



Foundation for the National Institutes of Health, Inc.

A thick, black horizontal bar with a diagonal cut on the right side, positioned below the company name.

Financial Statements

Years Ended December 31, 2021 and 2020



Table of Contents

Independent Auditors' Report.....	1
Financial Statements:	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	7
Statements of Cash Flows	9
Notes to Financial Statements.....	10
Compliance Section:	
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 <i>Government Auditing Standards</i>	28
Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	30
Schedule of Expenditures of Federal Awards.....	33
Notes to the Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foundation for the National Institutes of Health, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for the National Institutes of Health, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation for the National Institutes of Health, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation for the National Institutes of Health, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation for the National Institutes of Health, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 33, 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 6, 2022, 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 6, 2022

Foundation for the National Institutes of Health, Inc.
 Statements of Financial Position
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,815,103	\$ 62,837,436
NIH receivable	500,000	500,000
Contributions receivable, net, current portion	43,332,234	21,032,937
Accrued interest	126,005	175,575
ERC grant receivable	347,757	350,943
Prepaid expenses and other receivables	<u>3,091,847</u>	<u>1,982,460</u>
Total current assets	87,212,946	86,879,351
Contributions receivable, net, less current portion	23,293,459	19,825,974
Investments	109,707,585	63,285,583
Property and equipment, net	<u>1,725,769</u>	<u>1,948,833</u>
Total assets	<u>\$ 221,939,759</u>	<u>\$ 171,939,741</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,537,356	\$ 7,166,950
Charitable gift annuity	<u>119,864</u>	<u>125,764</u>
Total current liabilities	8,657,220	7,292,714
Advance receipts on conditional contributions	338,978	1,331,478
Deferred lease incentive	1,408,688	1,538,721
Deferred rent liability	<u>585,551</u>	<u>572,612</u>
Total liabilities	<u>10,990,437</u>	<u>10,735,525</u>
Net assets:		
Without donor restrictions:		
Unrestricted, general	5,253,326	6,216,465
Board designated	<u>23,290,885</u>	<u>19,152,000</u>
Total without donor restrictions	28,544,211	25,368,465
With donor restrictions	<u>182,405,111</u>	<u>135,835,751</u>
Total net assets	<u>210,949,322</u>	<u>161,204,216</u>
Total liabilities and net assets	<u>\$ 221,939,759</u>	<u>\$ 171,939,741</u>

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
Statement of Activities
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and other changes:			
Contributions	\$ 829,206	\$ 99,237,554	\$ 100,066,760
Grants	43,744	-	43,744
In-kind contributions	3,936,832	-	3,936,832
Transfers from NIH	1,250,000	-	1,250,000
Donated services	16,900	-	16,900
Fundraising event	352,300	-	352,300
Investment and interest income, net	1,149,891	732,550	1,882,441
ERC grant income	913,617	-	913,617
Administrative revenue	50,000	-	50,000
Net assets released from restrictions:			
Satisfaction of indirect cost requirements	5,415,213	(5,415,213)	-
Satisfaction of program restrictions	47,985,531	(47,985,531)	-
	<u>61,943,234</u>	<u>46,569,360</u>	<u>108,512,594</u>
Total revenue, support and other changes	61,943,234	46,569,360	108,512,594
Expenses:			
Program services:			
Fellowships and training programs	852,431	-	852,431
Memorials, awards and events	457,912	-	457,912
Capital projects	53,512	-	53,512
Research programs	50,719,285	-	50,719,285
	<u>52,083,140</u>	<u>-</u>	<u>52,083,140</u>
Total program services	52,083,140	-	52,083,140
Supporting services:			
Management and general	6,310,346	-	6,310,346
Fundraising	374,002	-	374,002
	<u>6,684,348</u>	<u>-</u>	<u>6,684,348</u>
Total supporting services	6,684,348	-	6,684,348
Total expenses	58,767,488	-	58,767,488
Change in net assets	3,175,746	46,569,360	49,745,106
Net assets, beginning of year	<u>25,368,465</u>	<u>135,835,751</u>	<u>161,204,216</u>
Net assets, end of year	<u>\$ 28,544,211</u>	<u>\$ 182,405,111</u>	<u>\$ 210,949,322</u>

