	80,141	121,050
Epilepsy Research in the Laboratory of Kareem Zaghloul, M.D., Ph.D	148,212	261,000
FDG-PET Lung/Lymphoma	873,011	1,173,489
FNIH Travel support for NIH Scientists	270,852	37,839
Follicular Lymphoma Research Fund	20,700	-
Gates Funding for NIAID Ebola Community Engagement project	113,308	-
Gramlich Melanoma Research Trust	112,961	92,811
Grand Challenges in Global Health	119,258	119,258
Heart Truth Community Grant Award Program	47,361	773,608
HIT-TB	2,154,245	3,135,836
I-SPY TRIAL-2 (Investigation of Serial Studies to Predict Your Therapeutic Response with Imaging and Molecular Analysis)	263,268	277,965
Kids Thrive	-	161,416
Lifespan Connectome Project	540,000	-
Lung Cancer Master Protocol (LungMAP)	144,386	794,669
NIDDK DILIN	-	185,874
Rapid identification of individuals with viable adult female worms of Onchocerca volvulus: a means to the end	14,951	27,080
Sarcopenia 2	515,653	483,453
Schizophrenia Metabolic Initiative	-	108,891
Solarz Memorial Fund	478,988	186,984
Spiromic Project	329,721	1,030,424
Spiromics Exacerbation Sub-Study	71,990	420,597
Support functions for VCTR	843,121	-
Support of Ebola Research by NIAID	7,845	15,943
The Hemodialysis Fistula Maturation Cohort Study	24,317	24,317
The Lowy Cancer Research Support Fund	20,000	-
The Sports and Health Research Program	1,180,848	6,349,891
Sports and Health Research Program P2 CTE Research	2,629,254	-
Sports and Health Research Program P3 CTE Pilot	16,797	-
The William N. Cafritz Trust - Recruitment Support for Parkinson's Disease	97,000	-
VCTR (Vector-based Control of Transmission)	700,067	5,795,109
Vol-PACT	107,466	243,030
Other Temporarily Restricted Programs	230,501	269,485
	<b>\$ 51,608,294</b>	<b>\$ 76,594,675</b>



## **10. 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>2015</u>	<u>2014</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	830,894	830,894
Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research	747,772	767,772
Norman P. Salzman Memorial Fund	100,000	100,000
CarMollNat Muscular Dystrophy Endowment	26,199	17,468
	<u>\$ 3,204,865</u>	<u>\$ 3,216,134</u>

## **11. 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.

### ***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

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The endowment net asset composition, by type of fund, was as follows as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (79,315)	\$ 117,010	\$ 3,204,865	\$ 3,242,560
Board-designated endowment funds	<u>6,259,011</u>	<u>-</u>	<u>-</u>	<u>6,259,011</u>
Total	<u>\$ 6,179,696</u>	<u>\$ 117,010</u>	<u>\$ 3,204,865</u>	<u>\$ 9,501,571</u>

The changes in endowment assets were as follows for 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 6,259,011</u>	<u>\$ 141,515</u>	<u>\$ 3,216,134</u>	<u>\$ 9,616,660</u>
Investment return:				
Investment income	-	70,821	-	70,821
Net appreciation (realized and unrealized)	<u>(79,315)</u>	<u>(92,335)</u>	<u>-</u>	<u>(171,650)</u>
Total investment return	<u>(79,315)</u>	<u>(21,514)</u>	<u>-</u>	<u>(100,829)</u>
Contributions	<u>-</u>	<u>1,625</u>	<u>8,731</u>	<u>10,356</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(24,616)</u>	<u>-</u>	<u>(24,616)</u>
Change in donor restriction	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 6,179,696</u>	<u>\$ 117,010</u>	<u>\$ 3,204,865</u>	<u>\$ 9,501,571</u>

The endowment net asset composition, by type of fund, was as follows as of December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 141,515	\$ 3,216,134	\$ 3,357,649
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>\$ 141,515</u>	<u>\$ 3,216,134</u>	<u>\$ 9,616,660</u>

**Foundation for the National Institutes of Health, Inc.**  
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The changes in endowment assets were as follows for 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 153,974	\$ 3,227,400	\$ 3,381,374
Investment return:				
Investment income	-	12,011	-	12,011
Net appreciation (realized and unrealized)	-	(370)	-	(370)
Total investment return	-	11,641	-	11,641
Contributions	-	4,230	8,734	12,964
Appropriation of endowment assets for expenditure	-	(48,330)	-	(48,330)
Transfers	6,259,011	-	-	6,259,011
Change in donor restriction	-	20,000	(20,000)	-
Endowment net assets, end of year	<u>\$ 6,259,011</u>	<u>\$ 141,515</u>	<u>\$ 3,216,134</u>	<u>\$ 9,616,660</u>

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state UPMIFA guidelines require the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2015 and 2014 were \$79,315 and \$0, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the funds were put into a new investment fund.

***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.

## **12. 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.

## **13. 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 2015 and 2014, these in-kind contributions from NIH of \$225,428 and \$217,140, respectively, are reflected in the financial statements.

