



Foundation for the National Institutes of Health, Inc.

Financial Statements

Years Ended December 31, 2020 and 2019



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for the National Institutes of Health, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses 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 and, for 2020 only, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, 2020 and 2019, 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.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 31, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2021, on our consideration of Foundation for the National Institutes of Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation for the National Institutes of Health, Inc.'s internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Richmond, VA
May 20, 2021

Foundation for the National Institutes of Health, Inc.
 Statements of Financial Position
 December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 62,837,436 | \$ 29,756,418 |
| NIH receivable | 500,000 | 500,000 |
| Contributions receivable, net, current portion | 21,032,937 | 7,811,673 |
| Accrued interest | 175,575 | 554,097 |
| Prepaid expenses and other receivables | <u>2,333,403</u> | <u>300,636</u> |
| Total current assets | 86,879,351 | 38,922,824 |
| Contributions receivable, net, less current portion | 19,825,974 | 3,642,795 |
| Investments | 63,285,583 | 91,401,689 |
| Property and equipment, net | <u>1,948,833</u> | <u>1,574,395</u> |
| Total assets | <u>\$ 171,939,741</u> | <u>\$ 135,541,703</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 7,166,950 | \$ 10,145,693 |
| Charitable gift annuity | <u>125,764</u> | <u>131,791</u> |
| Total current liabilities | 7,292,714 | 10,277,484 |
| Advance receipts on conditional contributions | 1,331,478 | 5,147,362 |
| Deferred lease incentive | 1,538,721 | 1,187,019 |
| Deferred rent liability | <u>572,612</u> | <u>419,548</u> |
| Total liabilities | <u>10,735,525</u> | <u>17,031,413</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Unrestricted, general | 6,216,465 | 8,664,974 |
| Board designated | <u>19,152,000</u> | <u>12,913,000</u> |
| Total without donor restrictions | 25,368,465 | 21,577,974 |
| With donor restrictions | <u>135,835,751</u> | <u>96,932,316</u> |
| Total net assets | <u>161,204,216</u> | <u>118,510,290</u> |
| Total liabilities and net assets | <u>\$ 171,939,741</u> | <u>\$ 135,541,703</u> |

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Activities
Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|--|---------------------------|
| Revenue, support and other changes: | | | |
| Contributions | \$ 2,507,887 | \$ 94,473,375 | \$ 96,981,262 |
| Grants | 40,694 | - | 40,694 |
| In-kind contributions | 600,486 | - | 600,486 |
| Transfers from NIH | 1,250,000 | - | 1,250,000 |
| Donated services | 49,500 | - | 49,500 |
| Fundraising event | 330,000 | - | 330,000 |
| Investment and interest income, net | 2,031,490 | 758,207 | 2,789,697 |
| Net assets released from restrictions: | | | |
| Satisfaction of indirect cost requirements | 4,407,246 | (4,407,246) | - |
| Satisfaction of program restrictions | 51,920,901 | (51,920,901) | - |
| Total revenue, support and other changes | <u>63,138,204</u> | <u>38,903,435</u> | <u>102,041,639</u> |
| Expenses: | | | |
| Program services: | | | |
| Fellowships and training programs | 541,462 | - | 541,462 |
| Memorials, awards and events | 521,016 | - | 521,016 |
| Capital projects | 43,887 | - | 43,887 |
| Research programs | 51,546,218 | - | 51,546,218 |
| Total program services | <u>52,652,583</u> | <u>-</u> | <u>52,652,583</u> |
| Supporting services: | | | |
| Management and general | 6,258,111 | - | 6,258,111 |
| Fundraising | 437,019 | - | 437,019 |
| Total supporting services | <u>6,695,130</u> | <u>-</u> | <u>6,695,130</u> |
| Total expenses | <u>59,347,713</u> | <u>-</u> | <u>59,347,713</u> |
| Change in net assets | 3,790,491 | 38,903,435 | 42,693,926 |
| Net assets, beginning of year | <u>21,577,974</u> | <u>96,932,316</u> | <u>118,510,290</u> |
| Net assets, end of year | <u>\$ 25,368,465</u> | <u>\$ 135,835,751</u> | <u>\$ 161,204,216</u> |

Foundation for the National Institutes of Health, Inc.
Statement of Activities
Year Ended December 31, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|--|-----------------------|
| Revenue, support and other changes: | | | |
| Contributions | \$ 528,556 | \$ 49,298,924 | \$ 49,827,480 |
| Grants | 220,665 | - | 220,665 |
| In-kind contributions | 270,780 | - | 270,780 |
| Transfers from NIH | 500,000 | - | 500,000 |
| Donated services | 50,000 | - | 50,000 |
| Fundraising event | 401,000 | - | 401,000 |
| Investment and interest income, net | 4,003,989 | 1,193,135 | 5,197,124 |
| Administrative fee, agency transactions and grants | (50,000) | - | (50,000) |
| Net assets released from restrictions: | | | |
| Satisfaction of indirect cost requirements | 4,699,724 | (4,699,724) | - |
| Satisfaction of program restrictions | <u>60,668,032</u> | <u>(60,668,032)</u> | <u>-</u> |
| Total revenue, support and other changes | <u>71,292,746</u> | <u>(14,875,697)</u> | <u>56,417,049</u> |
| Expenses: | | | |
| Program services: | | | |
| Fellowships and training programs | 939,134 | - | 939,134 |
| Memorials, awards and events | 575,570 | - | 575,570 |
| Capital projects | 60,340 | - | 60,340 |
| Research programs | <u>59,558,215</u> | <u>-</u> | <u>59,558,215</u> |
| Total program services | <u>61,133,259</u> | <u>-</u> | <u>61,133,259</u> |
| Supporting services: | | | |
| Management and general | 6,123,632 | - | 6,123,632 |
| Fundraising | <u>552,675</u> | <u>-</u> | <u>552,675</u> |
| Total supporting services | <u>6,676,307</u> | <u>-</u> | <u>6,676,307</u> |
| Total expenses | <u>67,809,566</u> | <u>-</u> | <u>67,809,566</u> |
| Change in donor designation | <u>27,404</u> | <u>(27,404)</u> | <u>-</u> |
| Change in net assets | 3,510,584 | (14,903,101) | (11,392,517) |
| Net assets, beginning of year | <u>18,067,390</u> | <u>111,835,417</u> | <u>129,902,807</u> |
| Net assets, end of year | <u>\$ 21,577,974</u> | <u>\$ 96,932,316</u> | <u>\$ 118,510,290</u> |