See accompanying notes.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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
ERC grant income	350,943	-	350,943
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)	-
	<u>63,489,147</u>	<u>38,903,435</u>	<u>102,392,582</u>
Total revenue, support and other changes			
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
	<u>52,652,583</u>	<u>-</u>	<u>52,652,583</u>
Total program services			
Supporting services:			
Management and general	6,609,054	-	6,609,054
Fundraising	437,019	-	437,019
	<u>7,046,073</u>	<u>-</u>	<u>7,046,073</u>
Total supporting services			
Total expenses	<u>59,698,656</u>	<u>-</u>	<u>59,698,656</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 Functional Expenses
Year Ended December 31, 2021

	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	\$ 23,559	\$ 105,256	\$ 16,467	\$ 6,671,516	\$ 6,816,798	\$ 4,311,095	\$ 173,609	\$ 4,484,704	\$ 11,301,502
Stipends	-	105,500	10,000	-	115,500	-	20,000	20,000	135,500
Programs contracts	816,045	192,000	-	33,633,818	34,641,863	12,480	-	12,480	34,654,343
Grant awards	-	-	-	5,287,365	5,287,365	-	-	-	5,287,365
Meetings and travel	2,513	14,397	23,262	94,229	134,401	5,989	81,979	87,968	222,369
Office supplies and expense	4,729	-	1,142	-	5,871	4,597	26	4,623	10,494
Telephone	-	-	-	92,778	92,778	90,229	7,944	98,173	190,951
Books and supplies	323	-	-	13,430	13,753	2,719	-	2,719	16,472
Tuition	-	-	-	5,853	5,853	1,514	-	1,514	7,367
Insurance	-	-	-	135,102	135,102	92,930	-	92,930	228,032
Consultants	-	36,290	175	4,275,240	4,311,705	326,029	18,487	344,516	4,656,221
Professional fees	-	-	-	87,892	87,892	119,089	-	119,089	206,981
Depreciation and amortization	-	-	-	-	-	240,478	-	240,478	240,478
Rent/housing	3,858	-	-	175,724	179,582	567,017	-	567,017	746,599
Recruiting	-	-	-	30,625	30,625	349,134	-	349,134	379,759
Dues and subscriptions	-	-	-	16,879	16,879	14,139	-	14,139	31,018
Equipment and rental and maintenance	585	-	-	3,924	4,509	34,386	-	34,386	38,895
Printing and photocopying	-	-	-	77,693	77,693	93	39,752	39,845	117,538
Postage and delivery	310	15	89	11,311	11,725	5,289	3,086	8,375	20,100
Service charges	292	95	561	3,670	4,618	18,353	941	19,294	23,912
Communication	217	509	-	78,033	78,759	98,295	20,186	118,481	197,240
Advertising and promotion	-	3,850	-	23,963	27,813	5,899	7,059	12,958	40,771
Miscellaneous	-	-	1,816	240	2,056	10,592	933	11,525	13,581
	<u>\$ 852,431</u>	<u>\$ 457,912</u>	<u>\$ 53,512</u>	<u>\$ 50,719,285</u>	<u>\$ 52,083,140</u>	<u>\$ 6,310,346</u>	<u>\$ 374,002</u>	<u>\$ 6,684,348</u>	<u>\$ 58,767,488</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	\$ 4,438,334	\$ 269,855	\$ 4,708,189	\$ 11,476,360
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>\$ 6,609,054</u>	<u>\$ 437,019</u>	<u>\$ 7,046,073</u>	<u>\$ 59,698,656</u>

See accompanying notes.

