

**NEUROENDOCRINE TUMOR RESEARCH  
FOUNDATION, INC.**

Financial Statements

Years ended December 31, 2022 and 2021

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## **Independent Auditors' Report**

To the Board of Directors  
Neuroendocrine Tumor Research Foundation, Inc.  
Boston, Massachusetts

### **Opinion**

We have audited the financial statements of Neuroendocrine Tumor Research Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, as well as the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Neuroendocrine Tumor Research Foundation, Inc. as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Neuroendocrine Tumor Research Foundation, 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 Neuroendocrine Tumor Research Foundation, Inc.'s ability to continue as a going concern for a period within one year after the date that the financial statements were available to be issued.



## Independent Auditors' Report (continued)

### 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, 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we do the following:

- 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 Neuroendocrine Tumor Research Foundation, 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 Neuroendocrine Tumor Research Foundation, 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.

### Change in Accounting Principle

As discussed in Note 1, during the year ended December 31, 2022, the Organization adopted Accounting Standards Update No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

*Pozerski Hatch & Company, P.C.*

Hingham, Massachusetts  
April 25, 2023

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

Statements of Financial Position  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,443,954	\$ 934,654
Contributions receivables	210,000	118,725
Other receivables	132,605	236,166
Prepaid expenses	23,840	20,267
<b>Total current assets</b>	<u>1,810,399</u>	<u>1,309,812</u>
Investments	18,359,395	25,198,607
Right to use asset - operating lease	163,324	-
Contributions receivables, long-term	190,000	100,000
<b>Total Assets</b>	<u>\$ 20,523,118</u>	<u>\$ 26,608,419</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 159,819	\$ 316,015
Current portion of operating lease liability	74,774	-
Grants payable	4,607,548	4,548,115
<b>Total current liabilities</b>	<u>4,842,141</u>	<u>4,864,130</u>
Operating lease liability, long term	90,213	-
Grants payable, long term	1,581,975	2,898,261
<b>Total long term liabilities</b>	<u>1,672,188</u>	<u>2,898,261</u>
<b>Total Liabilities</b>	<u>6,514,329</u>	<u>7,762,391</u>
<b>NET ASSETS</b>		
Without donor restrictions	3,244,174	5,908,772
With donor restrictions	10,764,615	12,937,256
<b>Total Net Assets</b>	<u>14,008,789</u>	<u>18,846,028</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 20,523,118</u>	<u>\$ 26,608,419</u>

The accompanying notes are an integral part of these financial statements.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## Statements of Activities

For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenue and investment return</b>						
Contributions, grants, and sponsorships	\$ 2,044,199	\$ 380,000	\$ 2,424,199	\$ 2,002,583	\$ 5,100,000	\$ 7,102,583
Net investment return	(1,802,532)	(2,036,141)	(3,838,673)	640,539	830,104	1,470,643
Returned grant revenue	13,623	-	13,623	150,000	116,392	266,392
Net assets released from restrictions	516,500	(516,500)	-	775,162	(775,162)	-
<b>Total support, revenue and investment return</b>	<b>771,790</b>	<b>(2,172,641)</b>	<b>(1,400,851)</b>	<b>3,568,284</b>	<b>5,271,334</b>	<b>8,839,618</b>
<b>EXPENSES</b>						
Program services:						
Research	2,387,590	-	2,387,590	4,600,218	-	4,600,218
Patient education	342,359	-	342,359	176,913	-	176,913
Outreach and support	102,097	-	102,097	95,391	-	95,391
<b>Total program services</b>	<b>2,832,046</b>	<b>-</b>	<b>2,832,046</b>	<b>4,872,522</b>	<b>-</b>	<b>4,872,522</b>
Supporting services:						
Management and general	199,022	-	199,022	187,413	-	187,413
Development	405,320	-	405,320	343,531	-	343,531
<b>Total supporting services</b>	<b>604,342</b>	<b>-</b>	<b>604,342</b>	<b>530,944</b>	<b>-</b>	<b>530,944</b>
<b>Total expenses</b>	<b>3,436,388</b>	<b>-</b>	<b>3,436,388</b>	<b>5,403,466</b>	<b>-</b>	<b>5,403,466</b>
<b>CHANGE IN NET ASSETS</b>	<b>(2,664,598)</b>	<b>(2,172,641)</b>	<b>(4,837,239)</b>	<b>(1,835,182)</b>	<b>5,271,334</b>	<b>3,436,152</b>
<b>NET ASSETS</b> , beginning of year	<b>5,908,772</b>	<b>12,937,256</b>	<b>18,846,028</b>	<b>7,743,954</b>	<b>7,665,922</b>	<b>15,409,876</b>
<b>NET ASSETS</b> , end of year	<b>\$ 3,244,174</b>	<b>\$ 10,764,615</b>	<b>\$ 14,008,789</b>	<b>\$ 5,908,772</b>	<b>\$ 12,937,256</b>	<b>\$ 18,846,028</b>