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

| | Program Services | | | | Supporting Services | | | | Total |
|--------------------------------------|-----------------------------------|------------------------------|------------------|----------------------|------------------------|------------------------|-------------------|---------------------------|----------------------|
| | Fellowships and Training Programs | Memorials, Awards and Events | Capital Projects | Research Programs | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries and benefits | \$ 56,216 | \$ 84,797 | \$ 13,450 | \$ 6,613,708 | \$ 6,768,171 | \$ 4,087,391 | \$ 269,855 | \$ 4,357,246 | \$ 11,125,417 |
| Stipends | - | 103,500 | 10,000 | 355,000 | 468,500 | - | 50,000 | 50,000 | 518,500 |
| Programs contracts | 431,944 | 326,552 | - | 32,168,308 | 32,926,804 | - | - | - | 32,926,804 |
| Grant awards | - | - | - | 8,056,317 | 8,056,317 | - | - | - | 8,056,317 |
| Meetings and travel | 38,133 | 3,187 | 16,051 | 216,241 | 273,612 | 12,140 | 2,672 | 14,812 | 288,424 |
| Office supplies and expense | 8,958 | 207 | 479 | - | 9,644 | 8,175 | 30 | 8,205 | 17,849 |
| Telephone | - | - | - | 92,726 | 92,726 | 96,517 | 8,028 | 104,545 | 197,271 |
| Books and supplies | 344 | - | - | 10,695 | 11,039 | 4,320 | - | 4,320 | 15,359 |
| Tuition | - | - | - | - | - | 3,645 | - | 3,645 | 3,645 |
| Insurance | - | - | - | 120,114 | 120,114 | 72,499 | - | 72,499 | 192,613 |
| Consultants | - | - | - | 3,441,965 | 3,441,965 | 421,323 | 38,633 | 459,956 | 3,901,921 |
| Professional fees | 30 | 1,950 | - | 137,511 | 139,491 | 161,080 | - | 161,080 | 300,571 |
| Depreciation and amortization | - | - | - | - | - | 250,896 | - | 250,896 | 250,896 |
| Rent/housing | 3,534 | - | - | 176,478 | 180,012 | 569,848 | - | 569,848 | 749,860 |
| Recruiting | - | - | - | 5,565 | 5,565 | 5,279 | - | 5,279 | 10,844 |
| Relocation | - | - | - | - | - | 339,228 | - | 339,228 | 339,228 |
| Dues and subscriptions | - | - | - | 11,507 | 11,507 | 11,591 | - | 11,591 | 23,098 |
| Equipment and rental and maintenance | 1,380 | - | - | 4,387 | 5,767 | 45,783 | - | 45,783 | 51,550 |
| Printing and photocopying | - | - | - | 20,238 | 20,238 | 9,804 | 40,835 | 50,639 | 70,877 |
| Postage and delivery | 14 | 163 | 66 | 31,678 | 31,921 | 3,092 | 5,879 | 8,971 | 40,892 |
| Service charges | 435 | 170 | 240 | 4,886 | 5,731 | 18,790 | 590 | 19,380 | 25,111 |
| Communication | 474 | 490 | - | 64,712 | 65,676 | 105,209 | 20,497 | 125,706 | 191,382 |
| Advertising and promotion | - | - | - | 13,944 | 13,944 | 10,084 | - | 10,084 | 24,028 |
| Miscellaneous | - | - | 3,601 | 238 | 3,839 | 21,417 | - | 21,417 | 25,256 |
| | <u>\$ 541,462</u> | <u>\$ 521,016</u> | <u>\$ 43,887</u> | <u>\$ 51,546,218</u> | <u>\$ 52,652,583</u> | <u>\$ 6,258,111</u> | <u>\$ 437,019</u> | <u>\$ 6,695,130</u> | <u>\$ 59,347,713</u> |

