MFA COMPANIES

EVIDENCE FOR HEALTHCARE IMPROVEMENT D/B/A INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

To the Board of Directors
Evidence for Healthcare Improvement d/b/a
Institute for Clinical and Economic Review
Boston, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review as of December 31, 2019 and 2018, 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.

Moody, Famiglietti & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
June 25, 2020

December 31	2019	2018
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 3,539,582	$ 1,964,828
Current Portion of Contributions Receivable	6,620,615	5,060,672
Accounts Receivable	64,121	30,000
Prepaid Expenses and Other Current Assets	107,122	52,951
Total Current Assets	10,331,440	7,108,451
Contributions Receivable, Net of Current Portion and Discount	3,426,075	2,383,035
Property and Equipment, Net of Accumulated Depreciation	220,348	297,743
Definite-Lived Intangible Assets, Net of Accumulated Amortization	96,539	7,213
Security Deposits	114,075	114,075
Total Assets	$ 14,188,477	$ 9,910,517
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	$ 305,810	$ 215,373
Accrued Expenses	129,894	55,070
Deferred Revenue	90,000	545,000
Current Portion of Deferred Rent	55,996	49,912
Total Current Liabilities	581,700	865,355
Deferred Rent, Net of Current Portion	159,703	215,699
Total Liabilities	741,403	1,081,054
Net Assets:		
Net Assets without Donor Restrictions	3,154,748	1,406,729
Net Assets with Donor Restrictions	10,292,326	7,422,734
Total Net Assets	13,447,074	8,829,463
Total Liabilities and Net Assets	$ 14,188,477	$ 9,910,517

For the Years Ended December 31			**2019**			2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions	**$ 1,645,593**	**$ 8,825,590**	**$ 10,471,183**	$ 780,025	$ 344,433	$ 1,124,458
Members' Dues	**355,750**	**-**	**355,750**	939,999	-	939,999
Contract Service Revenue	**33,967**	**-**	**33,967**	32,937	-	32,937
Interest Income	**6,969**	**-**	**6,969**	3,428	-	3,428
Other Income	**4,253**	**-**	**4,253**	3,219	-	3,219
Net Assets Released from Restriction	**5,955,998**	**(5,955,998)**	**-**	4,863,951	(4,863,951)	-
Total Revenue and Other Support	**8,002,530**	**2,869,592**	**10,872,122**	6,623,559	(4,519,518)	2,104,041
Operating Expenses:						
Program Services:						
New Drug Assessment Program	**1,535,166**	**-**	**1,535,166**	832,003	-	832,003
New England Comparative Effectiveness Public Advisory Council	**1,239,921**	**-**	**1,239,921**	1,361,674	-	1,361,674
Midwest Comparative Effectiveness Public Advisory Council	**1,148,427**	**-**	**1,148,427**	1,364,670	-	1,364,670
California Technology Assessment Forum	**1,029,619**	**-**	**1,029,619**	1,079,332	-	1,079,332
Membership Support	**438,866**	**-**	**438,866**	776,144	-	776,144
ICER Analytics	**171,926**	**-**	**171,926**	-	-	-
Total Program Services	**5,563,925**	**-**	**5,563,925**	5,413,823	-	5,413,823
General and Administrative	**868,478**	**-**	**868,478**	824,574	-	824,574
Fundraising	**277,608**	**-**	**277,608**	62,587	-	62,587
Total Operating Expenses	**6,710,011**	**-**	**6,710,011**	6,300,984	-	6,300,984
Increase (Decrease) in Net Assets from Operations	**1,292,519**	**2,869,592**	**4,162,111**	322,575	(4,519,518)	(4,196,943)
Net Assets, Beginning of Year	**1,406,729**	**7,422,734**	**8,829,463**	1,084,154	11,942,252	13,026,406
Cumulative Effect Adjustment	**455,500**	**-**	**455,500**	-	-	-
Net Assets, End of Year	**$ 3,154,748**	**$ 10,292,326**	**$ 13,447,074**	$ 1,406,729	$ 7,422,734	$ 8,829,463