The accompanying notes are an integral part of these financial statements.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## Statement of Functional Expenses

For the Year Ended December 31, 2022 (with comparative total for 2021)

	2022						2021
	Program services			Supporting Services			Total Expenses
	Research	Patient Education	Outreach & Support	Management & General	Development	Total Expenses	
Salaries	\$ 197,762	\$ 175,959	\$ 83,731	\$ 98,155	\$ 209,536	\$ 765,143	\$ 705,269
Employee benefits	484	12,725	3,623	1,150	2,941	20,923	7,699
Payroll taxes	12,946	11,023	5,702	9,748	14,962	54,381	48,816
<b>Total Salary and Related Expenses</b>	<b>211,192</b>	<b>199,707</b>	<b>93,056</b>	<b>109,053</b>	<b>227,439</b>	<b>840,447</b>	<b>761,784</b>
Research grants awarded	1,998,714	-	-	-	-	1,998,714	4,305,891
Professional services	9,829	98,358	-	49,507	80,317	238,011	128,000
Occupancy	20,351	17,743	8,372	15,529	22,072	84,067	82,245
Office expenses	1,513	1,512	-	4,797	27,367	35,189	35,494
Information technology	6,713	3,126	-	10,066	13,881	33,786	29,060
Insurance	1,624	1,429	669	1,088	1,761	6,571	5,906
Conferences	131,323	14,440	-	41	-	145,804	43,563
Travel	2,852	4,733	-	8,596	30,754	46,935	3,063
Advertising	529	861	-	345	1,729	3,464	4,960
Dues and licenses	2,950	450	-	-	-	3,400	3,500
<b>Total Expenses</b>	<b>\$ 2,387,590</b>	<b>\$ 342,359</b>	<b>\$ 102,097</b>	<b>\$ 199,022</b>	<b>\$ 405,320</b>	<b>\$ 3,436,388</b>	<b>\$ 5,403,466</b>

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## Statement of Functional Expenses

For the Year Ended December 31, 2021

	2021					
	Program services			Supporting Services		
	Research	Patient Education	Outreach & Support	Management & General	Development	Total Expenses
Salaries	\$ 194,434	\$ 81,335	\$ 75,713	\$ 122,400	\$ 231,387	\$ 705,269
Employee benefits	411	2,230	3,123	1,064	871	7,699
Payroll taxes	13,003	5,298	6,234	7,752	16,529	48,816
<b>Total Salary and Related Expenses</b>	<b>207,848</b>	<b>88,863</b>	<b>85,070</b>	<b>131,216</b>	<b>248,787</b>	<b>761,784</b>
Research grants awarded	4,305,891	-	-	-	-	4,305,891
Professional services	20,490	56,809	343	31,859	18,499	128,000
Occupancy	21,022	9,564	9,285	16,329	26,045	82,245
Office expenses	1,687	2,452	-	5,859	25,496	35,494
Information technology	6,619	2,853	-	987	18,601	29,060
Insurance	1,570	715	693	984	1,944	5,906
Conferences	31,580	11,983	-	-	-	43,563
Travel	311	1,688	-	179	885	3,063
Advertising	150	1,536	-	-	3,274	4,960
Dues and licenses	3,050	450	-	-	-	3,500
<b>Total Expenses</b>	<b>\$ 4,600,218</b>	<b>\$ 176,913</b>	<b>\$ 95,391</b>	<b>\$ 187,413</b>	<b>\$ 343,531</b>	<b>\$ 5,403,466</b>

The accompanying notes are an integral part of these financial statements.



# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,837,239)	\$ 3,436,152
Adjustments to reconcile change in net assets to net cash used in operating activities		
(Gains) losses on investments	4,212,969	(1,469,606)
Contributions received for endowment	-	(5,000,000)
Amortization of right to use asset	74,551	-
(Increase) decrease in assets		
Contributions receivable	(181,275)	403,197
Other receivables	103,561	(147,375)
Prepaid expenses	(3,573)	(1,566)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(156,196)	156,647
Operating lease liability	(72,888)	-
Grants payable	(1,256,853)	(763,872)
<b>Net cash used in operating activities</b>	<u>(2,116,943)</u>	<u>(3,386,423)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(427,405)	(5,000,000)
Proceeds from sales of investments	3,053,648	-
<b>Net cash provided by (used by) investing activities</b>	<u>2,626,243</u>	<u>(5,000,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment contributions	-	5,000,000
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>5,000,000</u>
Net change in cash and cash equivalents	509,300	(3,386,423)
<b>Cash and cash equivalents, beginning of year</b>	<u>934,654</u>	<u>4,321,077</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,443,954</u>	<u>\$ 934,654</u>

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Neuroendocrine Tumor Research Foundation, Inc. (the Foundation) is a nonprofit corporation organized under Massachusetts General Laws Chapter 180. It is also a 501(c)(3) organization under the Internal Revenue Code of 1986 as amended. Its primary purpose is to support neuroendocrine cancer research. It accomplishes this by funding breakthrough scientific research into neuroendocrine tumors. In addition, it is committed to supporting patients, families, friends and caregivers by providing them with up-to-date information and resources. The Foundation is supported by donors throughout the United States.

#### Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases*, which replaces numerous requirements in accordance with accounting principles generally accepted in the United States of America, regarding the accounting for operating and financing leases. The core principle of the new standard is that an organization will capitalize all leases with a term of one year or longer. The leases will be capitalized as a financing lease (similar to the old capital lease accounting) or as a right to use operating lease. Management has adopted ASU 2016-02 for the year ended December 31, 2022. The amendments have been applied using the alternative transition option which resulted in the Foundation recording a right to use asset and a corresponding operating lease liability of \$237,875 at January 1, 2022.

#### Basis of Presentation

The Foundation's financial statements are presented in conformity with U.S. generally accepted accounting principles and have been prepared on the accrual basis of accounting.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

#### Net Asset Classifications

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

***Net Assets without Donor Restrictions*** - Net assets available for use in general operations and not subject to donor restrictions.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classifications

***Net Assets with Donor Restrictions*** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates certain resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

#### Cash and Cash Equivalents

Cash equivalents are included in cash. The Foundation considers interest-bearing investments due on demand as cash equivalents.

The Foundation maintains its cash balances at highly rated financial and investment institutions, which at times may exceed insured limits. The Foundation monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

#### Contributions and Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions receivable that are, in effect, “unconditional promises to give” are recorded at the present value of future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible contributions receivable is provided based upon management’s judgment of potential un-collectability. This determination includes such factors as prior collection history, type of contribution and nature of fundraising activity. At December 31, 2022 and 2021, there was no allowance for doubtful accounts.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment

Property and equipment acquisitions are recorded at cost or fair market value when received. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. It is the Foundation's policy to capitalize expenditures for those items in excess of \$5,000. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

#### Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is determined as per the fair value policies described in Note 4.

Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Realized and unrealized gains and losses are reflected in the statements of activities under the net assets with or without donor restrictions captions, as applicable. Income derived from the investment of endowment funds is reported as an increase in net assets with donor restriction if the terms of the underlying gift or relevant state law impose restrictions of the use of the income or net gains. Income and net gains on board designated and other funds are reported as an increase in net assets without donor restrictions.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported on the statement of financial position.

#### Donated Services and In-Kind Contributions

The Foundation may record various types of in-kind support including professional services, advertising, and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donations. Contributions of tangible assets are recognized at fair market value when received. There were no donated services or in-kind contributions during the years ended December 31, 2022 and 2021.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

The Foundation recognizes revenue at an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for transferring goods or services to its customers using the following give-step process:

1. Identify the contract with the customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the Foundation satisfies a performance obligation

The Foundation recognizes sponsorship revenue at the time of the related events or publications.

The Foundation recognizes the refund of grants at a point in time when the refund is known by management and agreed upon with the awardee.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are charged to each program based on direct expenditures incurred. Categories of expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, employee benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and others. These expenses are allocated based on the estimates of the time and effort expended for each program, administrative, and development function.

#### Tax Status

The Foundation is an exempt organization under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Foundation is also exempt from Massachusetts income taxes.

The Foundation has identified its tax status as a tax-exempt entity as a tax position; however, it has determined that such tax position does not result in an uncertainty requiring recognition. The Foundation is not currently under examination by any taxing jurisdiction. Its Federal and state income tax returns are generally open for examination for the past three years.