Foundation for the National Institutes of Health, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 49,745,106	\$ 42,693,926
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	240,478	250,896
Contributions restricted for long-term purposes	(16,465)	(511,998)
Net realized and unrealized gain on investments	(719,063)	(1,238,818)
Deferred lease incentive amortization	(130,033)	(130,033)
Deferred rent liability	12,939	153,064
Change in assets and liabilities:		
Contributions receivable	(25,766,782)	(29,404,443)
Accrued interest	49,570	378,522
Prepaid expenses and other receivables	(1,109,387)	(1,681,824)
ERC grant receivable	3,186	(350,943)
Accounts payable and accrued expenses	1,370,406	(2,978,743)
Charitable gift annuity	(5,900)	(6,027)
Advance receipts on conditional contributions	(992,500)	(3,815,884)
Net cash provided by operating activities	<u>22,681,555</u>	<u>3,357,695</u>
Cash flows from investing activities:		
Furniture and equipment acquisitions	(17,414)	(143,599)
Sales and maturities of investments	11,955,373	115,312,812
Purchase of investments	<u>(57,658,312)</u>	<u>(85,957,888)</u>
Net cash (used) provided by investing activities	<u>(45,720,353)</u>	<u>29,211,325</u>
Cash flows from financing activities:		
Contributions restricted for investment in endowment	<u>16,465</u>	<u>511,998</u>
Net (decrease) increase in cash and cash equivalents	<u>(23,022,333)</u>	<u>33,081,018</u>
Cash and cash equivalents, beginning of year	<u>62,837,436</u>	<u>29,756,418</u>
Cash and cash equivalents, end of year	<u>\$ 39,815,103</u>	<u>\$ 62,837,436</u>
Supplemental disclosure of noncash transactions:		
Leasehold improvements acquired with lease incentive	<u>\$ -</u>	<u>\$ 481,735</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 and amortization	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 and maintenance	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, 2021 and 2020.

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.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this new standard, nonprofit organizations that receive contributed nonfinancial assets, also known as gifts-in-kind, will be required to provide new presentation on the statement of activities and additional disclosures. Contributed nonfinancial assets will be presented as a separate line item from contributed cash and other financial assets on the statement of activities. Nonprofits will also be required to disclose in a note to the financial statements the amounts of contributed nonfinancial assets by category based on the type of gift with a total that agrees to the amount presented on the statement of activities. Further disclosures to be included in the notes to the financial statements will include the Foundation's policy for monetizing or using these assets, any donor-imposed restrictions on the assets, valuation inputs and techniques used to recognize the assets' initial fair values, and the principal market or most advantageous market used in the fair value measurement of the assets. 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.

Reclassifications

Certain items reported in the prior year financial statements have been reclassified for consistency with the current period presentation. These reclassifications had no effect on net assets or change in net assets.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 6, 2022, 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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 39,815,103	\$ 62,837,436
NIH receivable	500,000	500,000
Contributions receivable, net	66,625,693	40,858,911
Other receivables	3,209,250	2,097,652
Investments	<u>109,707,585</u>	<u>63,285,583</u>
Total financial assets	<u>219,857,631</u>	<u>169,579,582</u>
Less amounts not to be used within one year:		
Net assets with donor restrictions	182,405,111	135,835,751
Legacy Fund established by the board	1,604,000	1,603,000
Quasi endowment established by the board	<u>18,686,885</u>	<u>15,549,000</u>
	<u>202,695,996</u>	<u>152,987,751</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 17,161,635</u>	<u>\$ 16,591,831</u>

The Foundation's goal is to maintain financial assets to meet one year of Supporting Services (approximately \$8.3 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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Furniture and equipment	\$ 1,096,561	\$ 1,079,148
Leasehold improvements	<u>1,869,159</u>	<u>1,869,159</u>
	2,965,720	2,948,307
Accumulated depreciation and amortization	<u>(1,239,951)</u>	<u>(999,474)</u>
	<u>\$ 1,725,769</u>	<u>\$ 1,948,833</u>

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

6. Investments

Investments as of December 31, 2021, are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 8,177,950	\$ 8,177,950
U.S. government bonds	65,044,237	64,776,949
Corporate bonds	14,447,958	14,216,683
Exchange traded funds	4,118,259	5,284,295
Mutual funds	<u>14,515,211</u>	<u>17,251,708</u>
	<u>\$ 106,303,615</u>	<u>\$ 109,707,585</u>