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

| | Program Services | | | | Supporting Services | | | | Total |
|--------------------------------------|-----------------------------------|------------------------------|------------------|----------------------|------------------------|------------------------|-------------------|---------------------------|----------------------|
| | Fellowships and Training Programs | Memorials, Awards and Events | Capital Projects | Research Programs | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries and benefits | \$ 48,372 | \$ 62,963 | \$ 13,655 | \$ 5,588,107 | \$ 5,713,097 | \$ 4,074,426 | \$ 287,798 | \$ 4,362,224 | \$ 10,075,321 |
| Stipends | 500 | 111,434 | 10,000 | 15,000 | 136,934 | - | - | - | 136,934 |
| Programs contracts | 769,001 | 311,109 | - | 38,977,021 | 40,057,131 | - | - | - | 40,057,131 |
| Grant awards | - | - | - | 10,519,901 | 10,519,901 | - | - | - | 10,519,901 |
| Meetings and travel | 93,713 | 83,422 | 31,275 | 2,165,189 | 2,373,599 | 76,849 | 113,135 | 189,984 | 2,563,583 |
| Office supplies and expense | 2,834 | 488 | 1,461 | - | 4,783 | 14,902 | 1,038 | 15,940 | 20,723 |
| Telephone | - | - | - | 84,140 | 84,140 | 95,576 | 7,776 | 103,352 | 187,492 |
| Books and supplies | 833 | - | 1,306 | 26,077 | 28,216 | 8,132 | 1,192 | 9,324 | 37,540 |
| Tuition | - | - | - | 3,633 | 3,633 | 2,975 | - | 2,975 | 6,608 |
| Insurance | - | - | - | 101,082 | 101,082 | 71,796 | - | 71,796 | 172,878 |
| Consultants | - | - | 600 | 1,369,460 | 1,370,060 | 289,770 | 49,910 | 339,680 | 1,709,740 |
| Professional fees | 1,950 | - | - | 192,707 | 194,657 | 145,940 | - | 145,940 | 340,597 |
| Depreciation and amortization | - | - | - | - | - | 189,073 | - | 189,073 | 189,073 |
| Rent/housing | 3,120 | - | - | 128,877 | 131,997 | 432,957 | - | 432,957 | 564,954 |
| Recruiting | - | - | - | 53,836 | 53,836 | 33,471 | - | 33,471 | 87,307 |
| Relocation | - | - | - | - | - | 398,679 | - | 398,679 | 398,679 |
| Temporary services | - | - | - | 2,640 | 2,640 | 240 | - | 240 | 2,880 |
| Dues and subscriptions | - | - | - | 18,390 | 18,390 | 14,854 | - | 14,854 | 33,244 |
| Equipment and rental and maintenance | 16,878 | - | - | 5,939 | 22,817 | 40,072 | - | 40,072 | 62,889 |
| Printing and photocopying | - | 1,385 | - | 93,562 | 94,947 | 48,973 | 49,088 | 98,061 | 193,008 |
| Postage and delivery | - | 136 | - | 115,125 | 115,261 | 2,963 | 3,895 | 6,858 | 122,119 |
| Service charges | 1,329 | 1,116 | 227 | 6,473 | 9,145 | 23,062 | 1,953 | 25,015 | 34,160 |
| Communication | 14 | 3,242 | - | 76,640 | 79,896 | 148,226 | 30,481 | 178,707 | 258,603 |
| Advertising and promotion | - | - | - | 14,026 | 14,026 | 8,302 | 2,125 | 10,427 | 24,453 |
| Miscellaneous | 590 | 275 | 1,816 | 390 | 3,071 | 2,394 | 4,284 | 6,678 | 9,749 |
| | <u>\$ 939,134</u> | <u>\$ 575,570</u> | <u>\$ 60,340</u> | <u>\$ 59,558,215</u> | <u>\$ 61,133,259</u> | <u>\$ 6,123,632</u> | <u>\$ 552,675</u> | <u>\$ 6,676,307</u> | <u>\$ 67,809,566</u> |

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 42,693,926 | \$ (11,392,517) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 250,896 | 189,073 |
| Contributions restricted for long-term purposes | (511,998) | (259,681) |
| Net realized and unrealized gain on investments | (1,238,818) | (2,558,778) |
| Deferred lease incentive amortization | (130,033) | (92,495) |
| Deferred rent liability | 153,064 | 35,771 |
| Change in assets and liabilities: | | |
| Contributions receivable | (29,404,443) | 5,816,079 |
| NIH receivable | - | (500,000) |
| Accrued interest | 378,522 | (88,263) |
| Prepaid expenses and other receivables | (2,032,767) | (50,882) |
| Accounts payable and accrued expenses | (2,978,743) | 6,260,921 |
| Funds held for others, agency transactions | - | (1,235,000) |
| Charitable gift annuity | (6,027) | (6,146) |
| Advance receipts on grants | - | (2,870,167) |
| Advance receipts on conditional contributions | (3,815,884) | 1,947,362 |
| Net cash provided (used) by operating activities | <u>3,357,695</u> | <u>(4,804,723)</u> |
| Cash flows from investing activities: | | |
| Furniture and equipment acquisitions | (143,599) | (210,044) |
| Sales and maturities of investments | 115,312,812 | 98,377,402 |
| Purchase of investments | (85,957,888) | (84,434,637) |
| Net cash provided by investing activities | <u>29,211,325</u> | <u>13,732,721</u> |
| Cash flows from financing activities: | | |
| Contributions restricted for investment in endowment | 511,998 | 259,681 |
| Net increase in cash and cash equivalents | 33,081,018 | 9,187,679 |
| Cash and cash equivalents, beginning of year | <u>29,756,418</u> | <u>20,568,739</u> |
| Cash and cash equivalents, end of year | <u>\$ 62,837,436</u> | <u>\$ 29,756,418</u> |
| Supplemental disclosure of noncash transactions: | | |
| Leasehold improvements acquired with lease incentive | <u>\$ 481,735</u> | <u>\$ -</u> |

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 create and lead alliances and public-private partnerships that advance breakthrough biomedical discoveries and improve the quality of people's lives.

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 reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.
- Net assets with donor restrictions – subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 reported 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 other receivables

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. Other receivables are stated at net realizable value and are deemed fully collectible by management.

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 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 and 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 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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Grants and contributions considered to be nonexchange transactions that include donor-imposed conditions are recognized as revenue when the condition is met. Funds received by the Foundation for conditional contributions are recorded as a liability until the conditions are met.

Grant revenues

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.

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.

Transfers from NIH revenue recognition

Transfers from NIH are recognized as revenue in the year they are approved.

Fundraising event revenue recognition

Amounts received to attend the annual award ceremony are considered exchange transactions as a reciprocal benefit is received by the attendees. The revenues associated with this event are recognized at a point in time, on the date of the event, at which time the Foundation's performance obligation is satisfied. There are no elements of variable consideration, contract costs, or significant financing components associated with this revenue.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|-----------------------------|-----------------------------|
| Salaries and benefits | Time and effort |
| Stipends | Time and effort |
| Program contracts | Time and effort |
| Grant awards | Time and effort |
| Meetings and travel | Time and effort |
| Office supplies and expense | Time and effort |
| Telephone | Headcount/Time and effort |
| Books and supplies | Headcount/Time and effort |
| Tuition | Time and effort |
| Insurance | Headcount |
| Consultants | Time and effort |
| Professional fees | Time and effort |
| Depreciation | Time and effort |
| Rent and housing | Square footage |
| Recruiting | Time and effort |
| Relocation | Time and effort |
| Temporary services | Time and effort |
| Dues and subscriptions | Time and effort |
| Equipment and rental | Headcount/Time and effort |
| Printing and photocopying | Time and effort |
| Postage and delivery | Time and effort |
| Service charges | Time and effort |
| Communications | Time and effort |
| Advertising and promotion | Time and effort |
| Miscellaneous | Time and effort |

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, 2020 and 2019.