#### Subsequent Events

We have evaluated subsequent events through April 25, 2023, which is the date the financial statements were available to be issued.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprising the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,443,954	\$ 934,654
Contributions receivable	210,000	118,725
Other receivables	132,605	236,166
Operating investments	8,171,172	12,974,243
Total	<u>9,957,731</u>	<u>14,263,788</u>
Less amount unavailable for general expenditure within one year:		
Net asset with restrictions	<u>(576,392)</u>	<u>(712,892)</u>
Financial assets available for general expenditure within one year	<u>\$ 9,381,339</u>	<u>\$ 13,550,896</u>

As part of its liquidity management plan, the Foundation maintains cash in excess of daily requirements in short-term investments, money market funds, and savings accounts.

### 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give from individuals and foundation donors. These receivables are considered low-risk because a significant portion represents commitments from either large, well-established foundations or individual donors with a long-term relationship with the Foundation.

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 210,000	\$ 118,725
Longer than one year	<u>190,000</u>	<u>100,000</u>
Contributions receivable	<u>\$ 400,000</u>	<u>\$ 218,725</u>

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 4 – INVESTMENTS

ASC 820, Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Fair values of investments measured on a recurring basis are summarized as follows as of December 31:

<u>Publicly Traded Mutual Funds</u>	<u>2022</u>	<u>2021</u>
Cost	\$ 19,214,709	\$ 21,631,348
Quotes Prices in Active Markets for Identical Assets (Level 1)	\$ 18,359,395	\$ 25,198,607

The following schedule summarizes the investment return on investments by net asset classification in the statement of activities for the year ended December 31, 2022 and 2021:

	<u>2022</u>			<u>2021</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest & dividend income, net	\$ 183,781	\$ 190,514	\$ 374,295	\$ 267,702	\$ 187,427	\$ 455,129
Net realized gains (loss)	212,278	(2,673)	209,605	253,591	92,187	345,778
Net unrealized gains (loss)	<u>(2,198,591)</u>	<u>(2,223,982)</u>	<u>(4,422,573)</u>	<u>119,246</u>	<u>550,490</u>	<u>669,736</u>
Net Investment Return	\$ <u>(1,802,532)</u>	\$ <u>(2,036,141)</u>	\$ <u>(3,838,673)</u>	\$ <u>640,539</u>	\$ <u>830,104</u>	\$ <u>1,470,643</u>

Investment expenses netted with investment income total \$53,649 in 2022 and \$37,421 in 2021, respectively.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 5 – RESEARCH GRANTS PAYABLE

The Foundation, annually, awards one-year and multi-year research grants to fund scientific research of neuroendocrine tumors. Payments are made according to the terms of the grant agreement, which are typically according to pre-set dates or upon reaching certain milestones. All grants are expensed upon approval by the Board of Directors as the terms and conditions of the awards are considered to be perfunctory in nature. Changes in grants payable are as follows:

	<u>2022</u>	<u>2021</u>
Grants payable at beginning of year, net	\$ 7,446,376	\$ 8,210,248
Grants awarded	2,065,000	4,300,000
Payments made	(3,241,944)	(4,914,120)
Return of previously awarded grant	(13,623)	(150,000)
Change in discount on long-term grants payable	<u>(66,286)</u>	<u>248</u>
Grants payable at end of year, net	<u>\$ 6,189,523</u>	<u>\$ 7,446,376</u>

Long-term grants payable are discounted to present value using risk-free federal adjusted rate of approximately 4.3% and 0.06% at December 31, 2022 and 2021, respectively. The discount on grants payable was \$68,025 and \$1,739 at December 31, 2022 and 2021, respectively.

Grants payable at December 31, 2022, prior to discounting, are scheduled to be distributed as follows:

2023	\$4,607,548
2024	\$1,350,000
2025	\$300,000

### 6 – ENDOWMENT FUNDS

The Foundation's endowment consists of mutual funds that have been restricted by a donor to be maintained in perpetuity, established to support the achievement of the Foundation's mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.



# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 6 – ENDOWMENT FUNDS (continued)

#### *Interpretation of Relevant Law*

The Board of Directors of the Foundation has interpreted the 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 fund, absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies the original value of gifts donated to the endowment to be held in perpetuity within net assets with donor restrictions. Investment income and cumulative appreciation (net unrealized and realized gains) of the donor-restricted endowment fund are also classified as net assets with donor restriction and are included in the calculation for distribution amounts (as described more fully in the Spending Policy section below) in accordance with donor stipulations.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of an explicitly stated duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported as reductions in net assets with donor restrictions.