For the Year Ended December 31 **2019**

	Program Services									
	New Drug Assessment Program	New England Comparative Effectiveness Public Advisory Council	Midwest Comparative Effectiveness Public Advisory Council	California Technology Assessment Forum	Membership Support	ICER Analytics	Total Program Services	General and Administrative	Fundraising	Total
Salaries and Related Benefits and Taxes	$ 1,182,236	$ 738,637	$ 548,697	$ 543,426	$ 283,601	$ 44,625	$ 3,341,222	$ 587,689	$ 237,191	$ 4,166,102
Contractors	91,667	342,219	474,224	352,250	26,777	113,400	1,400,537	-	-	1,400,537
Meetings and Travel	115,724	71,115	58,188	63,814	107,742	36	416,619	9,958	3,800	430,377
Occupancy	65,245	70,194	55,956	53,795	13,964	1,431	260,585	520	12,574	273,679
Professional Fees	45,609	13,370	8,129	13,172	3,739	12,350	96,369	66,601	22,313	185,283
Depreciation and Amortization	-	-	-	-	-	-	-	84,608	-	84,608
Office Expenses	17,952	3,692	2,880	2,837	1,036	75	28,472	21,443	1,651	51,566
Information Technology	14,733	694	353	325	2,007	9	18,121	31,988	79	50,188
Professional Development	2,000	-	-	-	-	-	2,000	33,648	-	35,648
Board Costs	-	-	-	-	-	-	-	32,023	-	32,023
Total	$ 1,535,166	$ 1,239,921	$ 1,148,427	$ 1,029,619	$ 438,866	$ 171,926	$ 5,563,925	$ 868,478	$ 277,608	$ 6,710,011

For the Year Ended December 31									2018
	Program Services								
	New Drug Assessment Program	New England Comparative Effectiveness Public Advisory Council	Midwest Comparative Effectiveness Public Advisory Council	California Technology Assessment Forum	Membership Support	Total Program Services	General and Administrative	Fundraising	Total
Salaries and Related Benefits and Taxes	$ 613,028	$ 758,315	$ 695,980	$ 597,856	$ 519,947	$ 3,185,126	$ 452,559	$ 59,044	$ 3,696,729
Contractors	100,833	426,573	479,347	346,020	30,299	1,383,072	-	-	1,383,072
Meetings and Travel	46,466	81,003	103,466	69,518	149,630	450,083	19,360	-	469,443
Occupancy	30,625	75,949	67,710	51,243	23,847	249,374	2,904	2,391	254,669
Professional Fees	13,020	14,477	13,320	10,414	49,923	101,154	155,911	742	257,807
Depreciation and Amortization	-	-	-	-	-	-	110,950	-	110,950
Office Expenses	6,105	4,507	4,076	3,548	1,249	19,485	25,303	222	45,010
Information Technology	20,324	850	771	733	1,249	23,927	16,729	188	40,844
Professional Development	1,602	-	-	-	-	1,602	18,380	-	19,982
Board Costs	-	-	-	-	-	-	22,478	-	22,478
Total	$ 832,003	$ 1,361,674	$ 1,364,670	$ 1,079,332	$ 776,144	$ 5,413,823	$ 824,574	$ 62,587	$ 6,300,984

For the Years Ended December 31	**2019**	2018
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	**$ 4,162,111**	$ (4,196,943)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**84,608**	110,950
(Increase) Decrease in Contributions Receivable	**(2,602,983)**	4,340,404
(Increase) Decrease in Accounts Receivable	**(34,121)**	17,262
Increase in Prepaid Expenses and Other Current Assets	**(54,171)**	(21,677)
Increase in Accounts Payable	**90,437**	48,892
Increase (Decrease) in Accrued Expenses	**74,824**	(76,152)
Increase in Deferred Revenue	**500**	50,001
Decrease in Deferred Rent	**(49,912)**	(43,828)
Net Cash Provided by Operating Activities	**1,671,293**	228,909
Cash Flows from Investing Activities:		
Acquisition of Definite-Lived Intangible Assets	**(96,539)**	-
Return of Security Deposits	**-**	22,815
Net Cash (Used in) Provided by Investing Activities	**(96,539)**	22,815
Net Increase in Cash and Cash Equivalents	**1,574,754**	251,724
Cash and Cash Equivalents, Beginning of Year	**1,964,828**	1,713,104
Cash and Cash Equivalents, End of Year	**$ 3,539,582**	$ 1,964,828

