

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022



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**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Evidence for Healthcare Improvement
dba: Institute for Clinical and Economic Review
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Evidence for Healthcare Improvement dba: Institute for Clinical and Economic Review (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Evidence for Healthcare Improvement dba: Institute for Clinical and Economic Review as of December 31, 2023 and 2022, and the change 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 Institute for Clinical and Economic Review 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 Institute for Clinical and Economic Review's ability to continue as a going concern for one year after the date 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 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, 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 Institute for Clinical and Economic Review'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 Institute for Clinical and Economic Review'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.



CliftonLarsonAllen LLP

Boston, Massachusetts
August 20, 2024

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,920,392	\$ 6,863,043
Current Portion of Contributions Receivable	96,217	279,046
Accounts Receivable	189,187	184,224
Prepaid Expenses and Other Current Assets	121,475	124,509
Total Current Assets	5,327,271	7,450,822
RESTRICTED CASH	452,551	445,809
CONTRIBUTION RECEIVABLE, NET OF CURRENT PORTION	14,790	19,630
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	1,541,471	1,844,477
DEFINITE-LIVED INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION	80,925	213,110
INFINITE-LIVED INTANGIBLE ASSETS	25,015	25,015
OPERATING LEASE RIGHT-OF-USE ASSET, NET OF AMORTIZATION	4,768,550	5,440,025
FINANCING LEASE RIGHT-OF-USE ASSET, NET OF AMORTIZATION	3,298	4,618
SECURITY DEPOSITS	60	68,445
Total Assets	\$ 12,213,931	\$ 15,511,951
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 422,685	\$ 481,407
Accrued Expenses	295,925	336,259
Deferred Revenue	309,834	588,998
Operating Lease Liability, Current Portion	725,112	820,034
Finance Lease Liability, Current Portion	1,406	1,339
Total Current Liabilities	1,754,962	2,228,037
OPERATING LEASE LIABILITY, NET OF CURRENT PORTION	5,381,912	6,107,024
FINANCE LEASE LIABILITY, NET OF CURRENT PORTION	2,114	3,521
OTHER LONG-TERM LIABILITIES	38,252	46,644
Total Liabilities	7,177,240	8,385,226
NET ASSETS		
Net Assets Without Donor Restrictions	4,863,338	6,771,033
Net Assets With Donor Restrictions	173,353	355,692
Total Net Assets	5,036,691	7,126,725
Total Liabilities and Net Assets	\$ 12,213,931	\$ 15,511,951

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenue and Other Support:			
Contributions	\$ 4,336,772	\$ 609,620	\$ 4,946,392
Membership Dues	507,600	-	507,600
Subscription Revenue	815,045	-	815,045
Contract Service Revenue	22,457	-	22,457
Rental Income	291,546	-	291,546
Other Income	14,408	-	14,408
Interest Income	96,228	-	96,228
In-Kind Contributions	87,813	-	87,813
Net Assets Released from Restriction	791,959	(791,959)	-
Total Revenue and Other Support	<u>6,963,828</u>	<u>(182,339)</u>	<u>6,781,489</u>
OPERATING EXPENSES			
Program Services:			
Technology Assessment Program	5,505,845	-	5,505,845
Policy Leadership Forum	423,349	-	423,349
ICER Analytics	722,605	-	722,605
Total Program Expenses	<u>6,651,799</u>	<u>-</u>	<u>6,651,799</u>
General and Administrative	2,031,762	-	2,031,762
Fundraising	187,962	-	187,962
Total Operating Expenses	<u>8,871,523</u>	<u>-</u>	<u>8,871,523</u>
CHANGE IN NET ASSETS	(1,907,695)	(182,339)	(2,090,034)
Net Assets - Beginning of Year	<u>6,771,033</u>	<u>355,692</u>	<u>7,126,725</u>
NET ASSETS - END OF YEAR	<u>\$ 4,863,338</u>	<u>\$ 173,353</u>	<u>\$ 5,036,691</u>