Recently issued accounting standards

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For statement of activity purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Foundation on January 1, 2022, and the Foundation is currently evaluating the effect this accounting standard may have on its financial statements.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 20, 2021, the date the financial statements were available to be issued.

3. Availability and Liquidity

The following represents the Foundation's financial assets at December 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|--------------------|--------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 62,837,436 | \$ 29,756,418 |
| NIH receivable | 500,000 | 500,000 |
| Contributions receivable, net | 40,858,911 | 11,454,468 |
| Other receivables | 2,097,652 | 52,378 |
| Investments | <u>63,285,583</u> | <u>91,401,689</u> |
| Total financial assets | <u>169,579,582</u> | <u>133,164,953</u> |

Foundation for the National Institutes of Health, Inc.
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Less amounts not to be used within one year:

| | | |
|--|---------------------------|--------------------|
| Net assets with donor restrictions | 135,835,751 | 96,932,316 |
| Legacy Fund established by the board | 1,601,000 | 1,601,000 |
| Quasi endowment established by the board | <u>15,549,000</u> | <u>10,412,000</u> |
| | <u>152,987,751</u> | <u>108,945,316</u> |

| | | |
|---|-----------------------------|-----------------------------|
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 16,591,831</u> | <u>\$ 24,219,637</u> |
|---|-----------------------------|-----------------------------|

The Foundation's goal is to maintain financial assets to meet one year of Supporting Services (approximately \$8.2 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and high-quality fixed income securities with a maximum maturity of 3 years.

4. 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. At December 31, 2020 and 2019, 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.

5. Property and Equipment

Major classes of property and equipment consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| Furniture and equipment | \$ 1,079,148 | \$ 935,548 |
| Leasehold improvements | <u>1,869,159</u> | <u>1,387,425</u> |
| | 2,948,307 | 2,322,973 |
| Accumulated depreciation and amortization | <u>(999,474)</u> | <u>(748,578)</u> |
| | <u>\$ 1,948,833</u> | <u>\$ 1,574,395</u> |

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

6. Investments

Investments as of December 31, 2020, are summarized as follows:

| | <u>Cost</u> | <u>Market Value</u> |
|-----------------------|----------------------|----------------------|
| Money market funds | \$ 3,649,303 | \$ 3,649,303 |
| U.S. government bonds | 41,735,670 | 41,959,728 |
| Exchange traded funds | 2,086,390 | 2,355,265 |
| Mutual funds | <u>12,891,380</u> | <u>15,321,287</u> |
| | <u>\$ 60,362,743</u> | <u>\$ 63,285,583</u> |

The following schedule summarizes the investment return and its classification for 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-------------------------|-----------------------------------|--------------------------------|---------------------|
| Interest and dividends | \$ 1,386,150 | \$ 336,807 | \$ 1,722,957 |
| Realized gain | 64,135 | 6,223 | 70,358 |
| Unrealized gain | 753,283 | 415,177 | 1,168,460 |
| Investment fees | <u>(172,078)</u> | <u>-</u> | <u>(172,078)</u> |
| Total investment return | <u>\$ 2,031,490</u> | <u>\$ 758,207</u> | <u>\$ 2,789,697</u> |

Investments as of December 31, 2019, are summarized as follows:

| | <u>Cost</u> | <u>Market Value</u> |
|-----------------------|----------------------|----------------------|
| Money market funds | \$ 3,254,540 | \$ 3,254,540 |
| U.S. government bonds | 71,883,010 | 72,119,707 |
| Exchange traded funds | 1,774,338 | 1,947,293 |
| Mutual funds | <u>12,793,415</u> | <u>14,080,149</u> |
| | <u>\$ 89,705,303</u> | <u>\$ 91,401,689</u> |

The following schedule summarizes the investment return and its classification for 2019:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-------------------------|-----------------------------------|--------------------------------|---------------------|
| Interest and dividends | \$ 2,382,347 | \$ 435,987 | \$ 2,818,334 |
| Realized gain (loss) | 345,963 | (385) | 345,578 |
| Unrealized gain | 1,455,667 | 757,533 | 2,213,200 |
| Investment fees | <u>(179,988)</u> | <u>-</u> | <u>(179,988)</u> |
| Total investment return | <u>\$ 4,003,989</u> | <u>\$ 1,193,135</u> | <u>\$ 5,197,124</u> |

7. Contributions Receivable

Contributions receivable at December 31, were as follows:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------------|----------------------|
| Receivable in less than one year | \$ 21,047,937 | \$ 7,826,673 |
| Receivable in one to five years | <u>20,272,058</u> | <u>3,746,667</u> |
| Total unconditional contributions receivable | 41,319,995 | 11,573,340 |
| Discounts to net present value | (446,084) | (103,872) |
| Allowance for uncollectible contributions receivable | <u>(15,000)</u> | <u>(15,000)</u> |
| Net unconditional contributions receivable | <u>\$ 40,858,911</u> | <u>\$ 11,454,468</u> |

The discount rate used on long-term contributions receivable was 2.25% in 2020 and 2019.