The following schedule summarizes the investment return and its classification for 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 1,093,882	\$ 253,000	\$ 1,346,882
Realized gain	62,755	114,257	177,012
Unrealized gain	176,758	365,293	542,051
Investment fees	<u>(183,504)</u>	<u>-</u>	<u>(183,504)</u>
Total investment return	<u>\$ 1,149,891</u>	<u>\$ 732,550</u>	<u>\$ 1,882,441</u>

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>

7. Contributions Receivable

Contributions receivable at December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 43,347,234	\$ 21,047,937
Receivable in one to five years	<u>23,817,562</u>	<u>20,272,058</u>
Total unconditional contributions receivable	67,164,796	41,319,995
Discounts to net present value	(524,103)	(446,084)
Allowance for uncollectible contributions receivable	<u>(15,000)</u>	<u>(15,000)</u>
Net unconditional contributions receivable	<u>\$ 66,625,693</u>	<u>\$ 40,858,911</u>

The discount rate used on long-term contributions receivable was 2.25% in 2021 and 2020.

8. Conditional Contributions Receivable

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

	<u>2021</u>	<u>2020</u>
Conditioned upon the funder not notifying the Foundation by a specific date that they do not wish to fund the program:		
Using Biomarkers to Predict TB Treatment Duration	\$ -	\$ 956,860
Lurie Prize in Biomedical Research	-	100,000
Pew Latin American Fellows Awards	199,500	296,625
Efficacy of Heterodimeric IL-15 Treatment Regimens in Reducing SIV Reservoir	-	765,405
Conditioned upon meeting certain milestones and/or the funder not cancelling:		
NIH Medical Research Scholars Program	120,000	150,000
Alzheimer's Disease Neuroimaging Initiative-3	-	228,332
Biomarkers Consortium Treatments Against Rheumatoid Arthritis and Effect on FDG PET-CT	60,000	60,000
Amgen NIH Scholars Program	167,500	335,000
Pamela Anne Cafritz Renal Cell Carcinoma Award	-	100,000
Biomarkers Consortium Osteoarthritis Biomarkers Qualification	-	700,000
Biomarkers Consortium Inflammatory Markers for Neurodegenerative and Mood Disorders	554,500	554,500
Biomarkers Consortium ctDNA Reference Standards	-	490,271
Chemotherapeutic Impact on the Immune MicroEnvironment Project (ChIIME)	-	1,250,000
Participation of Native American Students in the National Institute for Neurological Disorders and Stroke (NINDS)	30,000	60,000
Non-Invasive BioMarkers of Metabolic Liver Disease (NIMBLE) (Project is not yet launched)	-	5,845,888
2020 NINDS SIP	30,000	-
Bespoke Gene Therapy Consortium	12,850,000	-
Measurable Residual Disease in Multiple Myeloma	390,000	-
Understanding NHP protection against TB induced by Intravenous BCG	381,084	2,399,613