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

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Evidence for Healthcare Improvement d/b/a Institute for Clinical and Economic Review (ICER or the Organization) is a nonprofit organization incorporated in 2013 that produces reports analyzing the evidence on the effectiveness and value of drugs and other medical services. ICER's reports include evidence-based calculations of prices for new drugs that accurately reflect the degree of improvement expected in long-term patient outcomes, while also highlighting price levels that might contribute to unaffordable short-term cost growth for the overall health care system.

Program Services: To achieve its mission, ICER directs the following programs:

New Drug Assessment Program: ICER's program to evaluate new drugs at or near the time of FDA approval provides an independent analysis of the comparative effectiveness of new drugs, along with an associated "value-based" price benchmark, with the objective of helping decision-makers understand and apply evidence to improve value throughout the health care system. The reports of the New Drug Assessment program are vetted through a public process described below.

Public Deliberative Bodies: ICER organizes three regional collaboratives of independent experts in the evaluation and application of evidence: the *California Technology Assessment Forum* (CTAF), the *Midwest Comparative Effectiveness Public Advisory Council* (Midwest CEPAC), and the *New England Comparative Effectiveness Public Advisory Council* (New England CEPAC). For each program, independent clinicians, methodologists and public representatives convene several times each year at public meetings to review objective evidence reports produced by ICER and develop recommendations for how stakeholders can apply evidence to improve the quality and value of health care. All three programs directly engage clinicians, patients, and payers during these public meetings to discuss application of the evidence for clinical decision-making, benefit design, and patient and clinician tools to improve clinical care and patient outcomes.

Membership: The ICER membership program was launched to give a select number of leading health care organizations a unique opportunity to shape the future of evidence and coverage policy in the U.S. The tension between innovation and health care costs continues to focus critical attention on how evidence will be developed by manufacturers and how it will be interpreted by payers in making coverage decisions. Benefiting from ICER's experience as a leader in health technology assessment, and its unique ability to serve as an engaged, objective convener and moderator, ICER membership brings together a small, influential group of evidence leaders from insurers, pharmacy benefit management firms, health technology assessment groups, and life science companies to address key controversies in evidence methods and policy. Working together in a balanced, non-adversarial environment, ICER members gain the skills and insights in evidence policy necessary to strengthen their competitive position in the marketplace.

ICER Analytics: ICER Analytics™ is a new cloud-based platform that facilitates the use of ICER's evidence reports and underlying analyses to help all Americans achieve sustainable access to high-value care. Available on a subscription basis, the platform provides pharmaceutical manufacturers, private and public payers, clinicians, patients, and other stakeholders with a suite of tools that streamline interpretation of ICER's analyses – directly from the source – all designed to support integration into users' own pricing, reimbursement and clinical work. ICER Analytics subscribers have access to ICER's price benchmarks, cost-effectiveness results, comparative clinical effectiveness judgments, policy recommendations, and economic models within two primary tools – the Evidence Compendium and Interactive Modeler.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and

1. Organization and Summary of Significant Accounting Policies (Continued):

activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are 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 Organization's management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fair Value Measurements: The framework for measuring fair value 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 as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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; and
- 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.

Revenue Recognition: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from contract service fees and membership dues.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

Contract service revenue is recognized when the service is provided. A portion of the members' dues are recognized ratably over the membership term beginning the month the membership becomes effective and a portion is recognized at a point in time when the annual summit takes place. Interest income is recorded when earned.