8. Conditional Contributions Receivable

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

| | <u>2020</u> | <u>2019</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 | \$ - | \$ 766,745 |
| Using Biomarkers to Predict TB Treatment Duration | 956,860 | 3,159,480 |
| Lurie Prize in Biomedical Research | 100,000 | 200,000 |
| Pew Latin American Fellows Awards | 296,625 | 183,750 |
| Efficacy of Heterodimeric IL-15 Treatment Regimens in Reducing SIV Reservoir | 765,405 | 765,405 |
| Conditioned upon meeting certain milestones and/or the funder not cancelling: | | |
| NIH Medical Research Scholars Program | 150,000 | 180,000 |
| Alzheimer's Disease Neuroimaging Initiative-3 | 228,332 | 2,511,683 |
| Biomarkers Consortium Treatments Against Rheumatoid Arthritis and Effect on FDG PET-CT | 60,000 | 60,000 |
| Amgen NIH Scholars Program | 335,000 | 335,000 |
| Pamela Anne Cafritz Renal Cell Carcinoma Award | 100,000 | 200,000 |
| Biomarkers Consortium Osteoarthritis Biomarkers Qualification | 700,000 | 1,041,000 |
| Biomarkers Consortium Inflammatory Markers for Neurodegenerative and Mood Disorders | 554,500 | 477,000 |
| Partnership for Accelerating Cancer Therapies | - | 36,000,000 |
| NCTN Data Archive De-Identification Project | - | 60,000 |
| Biomarkers Consortium ctDNA Reference Standards | 490,271 | 980,542 |
| Chemotherapeutic Impact on the Immune MicroEnvironment Project (ChIIME) | 1,250,000 | 1,250,000 |
| Participation of Native American Students in the National Institute for Neurological Disorders and Stroke (NINDS) | 60,000 | 60,000 |
| Non-Invasive BioMarkers of MetaBolic Liver Disease (NIMBLE) (Project is not yet launched) | 5,845,888 | 6,545,888 |

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| | | |
|---|-----------------------------|-----------------------------|
| Understanding NHP protection against TB induced by Intravenous BCG | 2,399,613 | 916,656 |
| LungMap | - | 1,576,862 |
| CAR-T | 556,251 | 1,318,544 |
| ADNI – Amyloid PET Early Frames Add on Study | 50,000 | 100,000 |
| Biomarkers Consortium – Plasma Abeta project | 1,201,717 | 1,000,717 |
| 2019 NINDS/CNS Getch Scholar | 100,000 | 300,000 |
| iUFV (Combining Epitope-Based Vaccine Design with Informatics-Based Evaluation to Obtain a Universal Influenza Vaccine) | - | 674,943 |
| A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety Trial of Intrapartum Azithromycin in LMICs | 3,499,008 | 3,499,008 |
| Mucosal Healing in Ulcerative Colitis | 3,436,665 | 420,000 |
| GeneConvene Global Collaborative | 15,564,694 | 17,764,694 |
| Accelerating Medicines Partnership – Schizophrenia | 3,600,000 | - |
| NIP- Metastatic Prostate Cancer | 200,000 | - |
| BC-Cachexia | 950,000 | - |
| Joram Piatigorsky Basic Science Lecture and Award | 600,000 | - |
| Neurofilament (Nf) as a Fluid Biomarker of Neurodegeneration | 32,534 | - |
| The Partnership to Accelerate Novel TB Regimens (PAN-TB) | 737,580 | - |
| Accelerating Medicines Partnership – Alzheimer's Disease 2.0 (AMP-AD 2.0) | 3,228,000 | - |
| mRNA encoded HIV Env-Gag virus-like-particle (VLP) vaccines (mRNA VLPs) | 389,908 | - |
| Accelerating Medicines Partnership: AIM | 400,000 | - |
| | <u>\$ 48,838,851</u> | <u>\$ 82,347,917</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>2020</u> | <u>2019</u> |
|------------------|-----------------------------|-----------------------------|
| Endowment Fund | \$ 15,549,000 | \$ 10,412,000 |
| Contingency Fund | 2,000,000 | 900,000 |
| Legacy Fund | <u>1,601,000</u> | <u>1,601,000</u> |
| | <u>\$ 19,152,000</u> | <u>\$ 12,913,000</u> |

Foundation for the National Institutes of Health, Inc.
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10. Net Assets with Donor Restrictions

As of December 31, net assets with donor restrictions were available for the following purposes:

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Fellowships and Training Programs: | | |
| Amgen Scholars Program | \$ 150,177 | \$ 150,177 |
| Dean R. O'Neill Renal Cell Cancer Research Fund | 192,370 | 181,482 |
| Dr. Edward T. Rancic Memorial Fund | 6,705 | 6,648 |
| Dr. John L. Barr Memorial Fund for Cancer Research | 686 | 686 |
| Neva Fund | 28,388 | 28,144 |
| NIH Medical Research Scholarship Program | 1,041,159 | 1,007,706 |
| NOB Fund | 7,152 | 7,152 |
| Norman P. Salzman Memorial Award and Lecture in Virology | 234,886 | 231,690 |
| Notkins biomedical Research Fund | 201,737 | 200,000 |
| Robert Whitney Newcomb Memorial Lecture and Internship | 1,422,112 | 1,288,012 |
| Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research | 254,328 | 185,984 |
| Swanson Family Fellowship in Generic Thyroid Benign Chorea and IgA Deficiency (TTF-1) | 92,500 | 92,500 |
| Memorials, Awards and Events: | | |
| 2017 AD Caregiving Summit | - | 44,717 |
| Adam J. Berry Memorial Fund | 8,146 | 6,770 |
| Breast Cancer Summit 2 | 65,198 | 65,198 |
| Carcinoid Summit Workshop | - | 17,594 |
| Celebrating 50 Years of Brain Research: New Discoveries, New Hope | 171,451 | 171,451 |
| Dr. Anita Roberts Memorial Fund | 24,150 | 24,150 |
| Dr. Jane M. Sayer Vision Research Lecture and Award | 274,883 | 272,169 |
| Edna Williams Curl & Myron R. Curl Endowment for Multiple Sclerosis Research | 67,370 | 66,790 |
| Human Genome Exhibition | 9,245 | 9,325 |
| John Laws Decker Memorial Fund | 2,346 | 2,325 |
| Joram Piatigorsky Basic Science Lecture and Award | 401,380 | - |
| Kovler Prize for Excellence in Science Journalism | 300,507 | 198,781 |
| Lurie Prize | 100,000 | 100,000 |
| MRSP 2019-2020 | - | 205,040 |
| MRSP 2020-2021 | 156,283 | - |
| Michael T. Davis Fund | 73,072 | - |
| NINDS/CNSF K12 Scholar Awards Program | 195,000 | - |
| Pamela Ana Cafritz | 100,000 | 196,960 |
| Pandemic Response Fund | 292,107 | - |
| Polio Conference | - | 40,698 |
| Stephen E. Straus Award | 104,903 | 100,489 |
| Capital Projects: | | |
| Edmond J. Safra Family Lodge Bricks and Mortar | 79,759 | 79,759 |
| Edmond J. Safra Family Lodge All Programs | 39,692 | 24,212 |
| Edmond J. Safra Family Lodge GSK Endowment | 538,000 | 371,673 |
| Edmond J. Safra Family Lodge Weinberg Endowment | 351,512 | 259,391 |
| Edmond J. Safra Family Lodge Gallin Endowment | 111,252 | 109,188 |
| Tracy's Toy Box | 7,941 | 7,941 |
| Research Partnerships: | | |
| Accelerating Medicines Partnership Membership | 460,029 | 565,930 |
| Accelerating Medicines Partnership: Type 2 Diabetes | 3,046,060 | 8,006,894 |
| Accelerating Medicines Partnership: Alzheimer's | 2,504,340 | 4,159,605 |
| Accelerating Medicines Partnership: Alzheimer's Disease 2.0 | 7,943,051 | - |
| Accelerating Medicines Partnership: AIM | 100,000 | - |
| Accelerating Medicines Partnership: Rheumatoid Arthritis and Lupus | 1,096,038 | 4,254,460 |
| Accelerating Medicines Partnership: Parkinson's Disease | 7,604,247 | 9,915,954 |