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

Accelerating Medicines Partnership: RA, SLE & Related Autoimmune Disorders	400,000	-
CAR-T	111,250	556,251
ADNI – Amyloid PET Early Frames Add on Study	-	50,000
Biomarkers Consortium – Plasma Abeta project	-	1,201,717
2019 NINDS/CNS Getch Scholar	100,000	100,000
A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety Trial of Intrapartum Azithromycin in LMICs	2,412,518	3,499,008
Mucosal Healing in Ulcerative Colitis	3,436,666	3,436,665
GeneConvene Global Collaborative	12,564,694	15,564,694
Accelerating Medicines Partnership – Schizophrenia	3,800,000	3,600,000
NIP- Metastatic Prostate Cancer	100,000	200,000
BC-Cachexia	950,000	950,000
Joram Piatigorsky Basic Science Lecture and Award	300,000	600,000
Neurofilament (Nf) as a Fluid Biomarker of Neurodegeneration	-	32,534
The Partnership to Accelerate Novel TB Regimens (PAN-TB)	737,580	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	389,908
CCVIMC.2.0	9,019,856	-
Biomarkers for Early Detection of Preeclampsia	140,000	-
SV2A PET Tracer as a Biomarker for Synaptic Density	478,788	-
Accelerating Medicines Partnership - Common Metabolic Diseases (AMP CMD)	10,200,000	-
Measurable Residual Disease in Acute Myeloid Leukemia	3,375,000	-
Accelerating Medicines Partnership: AIM	12,810,000	400,000
	<u>\$ 76,108,844</u>	<u>\$ 48,838,851</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>2021</u>	<u>2020</u>
Endowment Fund	\$ 18,686,885	\$ 15,549,000
Contingency Fund	3,000,000	2,000,000
Legacy Fund	1,604,000	1,603,000
	<u>\$ 23,290,885</u>	<u>\$ 19,152,000</u>

10. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Fellowships and Training Programs:		
Amgen Scholars Program	\$ 201,729	\$ 150,177
Dean R. O'Neill Renal Cell Cancer Research Fund	194,136	192,370
Dr. Edward T. Rancic Memorial Fund	6,708	6,705
Dr. John L. Barr Memorial Fund for Cancer Research	680	686
Neva Fund	28,399	28,388
NIH Medical Research Scholarship Program	803,238	1,041,159
NOB Fund	7,152	7,152
Norman P. Salzman Memorial Award and Lecture in Virology	258,599	234,886
Notkins biomedical Research Fund	201,811	201,737
Robert Whitney Newcomb Memorial Lecture and Internship	1,592,090	1,422,112
Sallie Rosen Kaplan Fellowship for Women Scientists in Cancer Research	364,120	254,328
Swanson Family Fellowship in Generic Thyroid Benign Chorea and IgA Deficiency (TTF-1)	-	92,500
Memorials, Awards and Events:		
Adam J. Berry Memorial Fund	12,802	8,146
Breast Cancer Summit 2	65,198	65,198
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	312,151	274,883
Edna Williams Curl & Myron R. Curl Endowment for Multiple Sclerosis Research	67,395	67,370
Human Genome Exhibition	9,245	9,245
John Laws Decker Memorial Fund	2,347	2,346
Joram Piatigorsky Basic Science Lecture and Award	701,608	401,380
Kovler Prize for Excellence in Science Journalism	197,258	300,507
Lurie Prize	100,000	100,000
MRSP 2020-2021	-	156,283
MRSP 2021-2022	119,664	-
Michael T. Davis Fund	73,072	73,072
James T. Wendel Fund	1,572,601	-
NINDS/CNSF K12 Scholar Awards Program	100,000	195,000
Pamela Ana Cafritz	100,000	100,000
Pandemic Response Fund	252,451	292,107
Stephen E. Straus Award	104,944	104,903
The Robert and Emily Wurtz Fund to Support Neuroscience Init	50,000	-
Capital Projects:		
Edmond J. Safra Family Lodge Bricks and Mortar	79,759	79,759
Edmond J. Safra Family Lodge All Programs	50,248	39,692
Edmond J. Safra Family Lodge GSK Endowment	757,326	538,000
Edmond J. Safra Family Lodge Weinberg Endowment	473,044	351,512
Edmond J. Safra Family Lodge Gallin Endowment	104,365	111,252
Tracy's Toy Box	7,941	7,941
Research Partnerships:		
Accelerating Medicines Partnership Membership	455,365	460,029
Accelerating Medicines Partnership: Type 2 Diabetes	-	3,046,060
Accelerating Medicines Partnership: Alzheimer's	2,323,224	2,504,340
Accelerating Medicines Partnership: Alzheimer's Disease 2.0	12,988,353	7,943,051
Accelerating Medicines Partnership: AIM	16,053,279	100,000
Accelerating Medicines Partnership: Rheumatoid Arthritis and Lupus	265,389	1,096,038
Accelerating Medicines Partnership: Parkinson's Disease	6,381,076	7,604,247
Accelerating Medicines Partnership: Schizophrenia	3,051,180	5,223,326