In 2015 and 2014, the Foundation received drugs from Sanofi-Aventis and Novartis for the Clinical Center Drug Donation project. The estimated value of the drugs is determined by the current market value that NIH pays for the drugs, and has been reflected in the accompanying financial statements as in-kind contributions with a like amount recorded as program contracts. For 2015 and 2014, in-kind contributions for these materials of \$649,089 and \$1,452,514, respectively, are reflected in the financial statements.

In 2014, the Foundation received other goods and services for various projects. 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 2014, in-kind contributions for these goods and services of \$54,965 are reflected in the financial statements.

#### **14. 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 2015 and 2014, donated services of \$110,811 and \$188,637, respectively, are reflected in the financial statements.

#### **15. 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 2015 and 2014 was \$512,501 and \$458,277, respectively.

#### **16. Concentration of Revenue**

For 2015 and 2014, the Foundation received approximately 49% and 25%, respectively, of its revenue from contributions and grants from the Bill and Melinda Gates Foundation. For 2014, the Foundation received approximately 11% of its revenue from contributions from The National Football League.

#### **17. 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.

## **18. 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.

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.

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

The following sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2015 and 2014:

<b>Assets at Fair Value as of December 31, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Corporate bonds	\$ 861,052	\$ -	\$ -	\$ 861,052
U.S. government bonds	32,488,437	-	-	32,488,437
Equity mutual funds:				
Large-cap growth	1,207,344	-	-	1,207,344
Large-cap blend	2,181,146	-	-	2,181,146
Large-cap value	673,835	-	-	673,835
Mid-cap growth	442,915	-	-	442,915
Mid-cap blend	285,045	-	-	285,045
Small-cap blend	440,020	-	-	440,020
Small-cap value	183,056	-	-	183,056
Emerging market	4,841	-	-	4,841
Multi-alternative	275,606	-	-	275,606
Bond mutual funds:				
Low extensive	73,458	-	-	73,458
Low limited	2,726	-	-	2,726
Medium moderate	19,001	-	-	19,001
Intermediate	42,597	-	-	42,597
International	1,122,921	-	-	1,122,921
Short term	306,930	-	-	306,930
Small growth	5,454	-	-	5,454
High yield bond	526,170	-	-	526,170
Exchange traded funds:				
Large-cap growth	38,300	-	-	38,300
Large-cap value	309,401	-	-	309,401
Mid-cap blend	447,987	-	-	447,987
Government	614,346	-	-	614,346
Inflation-protected bond	10,968	-	-	10,968
Intermediate-term bond	7,539	-	-	7,539
Common stocks:				
Large-cap core	205,072	-	-	205,072
Large-cap growth	135,863	-	-	135,863
Large-cap value	170,144	-	-	170,144
Large-cap blend	54,665	-	-	54,665
Mid-cap growth	22,361	-	-	22,361
Small-cap value	72,399	-	-	72,399
Exchange traded fund	11,285	-	-	11,285
Mid-cap value	7,283	-	-	7,283
<b>Total investments</b>	<b>\$ 43,250,167</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,250,167</b>

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

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 213,211	\$ -	\$ -	\$ 213,211
U.S. government bonds	56,897,792	-	-	56,897,792
Equity mutual funds:				
Large-cap growth	42,929	-	-	42,929
Large-cap blend	73,865	-	-	73,865
Large-cap value	83,017	-	-	83,017
Mid-cap growth	21,841	-	-	21,841
Mid-cap blend	5,290	-	-	5,290
Small-cap blend	11,343	-	-	11,343
Small-cap value	3,697	-	-	3,697
Emerging market	5,530	-	-	5,530
Multi-alternative	5,351	-	-	5,351
Europe stock	8,398	-	-	8,398
Pacific/Asia	8,274	-	-	8,274
Bond mutual funds:				
Low extensive	72,240	-	-	72,240
Low limited	14,563	-	-	14,563
High yield	272,138	-	-	272,138
Medium moderate	18,369	-	-	18,369
Intermediate	66,668	-	-	66,668
International	100,377	-	-	100,377
Short term	27,089	-	-	27,089
Small growth	6,271	-	-	6,271
Emerging market	13,807	-	-	13,807
Exchange traded funds:				
Large-cap growth	32,029	-	-	32,029
Large-cap value	31,320	-	-	31,320
Mid-cap value	17,263	-	-	17,263
Mid-cap blend	4,725	-	-	4,725
Inflation-protected bond	28,473	-	-	28,473
Common stocks:				
Large-cap core	201,657	-	-	201,657
Large-cap growth	137,981	-	-	137,981
Large-cap value	189,073	-	-	189,073
Large-cap blend	45,237	-	-	45,237
Mid-cap core	11,382	-	-	11,382
Mid-cap growth	26,568	-	-	26,568
Small-cap value	83,741	-	-	83,741
Mid-cap value	7,765	-	-	7,765
Total investments	<u>\$ 58,789,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,789,274</u>