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Revenue and Other Support:			
Contributions	\$ 6,921,860	\$ 587,740	\$ 7,509,600
Membership Dues	496,176	-	496,176
Subscription Revenue	609,521	-	609,521
Contract Service Revenue	202,040	-	202,040
Rental Income	278,276	-	278,276
Other Income	3,121	-	3,121
Interest Income	36,350	-	36,350
In-Kind Contributions	89,096	-	89,096
Net Assets Released from Restriction	232,048	(232,048)	-
Total Revenue and Other Support	<u>8,868,488</u>	<u>355,692</u>	<u>9,224,180</u>
OPERATING EXPENSES			
Program Services:			
Technology Assessment Program	6,043,610	-	6,043,610
Policy Leadership Forum	436,565	-	436,565
ICER Analytics	794,407	-	794,407
Total Program Expenses	<u>7,274,582</u>	<u>-</u>	<u>7,274,582</u>
General and Administrative	1,877,122	-	1,877,122
Fundraising	187,592	-	187,592
Total Operating Expenses	<u>9,339,296</u>	<u>-</u>	<u>9,339,296</u>
CHANGE IN NET ASSETS	(470,808)	355,692	(115,116)
Net Assets - Beginning of Year	<u>7,241,841</u>	<u>-</u>	<u>7,241,841</u>
NET ASSETS - END OF YEAR	<u>\$ 6,771,033</u>	<u>\$ 355,692</u>	<u>\$ 7,126,725</u>

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services					Total
	Technology Assessment Program	Policy Leadership Forum	ICER Analytics	Program Services	General and Administrative	
Personnel	\$ 3,581,608	\$ 208,301	\$ 191,793	\$ 3,981,702	\$ 1,084,120	\$ 5,210,248
Consultants and Honoraria	1,013,872	10,000	8,969	1,032,841	-	1,032,841
Occupancy	535,604	22,255	25,651	583,510	249,678	844,016
Professional Fees	117,600	4,426	259,457	381,483	129,228	512,408
Information Technology	23,964	288	105,560	129,812	62,273	192,149
Depreciation and Amortization	-	-	131,000	131,000	341,661	472,661
Office Expenses	110,371	856	175	111,402	56,835	168,784
Meetings and Travel	122,826	177,223	-	300,049	63,691	394,140
Professional Development	-	-	-	-	30,241	30,241
Board Costs	-	-	-	-	14,035	14,035
	<u>\$ 5,505,845</u>	<u>\$ 423,349</u>	<u>\$ 722,605</u>	<u>\$ 6,651,799</u>	<u>\$ 2,031,762</u>	<u>\$ 8,871,523</u>
Total Expenses						<u>\$ 187,962</u>

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services					Total
	Technology Assessment Program	Policy Leadership Forum	ICER Analytics	Program Services	General and Administrative	
Personnel	\$ 3,871,927	\$ 182,020	\$ 357,994	\$ 4,411,941	\$ 965,834	\$ 5,520,928
Consultants and Honoraria	1,278,359	67,500	-	1,345,859	-	1,345,859
Occupancy	592,758	23,355	49,159	665,272	288,359	965,019
Professional Fees	103,771	2,561	208,069	314,401	85,350	401,783
Information Technology	31,731	283	16,044	48,058	62,978	111,088
Depreciation and Amortization	-	-	162,527	162,527	371,198	533,725
Office Expenses	103,841	1,629	614	106,084	57,206	163,865
Meetings and Travel	61,048	159,217	-	220,265	3,062	253,729
Professional Development	175	-	-	175	23,934	24,109
Board Costs	-	-	-	-	19,201	19,201
Total Expenses	\$ 6,043,610	\$ 436,565	\$ 794,407	\$ 7,274,582	\$ 1,877,122	\$ 9,339,296

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,090,034)	\$ (115,116)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	471,342	533,725
Adjustment of ROU Assets - Operating, net of Amortization	(148,559)	(171,671)
Amortization of ROU Assets - Financing	1,528	1,790
Loss on Disposal of Property and Equipment	943	14,125
(Increase) Decrease in Assets:		
Contributions Receivable	187,669	(295,910)
Accounts Receivable	(4,963)	20,604
Prepaid Expenses and Other Current Assets	3,034	(68,199)
Deposits	68,385	22,815
Increase (Decrease) in Liabilities:		
Accounts Payable	(58,722)	254,958
Accrued Expenses	(40,334)	(63,042)
Deferred Revenue	(279,164)	232,693
Other Long-Term Liabilities	(8,392)	(6,135)
Net Cash (Used) Provided by Operating Activities	<u>(1,897,267)</u>	<u>360,637</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Definite-Lived Intangible Assets	(37,094)	(77,860)
Purchases of Property, Plant, and Equipment	-	(7,958)
Payments on Finance Lease Liability	(1,548)	(1,548)
Net Cash Used by Investing Activities	<u>(38,642)</u>	<u>(87,366)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,935,909)	273,271
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>7,308,852</u>	<u>7,035,581</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 5,372,943</u>	<u>\$ 7,308,852</u>
SUPPLEMENTAL DISCLOSURES OF RECONCILIATION OF CASH AND RESTRICTED CASH REPORTED WITHIN THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 4,920,392	\$ 6,863,043
Restricted Cash	452,551	445,809
Total	<u>\$ 5,372,943</u>	<u>\$ 7,308,852</u>