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| | | |
|--|-------------------|------------|
| Accelerating Medicines Partnership: Schizophrenia | 5,223,326 | - |
| Accelerating Medicines Partnership: Common Metabolic Diseases (AMP CMD) | 1,681,296 | - |
| ADNI - Amyloid PET Early Frames Add on Study | 677,500 | 652,500 |
| ADNI - Optimization of Alzheimer's Disease Cognitive Measures Project | - | 15,980 |
| Alzheimer's Disease Neuroimaging Initiative – 3 | 2,715,451 | 3,509,396 |
| AMP - Heart Failure- Design Phase | 244,315 | - |
| A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety Trial of Intrapartum Azithromycin in LMICs | 65,134 | 1,209,047 |
| Biomarker Consortium | 3,935,197 | 3,055,502 |
| Biomarkers Consortium: Atherosclerosis Computer Modeling | 358,639 | 366,852 |
| Biomarkers Consortium: Autism Spectrum Disorder | - | 70,426 |
| Biomarkers Consortium: Bone Quality Project | 22,320 | 46,221 |
| Biomarkers Consortium: CABP-Skin Infection | 19,263 | 19,736 |
| Biomarkers Consortium: HABP/VABP Working Group | - | 3,747 |
| Biomarkers Consortium: HD-SCA in CRC (High Definition Single Cell Analysis of Blood and Tissue Biopsies) | 32,389 | 37,895 |
| Biomarkers Consortium: Inflammatory Markers for Neurodegenerative and Mood Disorders | 683,943 | 364,482 |
| Biomarkers Consortium: Kidney Safety | - | 32,971 |
| Biomarkers Consortium: Longitudinal CSF Proteomics | 11,306 | 92,704 |
| Biomarkers Consortium: MRD Project | 819,021 | 1,065,511 |
| Biomarkers Consortium: Novel Cardiac Biomarkers in the General US Population | 116,732 | 181,670 |
| Biomarkers Consortium: OA BMxQ | 1,231,958 | 1,174,758 |
| Biomarkers Consortium: Target BMx | 82,526 | 308,375 |
| Biomarkers Consortium: Vol-PACT | 269,199 | 421,623 |
| Biomarkers Consortium: PACT Implementation | 42,959,963 | 13,331,809 |
| BC – Cachexia | 350,000 | - |
| Bradley Charitable Gift Annuity | 10,240 | 17,518 |
| Cancer Research Fund | 1,443,911 | 1,432,348 |
| Cancer Research Major Gift | 4,587,225 | 4,737,225 |
| Charles A. Sanders Legacy Fund | 1,144,209 | 1,352,218 |
| Chemotherapeutic Impact on the Immune MicroEnvironment | 81,204 | 89,618 |
| Comprehensive Cellular Vaccine Immune Monitoring Consortium (CVIMC) | 6,875,918 | 2,713,591 |
| Consensus Pathway for Gene Drive in Mosquitoes | 186,570 | 187,673 |
| ctDNA Reference Standards | 877,809 | 561,721 |
| Developing Evidence-Based Music Therapies | 61,850 | - |
| Deeda Blair Research Initiative Fund for Disorders of the Brain | 198,018 | 387,361 |
| Essential Strategies to Combat Ebola in West Africa: Social Mobilization and Communications | - | 652 |
| Eliminate Dengue | - | 3,320 |
| Epilepsy Research in the Laboratory of Kareem Zaghloul, M.D., Ph.D | 148,212 | 148,212 |
| FNIH Travel support for NIH Scientists | 404,330 | 412,816 |
| Follicular Lymphoma Research Fund | 7,650 | 2,700 |
| GeneConvene Global Collaborative | 4,095,702 | 5,305,808 |
| Gilead HIV Cure Grants | 1,414,971 | 1,890,104 |
| Gramlich Melanoma Research Trust | 200,751 | 200,751 |
| iUFV (Combining Epitope-Based Vaccine Design with Informatics-Based Evaluation to Obtain a Universal Influenza Vaccine) | 441,240 | 1,061,655 |
| Kidney Cancer Research | 67,515 | 106,042 |
| Lung Cancer Master Protocol (LungMAP) | 2,314,428 | 1,615,637 |
| mRNA encoded HIV Env-Gag virus-like-particle (VLP) vaccines | 677,981 | - |
| Mucosal Healing in Ulcerative Colitis | 1,823,335 | 200,000 |
| Multiple Myeloma Accumulation Rate (MAR) | - | 136,000 |
| Neurofilament (Nf) as a Fluid Biomarker of Neurodegeneration | 664,602 | - |
| NCTN Data Archive De-Identification Project | 133,931 | 79,671 |
| Non-Invasive Biomarkers of Metabolic Liver Disease | 5,959,610 | 6,117,104 |