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

Accelerating Medicines Partnership:		
Common Metabolic Diseases (AMP CMD)	6,743,993	1,681,296
ADNI - Amyloid PET Early Frames Add on Study	716,250	677,500
Alzheimer's Disease Neuroimaging Initiative – 3	2,707,081	2,715,451
AMP - Heart Failure- Design Phase	190,286	244,315
A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety Trial of Intrapartum Azithromycin in LMICs	2,771,029	65,134
Biomarker Consortium	5,058,864	3,935,197
Biomarkers Consortium: Atherosclerosis Computer Modeling	236,784	358,639
Biomarkers Consortium: Bone Quality Project	19,590	22,230
Biomarkers Consortium: CABP-Skin Infection	6,657	19,263
Biomarkers Consortium: HD-SCA in CRC (High Definition Single Cell Analysis of Blood and Tissue Biopsies	32,389	32,389
Biomarkers Consortium: Inflammatory Markers for Neurodegenerative and Mood Disorders	632,750	683,943
Biomarkers Consortium: Longitudinal CSF Proteomics	-	11,306
Biomarkers Consortium: MRD Project	589,021	819,021
Biomarkers Consortium: Novel Cardiac Biomarkers in the General US Population	99,924	116,732
Biomarkers Consortium: OA BMxQ	504,169	1,231,958
Biomarkers Consortium: Target BMx	66,942	82,526
Biomarkers Consortium: Vol-PACT	75,747	269,199
Biomarkers Consortium: PACT Implementation	36,789,286	42,959,963
Biomarkers for Early Detection of Preeclampsia	356,039	-
BC – Cachexia	350,000	350,000
Bradley Charitable Gift Annuity	2,664	10,240
Cancer Research Fund	734,142	1,443,911
Cancer Research Major Gift	4,587,225	4,587,225
Charles A. Sanders Legacy Fund	1,126,187	1,144,209
Chemotherapeutic Impact on the Immune MicroEnvironment	85,614	81,204
Comprehensive Cellular Vaccine Immune Monitoring Consortium (CVIMC)	1,308,859	6,875,918
Comprehensive Cellular Vaccine Immune Monitoring Consortium 2.0 (CVIMC 2.0)	5,565,906	-
Consensus Pathway for Gene Drive in Mosquitoes	186,639	186,570
ctDNA Reference Standards	821,314	877,809
CSC Symposium 2021	29,576	-
Developing Evidence-Based Music Therapies	-	61,850
Deeda Blair Research Initiative Fund for Disorders of the Brain	482,293	198,018
Epilepsy Research in the Laboratory of Kareem Zaghloul, M.D., Ph.D	-	148,212
Fifth Annual Vivian Pinn Scientific Symposium	5,419	-
FNIH Travel support for NIH Scientists	403,162	404,330
Follicular Lymphoma Research Fund	12,150	7,650
GeneConvene Global Collaborative	4,051,690	4,095,702
Gilead HIV Cure Grants	662,405	1,414,971
Gramlich Melanoma Research Trust	22,857	200,751
Intelligent Sigh and Sound	29,568	-
iUFV (Combining Epitope-Based Vaccine Design with Informatics-Based Evaluation to Obtain a Universal Influenza Vaccine)	9,975	441,240
Kidney Cancer Research	200,552	67,515
Lung Cancer Master Protocol (LungMAP)	1,517,911	2,314,428
mRNA encoded HIV Env-Gag virus-like-particle (VLP) vaccines	83,863	677,981
Minimal Residual Disease in Acute Myeloid Leukemia (MRD-AML)	1,485,000	-
Mucosal Healing in Ulcerative Colitis	1,593,871	1,823,335
Neurofilament (Nf) as a Fluid Biomarker of Neurodegeneration	1,944,388	664,602
NCTN Data Archive De-Identification Project	133,061	133,931
Non-Invasive Biomarkers of Metabolic Liver Disease	12,719,571	5,959,610
NIP- Metastatic Prostate Cancer	7,312	48,646
OPIOIDS Stakeholder	-	100,000
Partnership to Accelerate Novel TB Regimens (PAN-TB)	474,952	527,210