See accompanying Notes to Financial Statements.

**EVIDENCE FOR HEALTHCARE IMPROVEMENT
DBA: INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Evidence for Healthcare Improvement dba: Institute for Clinical and Economic Review (ICER or the Organization) is a nonprofit incorporated in 2013. ICER is an independent, non-profit research institute that conducts evidence-based reviews of health care interventions, including prescription drugs, other treatments, and diagnostic tests. In collaboration with patients, clinical experts, and other key stakeholders, ICER analyzes the available evidence on the benefits and risks of these interventions to measure their value and suggest fair prices. ICER also regularly reports on the barriers to care for patients and recommends solutions to ensure fair access to prescription drugs. Ultimately, ICER is dedicated to advancing the use of evidence to improve health care affordability and access for all patients and their families.

Program Services

To achieve its mission, ICER directs the following programs:

Technology Assessment Program

ICER's program to evaluate new technologies, including new drugs at or near the time of FDA approval, provides an independent analysis of the comparative effectiveness of new technologies, along with an associated health-benefit price benchmark, with the objective of helping decision-makers understand and apply evidence to improve value throughout the health care system. The robust research conducted to produce reports for the Technology Assessment Program is complemented by an extensive Patient and Stakeholder Engagement Program that ensures that the experience of patients and their families are at the center of the work. The reports of the Technology Assessment Program are vetted through 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 panel, independent clinicians, methodologists, and public representatives convene several times a year at public meetings to review objective evidence reports produced by ICER and to develop recommendations for how stakeholders can apply evidence to improve the quality and value of health care. All three panels 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.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Program Services (Continued)

Policy Leadership Forum

The Policy Leadership Forum (PLF) 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 United States. 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, PLF 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, nonadversarial environment, PLF members gain the skills and insights in evidence policy necessary to strengthen their competitive position in the marketplace. Dues from PLF members support ICER's annual Policy Summit and do not contribute to funding for ICER's value assessments.

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 the 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 (U.S. GAAP). The Organization reports information regarding its financial position and 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.

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NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

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.

A portion of contract service revenue is recognized over time as services are performed. Fees are billed as performance obligations are met.

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. A portion of the members' dues with an exchange element 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. Membership dues that are received but not yet earned are reflected in deferred revenue. The contribution portion of dues are recognized immediately.

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

Subscription revenue from ICER Analytics™ is recognized ratably over the term of each subscription. Subscriptions are typically invoiced annually and are not refundable. Subscription fees received but not yet earned are reflected in deferred revenue.

For the year ended December 31, 2023 and 2022, the Organization recognized \$701,754 and \$609,521, respectively, in subscription revenue.

For the years ended December 31, 2023 and 2022, the Organization's disaggregated revenue by timing of revenue recognition was as follows:

	<u>2023</u>	<u>2022</u>
Recognized Over Time	\$ 1,139,285	\$ 1,095,907
Recognized at a Point in Time	205,817	211,830
Total Revenue	<u>\$ 1,345,102</u>	<u>\$ 1,307,737</u>

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.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contract Assets and Liabilities

Contract assets and liabilities related to the revenue recognized in accordance with *Topic 606* are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Beginning Contract Assets, January 1	\$ 69,065	\$ 168,750
Ending Contract Assets, December 31	125,310	69,065
Beginning Contract Liabilities, January 1	\$ 588,998	\$ 356,305
Ending Contract Liabilities, December 31	309,834	588,998

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 customer or donor collection matters. Bad debts are written off against the allowance when identified. Management determined that no allowance was required as of December 31, 2023 and 2022.

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 contribution'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 statement of activities as Net Assets Released from Restrictions.