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| | | |
|--|------------------------------|-----------------------------|
| NIP- Metastatic Prostate Cancer | 48,646 | - |
| OPIOIDS Stakeholder | 100,000 | 100,000 |
| Partnership for Accelerating Cancer Therapies | - | 3,693 |
| Partnership to Accelerate Novel TB Regimens (PAN-TB) | 527,210 | - |
| Plasma Abeta Project | 1,056,220 | 1,000,717 |
| PREDICT-TB | 876,312 | 763,866 |
| Rapid identification of individuals with viable adult female worms of Onchocerca volvulus: a means to the end | - | 81 |
| Risk Assessment GeneConvence Interest | 1,991,619 | - |
| SHORTEN-TB | 79,873 | 100,261 |
| Solarz Memorial Fund | 40,204 | 19,276 |
| Spiromic Project | - | 3,396 |
| Structure-Based Vaccine D | 11,167 | 26,575 |
| Support functions for VCTR | - | 1,969,908 |
| SV2A PET Tracer as a Biomarker for Synaptic Density | 1,150,447 | - |
| The Lowy Cancer Research Support Fund | 3,812 | 3,812 |
| Transitional Support Gene Drive Research | - | 1,683,282 |
| Tuberculosis Vaccine | 220,022 | 81,821 |
| Other Temporarily Restricted Programs | 613,217 | 369,182 |
| Total Temporarily Restricted Net Assets | <u>131,899,601</u> | <u>93,504,465</u> |
| Perpetual Endowments: | | |
| 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 | 707,771 | 707,771 |
| CarMollNat Muscular Dystrophy Endowment | 49,853 | 39,186 |
| Futures Fund | 847,632 | 350,000 |
| Total Perpetual Endowments | <u>3,936,150</u> | <u>3,427,851</u> |
| | <u>\$ 135,835,751</u> | <u>\$ 96,932,316</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.

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 retains in perpetuity (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation 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, 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|-----------------------------|
| Board-designated endowment funds | \$ 15,549,000 | \$ - | \$ 15,549,000 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 3,936,150 | 3,936,150 |
| Accumulated investment gains | - | 1,392,885 | 1,392,885 |
| Total endowment funds | <u>\$ 15,549,000</u> | <u>\$ 5,329,035</u> | <u>\$ 20,878,035</u> |

Foundation for the National Institutes of Health, Inc.
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The changes in endowment assets were as follows for 2020:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, beginning of year | <u>\$ 10,412,000</u> | <u>\$ 4,485,505</u> | <u>\$ 14,897,505</u> |
| Investment return: | | | |
| Investment income | - | 135,663 | 135,663 |
| Net appreciation (realized and unrealized) | - | <u>284,319</u> | <u>284,319</u> |
| Total investment return | - | <u>419,982</u> | <u>419,982</u> |
| Contributions | - | <u>511,998</u> | <u>511,998</u> |
| Additional board designation | <u>5,137,000</u> | - | <u>5,137,000</u> |
| Appropriation of endowment assets for expenditure | - | <u>(88,450)</u> | <u>(88,450)</u> |
| Endowment net assets, end of year | <u>\$ 15,549,000</u> | <u>\$ 5,329,035</u> | <u>\$ 20,878,035</u> |

The endowment net asset composition, by type of fund, was as follows as of December 31, 2019:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Board-designated endowment funds | \$ 10,412,000 | \$ - | \$ 10,412,000 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 3,427,851 | 3,427,851 |
| Accumulated investment gains | - | <u>1,057,654</u> | <u>1,057,654</u> |
| Total endowment funds | <u>\$ 10,412,000</u> | <u>\$ 4,485,505</u> | <u>\$ 14,897,505</u> |

The changes in endowment assets were as follows for 2019:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, beginning of year | <u>\$ 8,887,000</u> | <u>\$ 3,627,811</u> | <u>\$ 12,514,811</u> |
| Investment return: | | | |
| Investment income | - | 129,593 | 129,593 |
| Net appreciation (realized and unrealized) | - | <u>576,307</u> | <u>576,307</u> |
| Total investment return | - | <u>705,900</u> | <u>705,900</u> |
| Contributions | - | <u>263,682</u> | <u>263,682</u> |
| Additional board designation | <u>1,525,000</u> | - | <u>1,525,000</u> |
| Appropriation of endowment assets for expenditure | - | <u>(111,888)</u> | <u>(111,888)</u> |
| Endowment net assets, end of year | <u>\$ 10,412,000</u> | <u>\$ 4,485,505</u> | <u>\$ 14,897,505</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.

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 of the office space, has been reflected in the accompanying financial statements as in-kind contributions with a like amount recorded as telephone expense, communications expense, program expenses or rent/housing expense. For 2020 and 2019, these in-kind contributions from NIH of \$278,004 and \$270,780, respectively, are reflected in the financial statements.

During 2020, additional in-kind contributions of \$322,482 were received from various donors for meeting expenses and use in program activities.

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 2020 and 2019, donated services of \$49,500 and \$50,000, 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 2020 and 2019 was \$844,686 and \$762,039, respectively.

16. Concentration of Revenue

For 2020 and 2019, the Foundation received approximately 15% and 35%, respectively, of its revenue from contributions and grants from the Bill and Melinda Gates Foundation.

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.

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

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

U.S. government bonds; exchange traded funds:

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

Equity mutual funds; bond mutual funds

Valued at net asset value (NAV) 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.