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

**19. Conditional Grant Awards**

As of December 31, 2015 and 2014, the Foundation has authorized conditional scientific grants under the following programs:

	<u>2015</u>	<u>2014</u>
Grand Challenges in Global Health and Vector-based Control of Transmission: Discovery Research	\$ -	\$ 6,295,317
Comprehensive T Cell Vaccine Immune Monitoring Consortium	<b>1,951,416</b>	3,490,237
HIT-TB	<b>3,606,948</b>	2,747,514
Accelerating Medicines Partnership: Type 2 Diabetes (AMP-Type 2 Diabetes)	<b>2,671,484</b>	-
LungMaP (Lung Cancer Master Protocol)	<b>400,000</b>	-
Gates GCGH/VCTR	<b>948,002</b>	-
Biomarkers Consortium – Osteoarthritis Project	-	24,500
Biomarkers Consortium – Bone Quality Project	<b>660,115</b>	695,115
Rapid identification of individuals with viable adult female worms of <i>Onchocerca volvulus</i> ; a means to the end	-	278,858
Eliminate Dengue	-	3,866,242
	<u><b>\$ 10,237,965</b></u>	<u><b>\$ 17,397,783</b></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.

**20. Lease**

The Foundation has 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 new lease agreement with FASEB for a ten year period which expires October 31, 2017. The Foundation also has an option to extend the lease for two additional five year terms.

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

2016	\$ 465,986
2017	<u>401,125</u>
	<u><b>\$ 867,111</b></u>

Rent expense under this lease was \$530,842 and \$431,431, respectively, for 2015 and 2014.

## **21. 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.

***Foundation for the National Institutes of Health, Inc.***

***Supplementary Information***

**Foundation for the National Institutes of Health, Inc.**

**Schedules of Functional Expenses**

**Year Ended December 31, 2015, with Comparative Totals for 2014**

	Program Services					Supporting Services				
	Fellowships and Training Programs	Memorials, Awards and Events	Capital Projects	Research Partnerships	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2015	Total 2014
Salaries and benefits	\$ 67,402	\$ 60,602	\$ 40,226	\$ 3,503,876	\$ 3,672,106	\$ 2,793,413	\$ 254,606	\$ 3,048,019	\$ 6,720,125	\$ 6,086,131
Stipends	3,114	164,550	-	-	167,664	-	2,500	2,500	170,164	223,718
Program contracts	895,985	133,973	213,081	24,361,141	25,604,180	-	-	-	25,604,180	38,141,869
Grant awards	-	-	-	21,407,698	21,407,698	-	-	-	21,407,698	26,712,950
Meetings and travel	168,026	113,925	19,694	1,060,087	1,361,732	71,595	70,861	142,456	1,504,188	1,447,135
Office supplies and expense	3,370	2,476	163	15,466	21,475	10,676	662	11,338	32,813	23,251
Telephone	-	27	-	79,677	79,704	72,139	4,246	76,385	156,089	153,428
Books and supplies	-	78	-	4,051	4,129	5,101	223	5,324	9,453	12,295
Tuition	-	-	-	1,220	1,220	-	143	143	1,363	4,693
Insurance	-	-	-	145,139	145,139	48,746	-	48,746	193,885	171,874
Consultants	-	-	17,108	2,052,587	2,069,695	157,273	-	157,273	2,226,968	1,530,830
Professional fees	-	-	-	170,954	170,954	84,314	-	84,314	255,268	419,498
Depreciation	-	-	-	-	-	21,850	-	21,850	21,850	26,542
Rent/housing	70,614	-	-	177,262	247,876	282,966	-	282,966	530,842	448,755
Recruiting	-	-	-	54,574	54,574	6,005	-	6,005	60,579	154,967
Relocation	-	-	-	-	-	-	-	-	-	8,800
Temporary services	-	-	-	-	-	-	-	-	-	45,014
Dues and subscriptions	110	-	-	7,814	7,924	7,818	2,510	10,328	18,252	13,425
Equipment and rental and maintenance	830	-	18,628	11,920	31,378	8,640	-	8,640	40,018	54,714
Printing and photocopying	-	226,069	150	12,242	238,461	2,473	24,310	26,783	265,244	101,056
Postage and delivery	132	159	1	1,183	1,475	3,543	8,075	11,618	13,093	20,993
Service charges	686	14,383	4,219	12,887	32,175	78,352	1,177	79,529	111,704	98,517
Communications	5	3,854	-	91,267	95,126	115,768	13,001	128,769	223,895	202,973
Advertising and promotion	-	14,756	-	-	14,756	-	-	-	14,756	15,000
Miscellaneous	-	-	-	6,260	6,260	10,685	72	10,757	17,017	11,698
	<u>\$ 1,210,274</u>	<u>\$ 734,852</u>	<u>\$ 313,270</u>	<u>\$ 53,177,305</u>	<u>\$ 55,435,701</u>	<u>\$ 3,781,357</u>	<u>\$ 382,386</u>	<u>\$ 4,163,743</u>	<u>\$ 59,599,444</u>	<u>\$ 76,130,126</u>