As of December 31, 2023, conditional contributions from a foundation donor of approximately \$5,500,000, have not yet been recognized in the financial statements.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received. Contributions of services create or enhance a nonfinancial asset and would typically need to be purchased by the Organization, 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 are received.

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NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 these 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. The Organization's contribution receivable as of December 31 are as follows:

	2023	2022
Total Amounts Due In:		
Within One Year	\$ 96,217	\$ 279,046
One to Five Years	15,000	20,000
Gross Contributions Receivable	111,217	299,046
Less: Discount to Present Value (Rate of 7.5%)	(210)	(370)
Contribution Receivable, Net	\$ 111,007	\$ 298,676

In-Kind Contributions

Contributed goods and services are recognized on the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2023 and 2022, the Organization received and recognized contributed goods of \$87,813 and \$89,096, respectively, which were valued at the cost of donated subscriptions and services if such items had been purchased based on the market price. There were no donor restrictions on the contributed goods, which were used for program and administrative purposes.

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.

Restricted Cash

Amounts included in restricted cash represent amounts pledged as collateral for a letter of credit established with a lender related to an operating lease.

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NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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, 2023 and 2022, management has determined all receivables are collectible and an allowance for doubtful accounts is not necessary.

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 Lease Term
Furniture and Fixtures	5 to 7 Years
Office and Computer Equipment	3 to 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.

The Organization accounts for amortization using the straight-line method over the related asset's estimated useful life below.

Internal-Use Software	3 Years
Software	3 Years
Website Development Costs	3 Years

Infinite-Lived Intangible Assets

Intangible assets consist of costs associated with the purchase of domain name. Costs incurred by the Organization are capitalized and reflected on the statement of financial position.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Impairment of Long-Lived Assets

Professional standards 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, 2023 and 2022, the Organization evaluated its long-lived assets for impairment and determined that they were not impaired.

Functional Allocation of Expenses

The costs of providing the Organization’s program and other activities have been summarized on a functional basis in the statement 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:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Related Benefits and Taxes	Time and Effort
Professional Fees	Time and Effort
Occupancy	Full-Time Equivalent
Information Technology	Full-Time Equivalent

Leases

The Organization determines if an arrangement is a lease at inception. The Organization has leases under which it is obligated as a lessee. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term, and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term using an appropriate risk-free discount rate.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate (applicable U.S. Department of Treasury risk-free treasury rate) determined using a period comparable with that of the lease term for computing the present value of lease liabilities. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases (Continued)

Lease costs for operating lease payments are recognized on a straight-line basis over the lease term. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization recognizes payments for short-term leases with a lease term of 12 months or less as expense as incurred.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) 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, 2023 and 2022, 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 U.S. GAAP. Actual results experienced by the Organization may differ from those estimates.

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 20, 2024, the date the financial statements were available to be issued.

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NOTE 2 AVAILABLE RESOURCES AND LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use due to contractual or donor-imposed restrictions, within one year of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial Assets at End of Year:		
Cash and Cash Equivalents and Restricted Cash	\$ 5,372,943	\$ 7,308,852
Contributions Receivable	96,217	279,046
Accounts Receivable	189,187	184,224
Total Financial Assets at End of Year	<u>5,658,347</u>	<u>7,772,122</u>
Less: Amounts Unavailable for General Expenditures Within One Year:		
Due to Contractual or Donor-Imposed Restrictions:		
Restricted Cash	452,551	445,809
Restricted by Donor with Time or Purpose Restrictions	<u>173,353</u>	<u>355,692</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Over the Next 12 Months	<u>\$ 5,032,443</u>	<u>\$ 6,970,621</u>

The Organization is supported by contributions with donor restrictions. 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.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consists of the following:

	<u>2023</u>	<u>2022</u>
Leasehold Improvements	\$ 2,218,950	\$ 2,218,950
Furniture and Fixtures	432,376	498,609
Office and Computer Equipment	81,447	83,289
Subtotal	<u>2,732,773</u>	<u>2,800,848</u>
Less: Accumulated Depreciation	<u>1,191,302</u>	<u>956,371</u>
Total	<u>\$ 1,541,471</u>	<u>\$ 1,844,477</u>

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to \$303,006 and \$329,837, respectively.

