National Brain Tumor Society

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Contents
December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors of
National Brain Tumor Society, Inc. and Subsidiaries:

Opinion

We have audited the consolidated financial statements of National Brain Tumor Society, Inc. (a Massachusetts corporation, not for profit) and Subsidiaries (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Brain Tumor Society, Inc. and Subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization'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.

AAFCPAs, Inc.

Westborough, Massachusetts
June 6, 2024

NATIONAL BRAIN TUMOR SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets	**2023**	**2022**
Current Assets:		
Cash and cash equivalents	$ 12,469,607	$ 11,507,934
Employee retention credit receivable	276,180	783,108
Current portion of pledges receivable, net of allowance for doubtful accounts	428,750	810,481
Prepaid expenses and other assets	280,305	195,673
Total current assets	13,454,842	13,297,196
Pledges Receivable, net of current portion	45,000	59,000
Convertible Notes and Interest Receivable	401,775	100,000
Non-Marketable Investments in Life Science Companies	709,224	509,211
Investments	883,467	841,915
Property and Equipment, net	155,168	181,480
Right-of-Use Assets - Operating	260,404	364,911
Intangible Asset	52,091	69,455
Total assets	$ 15,961,971	$ 15,423,168
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 218,714	$ 167,882
Accrued expenses and other	180,053	159,317
Research grants payable	-	548,750
Current portion of operating lease liabilities	113,244	88,536
Total current liabilities	512,011	964,485
Operating Lease Liabilities, net of current portion	163,130	276,375
Total liabilities	675,141	1,240,860
Net Assets:		
Without donor restrictions	10,148,462	8,867,565
With donor restrictions	5,138,368	5,314,743
Total net assets	15,286,830	14,182,308
Total liabilities and net assets	$ 15,961,971	$ 15,423,168

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

NATIONAL BRAIN TUMOR SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Fundraising and special events	$ 7,141,994	$ 497,324	$ 7,639,318	$ 6,469,733	$ 545,038	$ 7,014,771
Grants and contributions	1,888,346	2,658,241	4,546,587	1,828,851	2,577,817	4,406,668
Bequests	575,529	-	575,529	1,096,032	-	1,096,032
Interest, dividends and other	373,625	-	373,625	18,168	-	18,168
Donated goods and services	60,496	-	60,496	31,660	-	31,660
Net assets released from purpose restrictions	3,331,940	(3,331,940)	-	2,464,219	(2,464,219)	-
Total operating revenue	13,371,930	(176,375)	13,195,555	11,908,663	658,636	12,567,299
Operating Expenses:						
Program	10,320,599	-	10,320,599	8,788,696	-	8,788,696
Fundraising	1,133,653	-	1,133,653	931,301	-	931,301
General and administrative	796,002	-	796,002	678,385	-	678,385
Total operating expenses	12,250,254	-	12,250,254	10,398,382	-	10,398,382
Changes in net assets from operations	1,121,676	(176,375)	945,301	1,510,281	658,636	2,168,917
Non-Operating Revenue (Losses):						
Recovery of grant expense	153,810	-	153,810	-	-	-
Net gain (loss) on investments	5,411	-	5,411	(67,026)	-	(67,026)
Forgiveness of debt	-	-	-	693,848	-	693,848
Total non-operating revenue (losses)	159,221	-	159,221	626,822	-	626,822
Changes in net assets	1,280,897	(176,375)	1,104,522	2,137,103	658,636	2,795,739
Net Assets:						
Beginning of year	8,867,565	5,314,743	14,182,308	6,730,462	4,656,107	11,386,569
End of year	$ 10,148,462	$ 5,138,368	$ 15,286,830	$ 8,867,565	$ 5,314,743	$ 14,182,308