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

Partnership for Gene Therapy Manufacturing Technologies	19,102,059	-
Pew Latin American Fellows Awards	70,000	-
Plasma Abeta Project	1,842,522	1,056,220
PREDICT-TB	505,917	876,312
Risk Assessment GeneConvence Interest	1,992,344	1,991,619
SHORTEN-TB	25,436	79,873
Solarz Memorial Fund	16,232	40,204
Structure-Based Vaccine D	3,027	11,167
SV2A PET Tracer as a Biomarker for Synaptic Density	4,606,999	1,150,447
The Lowy Cancer Research Support Fund	3,812	3,812
Tuberculosis Vaccine	787,106	220,022
Other Temporarily Restricted Programs	<u>579,267</u>	<u>613,217</u>
Total Temporarily Restricted Net Assets	<u>178,455,196</u>	<u>131,899,601</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	707,772	707,771
CarMollNat Muscular Dystrophy Endowment	61,249	49,853
Futures Fund	<u>850,000</u>	<u>847,632</u>
Total Perpetual Endowments	<u>3,949,915</u>	<u>3,936,150</u>
	<u>\$ 182,405,111</u>	<u>\$ 135,835,751</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 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

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

7. The investment policies of the Foundation

The endowment net asset composition, by type of fund, was as follows as of December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 18,686,885	\$ -	\$ 18,686,885
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,949,915	3,949,917
Accumulated investment gains	-	1,874,334	1,874,332
Total endowment funds	<u>\$ 18,686,885</u>	<u>\$ 5,824,249</u>	<u>\$ 24,511,134</u>

The changes in endowment assets were as follows for 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,549,000	\$ 5,329,035	\$ 20,878,035
Investment return:			
Investment income	-	207,994	207,994
Net appreciation (realized and unrealized)	-	336,670	336,670
Total investment return	-	544,664	544,664
Contributions	-	16,465	16,465
Additional board designation	3,137,885	-	3,137,885
Appropriation of endowment assets for expenditure	-	(65,915)	(65,915)
Endowment net assets, end of year	<u>\$ 18,686,885</u>	<u>\$ 5,824,249</u>	<u>\$ 24,511,134</u>

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.
Notes to Financial Statements

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	\$ 10,412,000	\$ 4,485,505	\$ 14,897,505
Investment return:			
Investment income	-	135,663	135,663
Net appreciation (realized and unrealized)	-	284,319	284,319
Total investment return	-	419,982	419,982
Contributions	-	511,998	511,998
Additional board designation	5,137,000	-	5,137,000
Appropriation of endowment assets for expenditure	-	(88,450)	(88,450)
Endowment net assets, end of year	\$ 15,549,000	\$ 5,329,035	\$ 20,878,035

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 2021 and 2020, these in-kind contributions from NIH of \$277,668 and \$278,004, respectively, are reflected in the financial statements.

During 2021 and 2020, additional in-kind contributions of \$3,659,164 and \$322,482, respectively, 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 2021 and 2020, donated services of \$16,900 and \$49,500, 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 8% and 10% of annual salary from the Foundation in 2021 and 2020, respectively. Retirement plan expense for 2021 and 2020 was \$702,994 and \$844,686, respectively.

16. Concentration of Revenue

For 2021 and 2020, the Foundation received approximately 15% 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.

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

U.S. government bonds; corporate 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.