The Organization typically invoices its customers annually. Typical payment terms provide that customers pay within 30 days of invoice.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon management’s assessment of the collectability of receivables, which considers historical write-off experience and any specific risks identified in in customer or donor collection matters. Bad debts are written off against the allowance when identified.

1. Organization and Summary of Significant Accounting Policies (Continued):

Contract Balances: The Organization's contract balances, resulting from contracts with customers include deferred revenue.

- *Deferred Revenue*: Deferred revenue results from revenue received for advance payments of membership dues for which the aforementioned revenue recognition criteria have not been met.

Accounts receivable and contract balances from contracts with customers for the year ended December 31, 2019 consist of the following:

		End of Year		Beginning of Year
Accounts Receivable	$	64,121	$	30,000
Deferred Revenue	$	90,000	$	89,500

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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the entire grant's restrictions are met in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Contributions Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, and contributions and accounts receivable. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash and cash equivalents. Contributions and accounts receivable are carried at the outstanding balance, less an estimate for allowance for uncollectible receivables based upon management's judgment of potential defaults. Management determines the allowance for uncollectible receivables by identifying troubled receivables balances and by using an assessment of the donor's or customer's credit worthiness. As of December 31, 2019 and 2018, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

1. Organization and Summary of Significant Accounting Policies (Continued):

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Lesser of Useful Life or Life of Lease
Furniture and Fixtures	5 - 7 Years
Office and Computer Equipment	3 - 7 Years

Definite-Lived Intangible Assets: Intangible assets consist of website development costs and internal-use software. Such costs include direct labor, supplies, materials, and other direct expenses. Costs incurred by the Organization during the application development stage are capitalized, subject to their recoverability.

All costs incurred after the website and internal-use software have been implemented and are fully operational are expensed when incurred. The Organization accounts for amortization using the straight-line method over the related asset's estimated useful life below.

Internal-Use Software	3 Years
Website Development Costs	3 Years

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2019 and 2018, the Organization evaluated its long-lived assets for impairment and determined that they were not impaired.

Deferred Rent: The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program activities or supporting services are charged directly to that function while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs activities and supporting services.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Related Benefits and Taxes	Time and Effort
Professional Fees	Time and Effort
Occupancy	Full Time Equivalent
Office Expenses	Full Time Equivalent
Information Technology	Full Time Equivalent

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of December 31, 2019 and 2018, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance GAAP. Actual results experienced by the Organization may differ from those estimates.

1. **Organization and Summary of Significant Accounting Policies (Continued):**

Subsequent Events: Management has evaluated subsequent events spanning the period from December 31, 2019 through June 25, 2020, the latter representing the issuance date of these financial statements.

Recently Adopted Accounting Policies: In June 2018, the Financial Accounting Standards Board issued an Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The Organization adopted the provision of this ASU beginning January 1, 2019, in conjunction with the adoption of ASC 606 and has applied such provisions on a modified prospective basis. The impact of the adoption of this ASU was immaterial to the financial statements.

In 2014, the Financial Accounting Standards Board issued an Accounting Standards Update 2014-09, *Revenue: Revenue from Contracts with Customers* (ASC 606), which replaces the existing revenue recognition standards and significantly expands the disclosure requirements for revenue arrangements. Effective January 1, 2019, the Organization adopted the guidance under ASC 606 using the modified retrospective approach. Under ASC 606, revenue is recognized when the Organization satisfies a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that the Organization expects to receive in exchange for those goods or services. Performance obligations in contracts represent distinct or separate service streams that the Organization provides to customers.

The Organization has chosen to elect a practical expedient available under ASC 606 that allows the Organization to only evaluate contracts which are not completed when determining the cumulative effect adjustment under the modified retrospective approach as of January 1, 2019, in connection with the adoption of ASC 606. As such, contracts that are "completed contracts" as of December 31, 2018, will not be required to be reviewed. Completed contracts represent contracts where all or substantially all of the revenue have been recognized under ASC 605 prior to the ASC 606 adoption date.