The following sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020 and 2019:

| | Assets at Fair Value as of December 31, 2020 | | | |
|-----------------------|---|----------------|----------------|----------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| U.S. government bonds | \$ 41,959,728 | \$ - | \$ - | \$ 41,959,728 |
| Equity mutual funds | 11,292,036 | - | - | 11,292,036 |
| Bond mutual funds | 4,029,251 | - | - | 4,029,251 |
| Exchange traded funds | <u>2,355,265</u> | - | - | <u>2,355,265</u> |
| Total investments | <u>\$ 59,636,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 59,636,280</u> |

| | Assets at Fair Value as of December 31, 2019 | | | |
|-----------------------|---|----------------|----------------|----------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| U.S. government bonds | \$ 72,119,707 | \$ - | \$ - | \$ 72,119,707 |
| Equity mutual funds | 10,890,405 | - | - | 10,890,405 |
| Bond mutual funds | 3,189,744 | - | - | 3,189,744 |
| Exchange traded funds | <u>1,947,293</u> | - | - | <u>1,947,293</u> |
| Total investments | <u>\$ 88,147,149</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 88,147,149</u> |

19. Conditional Grant Awards

The Foundation has authorized conditional scientific grants under the following programs as of December 31:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Accelerating Medicines Partnership: Type 2 Diabetes | \$ 187,500 | \$ 1,819,974 |
| Accelerating Medicines Partnership: Parkinson's Disease | 295,444 | 333,431 |
| A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety | | |
| Trial of Intrapartum Azithromycin in LMICs | 3,002,968 | 2,082,140 |
| iUFV (Combining Epitope-Based Vaccine Design with Informatic | 383,942 | - |
| Using Biomarkers to Predict TB Treatment Duration | 973,926 | 2,743,406 |
| GeneConvene | 2,327,641 | - |
| Biomarkers Consortium – Cardiac Troponin Project | 13,454 | 43,454 |
| Biomarkers Consortium – Bone Quality Project | - | 55,000 |
| Biomarkers – Target BMx | 137,618 | 355,333 |
| LungMaP (Lung Cancer Master Protocol) | 376,590 | 50,000 |
| Osteoarthritis (OA) Biomarkers Qualification (OA BMxQ) | 56,228 | 151,329 |
| Accelerating Medicines Partnership: Alzheimer's Disease | 2,681,500 | 4,159,250 |
| Efficacy of Heterodimeric IL-15 Treatment Regimens | 940,671 | 1,741,317 |
| Understanding the Mechanisms of Intravenous BCG-induced | | |
| Protection against TB in NHP | 2,286,767 | 803,722 |
| NIH Travel for Gates (FNIH Travel support for NIH Scientists) | 139,739 | 139,739 |
| Comprehensive Cellular Vaccine Immune Monitoring Consortium | 534,936 | 2,625,249 |
| CAR-T | 1,313,141 | - |
| mRNA encoded HIV Env-Gag virus-like-particle (VLP) vaccines | 810,000 | - |
| | <u>\$ 16,462,065</u> | <u>\$ 17,103,344</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. Leases

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.

In June 2019, the Foundation entered into a new lease agreement with Hines USVF North Bethesda Place LP for a twelve-year period which expires October 31, 2032. This lease is effective January 2020 and contains multiple rent abatement periods.

In December 2019, Lithium, LLC purchased the properties above from Hines USVF North Bethesda Place LP and became the lessor, no changes were made to the lease agreements.

Rent expense was \$749,860 and \$564,954, respectively, for 2020 and 2019.

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

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

| | | |
|------------|----|-------------------|
| 2021 | \$ | 847,247 |
| 2022 | | 722,172 |
| 2023 | | 618,939 |
| 2024 | | 919,084 |
| 2025 | | 944,357 |
| Thereafter | | <u>6,699,677</u> |
| | \$ | <u>10,751,476</u> |

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.

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19, a novel strain of coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses. The extent to which it will impact the Foundation going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on donors, employees and vendors, as well as governmental, regulatory and private sector responses. Further, the pandemic may have a significant impact on management's accounting estimates and assumptions. The financial statements do not reflect any adjustment as a result of the increase in economic uncertainty.



Foundation for the National Institutes of Health, Inc.

Compliance Section

Year Ended December 31, 2020



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for the National Institutes of Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation for the National Institutes of Health, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation for the National Institutes of Health, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Foundation for the National Institutes of Health, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for the National Institutes of Health, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Richmond, VA
May 20, 2021



Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

We have audited Foundation for the National Institutes of Health, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Foundation for the National Institutes of Health, Inc.'s major federal program for the year ended December 31, 2020. Foundation for the National Institutes of Health, Inc.'s major federal program is identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Foundation for the National Institutes of Health, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Foundation for the National Institutes of Health, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Foundation for the National Institutes of Health, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Foundation for the National Institutes of Health, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.



Report on Internal Control over Compliance

Management of Foundation for the National Institutes of Health, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Foundation for the National Institutes of Health, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foundation for the National Institutes of Health, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Richmond, VA
May 20, 2021

Foundation for the National Institutes of Health, Inc
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2020

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>CFDA Number</u> | <u>Grant Number</u> | <u>Pass-through Entity ID Number</u> | <u>Expenditures</u> | <u>Subrecipient Awards</u> |
|---|------------------------|-------------------------|--|------------------------|--------------------------------|
| Research and Development - cluster Office of Strategic Coordination - National Institutes of Health Direct Program: | | | | | |
| COVID-19 - Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) | N/A | OT2 OD030195 | N/A | \$ 3,614,477.00 | \$ - |
| Total Expenditures of Federal Awards | | | | <u>\$ 3,614,477.00</u> | <u>\$ -</u> |

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Foundation for the National Institutes of Health, Inc. (Foundation) under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements. Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is presented using the accrual method of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected to not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Contingency

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Foundation. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Schedule of Findings and Questioned Costs

1. Summary of Auditors' Results

- a. An unmodified opinion was issued on the financial statements.
- b. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit over financial reporting.
- c. The audit did not disclose any noncompliance that would be material to the financial statements.
- d. There were no significant deficiencies or material weaknesses in internal control over the major program to disclose.
- e. An unmodified opinion was issued on compliance for the major program.
- f. The audit did not disclose any audit findings required to be reported in accordance with Uniform Guidance.
- g. The major program is:
 - COVID-19 - Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV)
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The auditee did not qualify as a low-risk auditee under Section 200.516 of OMB2CFR Part 200.

2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

None

4. Status of Prior Year Findings

The Foundation did not have a Single Audit in 2019.