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

NATIONAL BRAIN TUMOR SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Changes in net assets	$ 1,104,522	$ 2,795,739
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Noncash lease expense	15,970	-
Depreciation	73,747	22,004
Amortization	17,364	17,364
Bad debt	-	10,000
Net (gain) loss on investments	(5,411)	67,026
Recovery of grant expense	(153,810)	-
Forgiveness of debt	-	(693,848)
Changes in operating assets and liabilities:		
Employee retention credit receivable	506,928	-
Pledges receivable	395,731	(310,314)
Prepaid expenses and other assets	(84,632)	(70,992)
Accrued interest	(1,775)	2,796
Accounts payable	50,832	(51,022)
Accrued expenses and other	20,736	67,534
Research grants payable	(394,940)	(151,250)
Net cash provided by operating activities	1,545,262	1,705,037
Cash Flows from Investing Activities:		
Proceeds from sales of investments	-	50,198
Purchases of investments and dividends reinvested	(36,141)	(98,570)
Purchases of non-marketable investments in life science companies	(200,013)	(188,412)
Issuance of notes receivable	(300,000)	(100,000)
Acquisition of property and equipment	(47,435)	(116,671)
Net cash used in investing activities	(583,589)	(453,455)
Net Change in Cash and Cash Equivalents	961,673	1,251,582
Cash and Cash Equivalents:		
Beginning of year	11,507,934	10,256,352
End of year	$ 12,469,607	$ 11,507,934
Supplemental Disclosure of Non-cash Transactions:		
Unrealized (gain) loss on investments	$ (14,275)	$ 36,562
Notes receivable and interest converted to non-marketable investments in pharmaceutical companies	$ -	$ 101,418

NATIONAL BRAIN TUMOR SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023				2022
	Program	Fundraising	General and Adminis-trative	Total	Total
Expenses:					
Personnel:					
Salaries	$ 3,684,391	$ 766,552	$ 356,939	$ 4,807,882	$ 4,230,132
Payroll taxes and fringe benefits	642,062	126,283	73,022	841,367	759,058
Total personnel	4,326,453	892,835	429,961	5,649,249	4,989,190
Research grants	2,467,750	-	-	2,467,750	2,241,460
Other:					
Special events	1,073,728	15,559	-	1,089,287	885,313
Professional services	785,543	11,074	62,725	859,342	651,341
Travel	387,750	13,017	14,787	415,554	196,371
Systems and technology	274,194	50,818	44,537	369,549	312,255
Bank fees	144,703	51,678	53,143	249,524	225,659
Advertising	203,852	16,051	-	219,903	143,759
Merchandise	168,804	1,130	667	170,601	179,308
Technology	107,920	23,161	25,477	156,558	140,130
Occupancy	62,491	17,471	36,514	116,476	20,921
Training and recruiting	11,757	3,293	76,871	91,921	60,924
Depreciation and amortization	78,902	9,723	2,486	91,111	39,368
Public relations	75,256	8,362	-	83,618	100,221
Donated goods and services	54,361	6,135	-	60,496	31,660
Office	14,948	2,962	36,017	53,927	49,314
Dues and subscriptions	35,549	3,341	681	39,571	48,750
Insurance	20,179	5,176	10,352	35,707	36,514
Postage and shipping	25,083	1,869	1,784	28,736	31,477
Miscellaneous	1,374	-	-	1,374	1,649
Bad debt	-	-	-	-	10,000
Interest	-	-	-	-	2,798
Total other	3,526,396	240,818	366,041	4,133,255	3,167,732
Total expenses	$ 10,320,599	$ 1,133,653	$ 796,002	$ 12,250,254	$ 10,398,382