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, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. government bonds	\$ 64,776,949	\$ -	\$ -	\$ 64,776,949
Corporate bonds	14,216,683	-	-	14,216,683
Equity mutual funds	13,063,833	-	-	13,063,833
Bond mutual funds	4,187,875	-	-	4,187,875
Exchange traded funds	5,284,295	-	-	5,284,295
Total investments	<u>\$101,529,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$101,529,635</u>

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
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	2,355,265	-	-	2,355,265
Total investments	<u>\$ 59,636,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,636,280</u>

19. Conditional Grant Awards

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

	2021	2020
Accelerating Medicines Partnership: Type 2 Diabetes	\$ -	\$ 187,500
Accelerating Medicines Partnership: Parkinson's Disease	173,527	295,444
A-Plus Trial (NICHD Global Network) Multi-site Efficacy and Safety Trial of Intrapartum Azithromycin in LMICs	1,974,883	3,002,968
iUFV (Combining Epitope-Based Vaccine Design with Informatic	-	383,942
Using Biomarkers to Predict TB Treatment Duration	310,965	973,926
GeneConvene	2,327,641	2,327,641
Biomarkers Consortium – Cardiac Troponin Project	13,454	13,454
Biomarkers – Target BMx	50,000	137,618
LungMaP (Lung Cancer Master Protocol)	207,444	376,590
Osteoarthritis (OA) Biomarkers Qualification (OA BMxQ)	35,960	56,228
Accelerating Medicines Partnership: Alzheimer's Disease	1,474,000	2,681,500
Efficacy of Heterodimeric IL-15 Treatment Regimens	-	940,671
Understanding the Mechanisms of Intravenous BCG-induced Protection against TB in NHP	975,813	2,286,767
NIH Travel for Gates (FNIH Travel support for NIH Scientists)	139,739	139,739
Comprehensive Cellular Vaccine Immune Monitoring Consortium	1,108,278	534,936
CAR-T	637,385	1,313,141
WHO Pandemic Convention Consultations	14,734	-
mRNA encoded HIV Env-Gag virus-like-particle (VLP) vaccines	170,000	810,000
	<u>\$ 9,613,823</u>	<u>\$ 16,462,065</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 \$746,599 and \$749,860, respectively, for 2021 and 2020.

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

2022	\$	722,172
2023		618,939
2024		919,084
2025		944,357
2026		970,986
Thereafter		<u>5,728,692</u>
	\$	<u>9,904,230</u>

21. Employee Retention Credit

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (ERC). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts during 2020 and 2021. The credit is only available for 50 percent of qualified wages with a maximum potential credit per qualified employee of \$5,000 for 2020 and \$7,000 per quarter for 2021.

The Foundation qualifies for the ERC based on a partial shutdown and has elected to account for the ERC as a government grant by analogy of ASC 958-605. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. During 2020 and 2021, the Foundation incurred qualifying wages. During 2021 and 2020, the Foundation performed the ERC calculation and filed amended returns such that \$913,617 and \$350,943, respectively, of grant income has been recognized in the accompanying statements of activities. As of December 31, 2021, \$347,757 of the 2020 ERC remains outstanding, recognized as a receivable on the accompanying statements of financial position.

22. Risks and Uncertainties

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

The COVID-19 pandemic has impacted the operational activities of the Foundation's business; however, the Foundation's financial performance remained stable throughout 2020 and 2021. There is uncertainty in the nature and degree of its continued effects on the Foundation over time. 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 the Foundation's customers, 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.



Foundation for the National Institutes of Health, Inc.

Compliance Section

Year Ended December 31, 2021



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, 2021, 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 6, 2022.

Report on 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 or significant deficiencies may exist that were not identified.



Report on 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 6, 2022



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 identified as subject to audit 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, 2021. 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.

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, 2021.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foundation for the National Institutes of Health, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Foundation for the National Institutes of Health, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Foundation for the National Institutes of Health, Inc.'s federal program.



Auditors' Responsibilities for Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foundation for the National Institutes of Health, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foundation for the National Institutes of Health, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foundation for the National Institutes of Health, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Foundation for the National Institutes of Health, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Foundation for the National Institutes of Health, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 6, 2022

Foundation for the National Institutes of Health, Inc
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2021

<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	\$ 4,395,399	\$ -
Total Expenditures of Federal Awards				<u>\$ 4,395,399</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, 2021. 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

None