The Organization recorded a net increase to net assets of $455,500 as of January 1, 2019 due to the cumulative impact of adopting the new revenue guidance, with the impact primarily related to the memberships updated transaction price resulting in an increase in the portion considered a contribution. The impact of adopting this new standard is described in further detail in Note 15.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year of December 31, 2019 and 2018 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2019	2018
Cash and Cash Equivalents	$ 3,539,582	$ 1,964,828
Contributions Receivable	10,046,690	7,443,707
Accounts Receivable	64,121	30,000
Total Financial Assets at End of Year	13,650,393	9,438,535
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	10,292,326	7,422,734
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 3,358,067	$ 2,015,801

The Organization is substantially supported by restricted contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

3. Contributions Receivable:

	2019	2018
Receivable in Less than One Year	$ 6,620,615	$ 5,060,672
Receivable in One to Five Year	3,477,523	2,427,523
	10,098,138	7,488,195
Less: Discount to Net Present Value	51,448	44,488
	$ 10,046,690	$ 7,443,707

Long-term contributions receivable have been discounted by the Organization using a risk adjusted rate based on the daily treasury yield curves. As of December 31, 2019 and 2018, the risk adjusted rate used by the Organization amounted to 4.75% and 5.50%, respectively.

4. Conditional Contributions:

On December 10, 2018, the Organization was notified of a conditional grant in the amount of $222,550. The grant is expected to be paid in three installments through 2020 and is contingent upon certain program milestones being reached. Due to the contingent nature of this grant, as of December 31, 2018, the balance of $132,550, has not been recorded as a contribution receivable. As of December 31, 2019, the entire contingent grant has been recognized as revenue. During the years ended December 31, 2019 and 2018, the Organization recorded $132,550 and $90,000, respectively, as contribution revenue. The grant can be terminated by either the Organization or the donor with proper notice, as defined, if the conditions of the grant are not met.

5. Property and Equipment:

Property and equipment as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Leasehold Improvements	$ 428,529	$ 428,529
Furniture and Fixtures	67,429	67,429
Office and Computer Equipment	39,759	39,759
	535,717	535,717
Less: Accumulated Depreciation	315,369	237,974
	$ 220,348	$ 297,743

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to $77,395 and $82,100, respectively.

6. Definite-Lived Intangible Assets:

As of December 31, 2019 and 2018, definite-lived intangible assets consist of the following:

	2019	
	Cost	Accumulated Amortization
Internal-Use Software	$ 96,539	$ -
Website Development Costs	86,550	86,550
	$ 183,089	$ 86,550

	2018	
	Cost	Accumulated Amortization
Website Development Costs	$ 86,550	$ 79,337

Amortization expense for the years ended December 31, 2019 and 2018 amounted to $7,213 and $28,850, respectively.

6. Definite-Lived Intangible Assets (Continued):

Future amortization expense related to intangible assets as of December 31, 2019 is as follows:

Year Ending December 31,		
2020	$	16,090
2021		32,179
2022		32,179
2023		16,091
	$	96,539

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Drug Assessments and Public Councils / Forums	$ 10,041,725	$ 7,406,072
California Technology Assessment Forum	250,601	16,662
	$ 10,292,326	$ 7,422,734

8. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended December 31, 2019 and 2018 consist of the following:

	2019	2018
Drug Assessments and Public Councils/ Forums	$ 5,891,106	$ 4,689,516
California Technology Assessment Forum	64,892	174,435
	$ 5,955,998	$ 4,863,951

9. Disaggregation of Revenue:

For the year ended December 31, 2019, the Organization's disaggregated revenue by timing of revenue recognition was as follows:

Transferred at a Point in Time	$	210,217
Transferred over Time		179,500
Total Revenue	$	389,717

The Organization's revenue, results of operations and cash flows are affected by a wide variety of factors, including general economic conditions, the geographic region of its customers, the types of customers, the type of contract, and the contract duration.

10. Operating Leases:

The Organization is a party to a noncancelable operating lease agreement for space located in Boston, Massachusetts, which expires on May 31, 2023. Under the terms of the lease agreement, the Organization is required to remit monthly escalating rental payments ranging from $21,294 to $24,336 per month, plus certain operating expenses. During each of the years ended December 31, 2019 and 2018, rent expense incurred under this agreement amounted to $221,333.