Subject to the intent of the donor expressed in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Foundation. In making a determination to appropriate or accumulate, the Foundation considers the following factors:

1. The duration and preservation of the endowment fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policy of the Foundation.

#### *Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets with the objective of preserving the long-term, real purchasing power of assets while ensuring the ability of the Foundation to meet short-term grant funding commitments. Fund assets earmarked for short-term distribution to fulfill donor guidelines may be more conservative with a higher cash position, while funds dedicated to the long-term endowment may have different investment goals and anticipated returns.

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 6 – ENDOWMENT FUNDS (continued)

#### *Strategies Employed for Achieving Objectives*

Fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

#### *Spending Policy*

Based on an amended agreement with the donor, effective November 25, 2021, the Foundation is limited in spending from 2022 – 2024 to previously awarded grants totaling \$1,200,000. Beginning in 2025, the Foundation can spend as much of the income and realized growth of the endowment as it deems prudent, so long as at end of the calendar year, the balance in the fund is at least equal to \$10,380,000.

Changes in endowment funding during fiscal year 2022 and 2021 are:

	<u>2022</u>	<u>2021</u>
Endowment funds invested, beginning of year	\$ 12,224,364	\$ 6,394,260
Contributions received	-	5,000,000
Investment income	190,514	187,427
Net appreciation (depreciation)	<u>(2,226,655)</u>	<u>642,677</u>
Endowment funds invested, end of year	\$ <u>10,188,223</u>	\$ <u>12,224,364</u>

In accordance with the amended agreement with the donor, effective November 25, 2021, \$380,000 was reclassified from appreciation on the endowment fund to corpus, in order to conform to the donor's intent. At December 31, 2022, the endowment fund was below the original corpus by \$191,777.

### 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 were available for the following purposes:

	<u>2022</u>	<u>2021</u>
Funds held for specific purposes or time periods:		
Subject to passage of time	\$ 141,392	\$ 266,892
Subject to expenditure for specific research projects	435,000	446,000
	<u>576,392</u>	<u>712,892</u>
Donor restricted endowment funds – corpus	10,380,000	10,380,000
Donor restricted endowment funds – appreciation (depreciation)	<u>(191,777)</u>	<u>1,844,364</u>
Total donor restricted endowment funds	<u>10,188,223</u>	<u>12,224,364</u>
Total net assets with donor restriction	\$ <u>10,764,615</u>	\$ <u>12,937,256</u>

# NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 7 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from restrictions during December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of time restrictions	\$ 225,000	\$ 170,000
Satisfaction of use restrictions	<u>291,500</u>	<u>605,162</u>
	<u>\$ 516,500</u>	<u>\$ 775,162</u>

### 8 – LEASES

The Foundation leases office space under a non-cancellable operating lease, which was signed on December 3, 2019, with a lease term from February 1, 2020 through March 1, 2025. The lease is subject to property tax and operating cost escalation clauses. Fixed rental payments under this lease for the remaining term of the lease are as follows:

Year ending December 31:

	<u>2022</u>
2023	\$ 76,061
2024	77,582
2025	<u>13,189</u>
Total future minimum lease payments	166,832
Less imputed interest	<u>(1,845)</u>
Total	<u>\$ 164,987</u>

The current and long term portions as of January 1, 2022 (ASU 2016-02 implementation date) and December 31, 2022 were as follows:

	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Current portion of operating lease liability	\$ 74,774	\$ 72,888
Long term portion of operating lease liability	<u>90,213</u>	<u>164,987</u>
Total	<u>\$ 164,987</u>	<u>\$ 237,875</u>

The Foundation used the private company option of using the risk free interest rate to determine the present value lease assets and liability. The rate used was 0.98% as of the adoption of the standard on January 1, 2022. Operating lease costs for office space totaled \$78,253 and \$76,644 for the years ending December 31, 2022 and 2021, respectively.

# **NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **9 - CONCENTRATIONS OF REVENUE AND SUPPORT**

The Foundation receives substantial contributions. No donor contributions was over 10% of total support and revenue for the year ended December 31, 2022. Contributions from one donor totaled 69% of total support and revenue for the year ended December 31, 2021.

Contributions from four donors comprised 90% of contributions receivable at December 31, 2022. Contributions from two donors comprised 89% of contributions receivable at December 31, 2021.

### **10 - EMPLOYEE BENEFIT PLAN**

The Foundation participates in a qualified 401k deferred income plan. All employees are eligible to contribute a portion of their compensation to the plan in accordance with plan provisions. The Foundation does not match participant contributions.