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NOTE 4 DEFINITE-LIVED INTANGIBLE ASSETS

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

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Internal-Use Software	\$ 553,057	\$ 472,132	\$ 515,965	\$ 341,131
Software	-	-	2,609	1,450
Website Development Costs	121,475	121,475	121,475	84,358
Total	<u>\$ 674,532</u>	<u>\$ 593,607</u>	<u>\$ 640,049</u>	<u>\$ 426,939</u>

Amortization expense for the years ended December 31, 2023 and 2022 amounted to \$168,336 and \$203,888, respectively.

Future amortization expense related to intangible assets as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 40,852
2025	25,953
Total	<u>\$ 66,805</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 consist of the following:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Technology Assessment Program	\$ 173,353	\$ 355,692
Total	<u>\$ 173,353</u>	<u>\$ 355,692</u>

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

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 restrictions during the years ended December 31 were as follows:

	2023	2022
Technology Assessment Program	\$ 791,959	\$ 232,048
Total	<u>\$ 791,959</u>	<u>\$ 232,048</u>

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NOTE 7 LEASES

The Organization is a party to a noncancelable operating lease agreement for space located in Boston, Massachusetts, which expired on May 31, 2023. Under the terms of the lease agreement, the Organization is required to remit monthly payments, which escalates annually, ranging from \$21,294 to \$24,336 per month, plus certain operating expenses. During the year ended December 31, 2023 and 2022, total lease costs incurred under this agreement amounted to \$92,222 and \$221,333, respectively.

The Organization entered into a noncancelable lease agreement for office space in Boston, Massachusetts which expires July 31, 2031. The lease commencement date is April 14, 2021, with rent payments commencing 90 days thereafter. The lease agreement calls for periodic escalation of the monthly rental payments with the base rent resetting in month 52. Under the terms of the agreement, the base rent is set on the lease commencement date then escalates, ranging from \$64,444 to \$75,506 per month, plus certain operating expenses. For both years ended December 31, 2023 and 2022, total lease costs incurred under this agreement amounted to \$676,266.

A maturity analysis of annual undiscounted cash flows for all finance and operating leases as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Financing</u>	<u>Operating</u>
2024	\$ 1,548	811,275
2025	1,548	820,662
2026	644	827,501
2027	-	844,051
2028	-	860,932
Thereafter	-	2,302,407
Total Undiscounted Cash Flows	<u>3,740</u>	<u>6,466,828</u>
Less: Imputed Interest	<u>(220)</u>	<u>(359,804)</u>
Total Present Value	<u>\$ 3,520</u>	<u>\$ 6,107,024</u>

For the year ended December 31, 2023, the weighted-average remaining lease term for operating leases is 3.8 years and for finance leases, 2.5 years. The weighted-average discount rate for operating leases is 0.76% and for finance leases, 4.91%.

For the year ended December 31, 2022, the weighted-average remaining lease term for operating leases is 4.5 years and for finance leases, 3.5 years. The weighted-average discount rate for operating leases is 0.76% and for finance leases, 4.91%. ROU assets and financing ROU assets totaling \$6,229,118 and \$5,937, respectively, in exchange for lease liabilities.

Sublease Agreement

In June 2020, the Organization entered into a noncancelable sublease agreement for office space in Boston, Massachusetts. The sublease agreement began August 1, 2020 and expired May 31, 2023, and requires periodic escalation of the monthly rental payments ranging from \$23,322 to \$24,336 per month, plus certain operating expenses.

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NOTE 7 LEASES (CONTINUED)

Sublease Agreement (Continued)

In March 2023, the Organization entered into a noncancelable sublease agreement for office space in Boston, Massachusetts. The sublease agreement began March 1, 2023 and expires May 31, 2026, and requires periodic escalation of the monthly rental payments ranging from \$19,126 to \$19,899 per month, plus certain operating expenses. Future minimum lease payments to be received under this lease agreement as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 210,718
2025	210,718
2026	105,359
Total	<u>\$ 526,795</u>

NOTE 8 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% 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, 2023 and 2022, the Organization made contributions to the plan of \$170,671 and \$270,169, respectively.

NOTE 9 ECONOMIC DEPENDENCY

For the year ended December 31, 2023, contribution revenue from one donor represented approximately 37% of the Organization's total revenue. For the year ended December 31, 2022, contribution revenue from another donor represented approximately 54% of the Organization's total revenue.

NOTE 10 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, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.



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