Future minimum lease payments due under this noncancelable lease agreement as of December 31, 2019 are as follows:

Year Ending December 31,		
2020	$	277,329
2021		283,413
2022		289,497
2023		121,680
	$	971,919

11. Retirement Plan:

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization makes a safe harbor nonmatching contribution of 3.0% of each eligible employees' salary to the plan, and, as amended in February 2018, matches employees' contributions to the plan in the amount of 50% of the first 4% of elective salary deferrals. Additionally, the Organization, at the discretion of the Board of Directors, may make profit sharing contributions to the plan. During the years ended December 31, 2019 and 2018, the Organization made contributions to the plan of $175,723 and $179,282, respectively.

12. Economic Dependency:

As of each of the years ended December 31, 2019 and 2018, contributions receivable from one donor represented approximately 97% of the Organization's total contributions receivable. As of the year ended December 31, 2019, this customer represented approximately 77% of the Organization's total revenue. There was no revenue concentration for the year ended December 31, 2018.

13. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2019 and 2018, no amounts have been accrued related to such indemnification provisions.

14. Subsequent Events:

COVID-19: On January 30, 2020, the World Health Organization (WHO) announced an international public health emergency related to the COVID-19 outbreak. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The impact of the COVID-19 outbreak has resulted in economic uncertainties. The extent to which the Organization's financial results will be affected cannot be reasonably estimated at this time.

CARES Act: On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law providing certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application for funding under the Paycheck Protection Program (PPP). On May 4, 2020, the Organization's application was approved and as a result the Organization obtained a loan in the amount of $496,400. The PPP Loan is eligible to be forgiven provided the Organization satisfies certain conditions. The PPP Loan bears fixed interest at 1.00% per annum, and matures two years from the origination date of the loan. Payments on the PPP loan are deferred for the initial six months, followed by equal payments of principal and interest in an amount sufficient to repay any portion of the PPP loan balance not forgiven under the terms of the PPP.

Operating Lease: In June 2020, the Organization entered into a noncancelable lease agreement for office space in Boston, Massachusetts, which expires 123 months after lease commencement. The expected lease commencement date is May 1, 2021, with rent payments commencing 90 days thereafter. Under the terms of the agreement the base rent is set on the lease commencement date and can range from $54,965 to $73,286 per month plus certain operating expenses. The lease agreement calls for periodic escalation of the monthly rental payments with the base rent resetting in month 52.

Sublease Agreement: In June 2020, the Organization entered into a noncancelable sublease agreement for the Organization's previous office space in Boston, Massachusetts. The sublease agreement begins August 1, 2020 and expires March 30, 2023 and requires monthly escalating rental payments ranging from $23,322 to $24,336 per month, plus certain operating expenses.

15. Revenue Recognition - Impact of Recently Adopted Accounting Policy:

The Organization elected to adopt the guidance under ASC 606 using the modified retrospective approach which requires disclosure of the effect of applying the guidance on each item included in the 2019 financial statements. The items on the Organization's financial statements as of and for the year ended December 31, 2019, that were affected, the amount that would have been reported under the former guidance, the effects of applying the new guidance and the balances reported under the new guidance are as follows:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Statements of Financial Position			
Liabilities:			
Deferred Revenue	$ 585,375	$ (495,375)	$ 90,000
Net Assets:			
Net Assets without Donor Restrictions	$ 2,659,373	$ 495,375	$ 3,154,748
Statements of Activities			
Revenue and Other Support	$ 10,832,247	$ 39,875	$ 10,872,122
Increase in Net Assets from Operations	$ 4,122,236	$ 39,875	$ 4,162,111
Statements of Cash Flows			
Cash Flows from Operating Activities:			
Increase in Net Assets	$ 4,122,236	$ 39,875	$ 4,162,111
Increase in Deferred Revenue	$ 40,375	$ (39,875)	$ 500

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