NATIONAL BRAIN TUMOR SOCIETY, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program	Fundraising	General and Adminis-trative	Total
Expenses:				
Personnel:				
Salaries	$ 3,207,877	$ 684,264	$ 337,991	$ 4,230,132
Payroll taxes and fringe benefits	583,090	109,975	65,993	759,058
Total personnel	3,790,967	794,239	403,984	4,989,190
Research grants	2,241,460	-	-	2,241,460
Other:				
Special events	873,346	11,967	-	885,313
Professional services	582,693	7,658	60,990	651,341
Travel	178,493	12,362	5,516	196,371
Systems and technology	255,975	17,554	38,726	312,255
Bank fees	122,595	50,475	52,589	225,659
Advertising	143,759	-	-	143,759
Merchandise	177,924	992	392	179,308
Technology	107,153	16,578	16,399	140,130
Occupancy	10,141	3,138	7,642	20,921
Training and recruiting	18,404	1,657	40,863	60,924
Depreciation and amortization	38,448	307	613	39,368
Public relations	100,221	-	-	100,221
Donated goods and services	31,660	-	-	31,660
Office	19,457	2,353	27,504	49,314
Dues and subscriptions	43,488	4,518	744	48,750
Insurance	22,181	5,147	9,186	36,514
Postage and shipping	25,884	2,356	3,237	31,477
Miscellaneous	1,649	-	-	1,649
Bad debt	-	-	10,000	10,000
Interest	2,798	-	-	2,798
Total other	2,756,269	137,062	274,401	3,167,732
Total expenses	$ 8,788,696	$ 931,301	$ 678,385	$ 10,398,382

1. OPERATIONS AND NONPROFIT STATUS

National Brain Tumor Society, Inc. (NBTS) (a Massachusetts corporation, not for profit) unrelentingly invests in, mobilizes, and unites the brain tumor community to discover a cure, deliver effective treatments and advocate for patients and care partners. NBTS advances its charitable mission through funding and enabling innovative medical research, public policy advocacy, brain tumor community health initiatives, providing patient and caregiver education, support and health care navigation, and through convening thousands of people affected by brain tumors throughout the United States. NBTS is headquartered in Newton, Massachusetts.

NBTS has subsidiary corporations in which it is the sole member:

Cure GBM, LLC (Cure GBM) is a Delaware limited liability company organized on October 3, 2012, for the purpose of operating the Defeat GBM Research Collaborative, a multi-year initiative leveraging team science among world-class research institutes and fostering collaboration in order to direct research and to accelerate drug discovery and development activities so as to advance efficacious therapies for Glioblastoma Multiforme to the clinic as quickly as possible.

Pediatric Cancer Cure, LLC (PCC) is a Delaware limited liability company organized on October 1, 2014, for the purpose of carrying out, and operating the Defeat Pediatric Brain Tumor Research Collaborative. It is a multi-year initiative leveraging team science among world-class research institutions and fostering collaboration in order to direct research related to pediatric brain tumors.

NBTS Venture Fund, LLC d/b/a Brain Tumor Investment Fund (BTIF) is a Delaware limited liability company organized on March 10, 2020, for the purpose of funding research and making investments in biopharmaceutical, device and technology companies seeking to develop potentially transformative treatments for brain tumor patients. BTIF received contributions of approximately $168,000 and $518,000 in 2023 and 2022, respectively. The contributions are pooled to be invested in a portfolio of various life science companies in the form of convertible notes (see Note 9) or direct shares of stock (see Note 10).

TDG, LLC (TDG) is a Delaware limited liability company organized on February 16, 2021, for the purpose of carrying out and operating NBTS's DNA Damage Response Consortium (DDR-C). The DDR-C is grant funded multi-institutional consortium of leading medical academic centers working collaboratively to develop a class of treatments for patients with brain tumors targeting the DNA Damage Response Network. TDG received contributions totaling approximately $1,667,000 and $933,000 in 2023 and 2022, respectively.

NBTS is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). NBTS is also exempt from state income taxes. Donors may deduct contributions made to NBTS within the requirements of the IRC. Cure GBM, PCC, BTIF, and TDG are disregarded for the tax purposes and the activities of these entities are included in the informational returns of NBTS.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of NBTS, Cure GBM, PCC, BTIF, and TDG. All material intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. NBTS, Cure GBM, PCC, BTIF, and TDG are collectively referred to as the Organization in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Organization prepares its consolidated financial statements in accordance with generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Adoption of New Accounting Standards

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments.* ASU 2016-13 introduced a new accounting model, the Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization adopted the standard effective January 1, 2023, using the modified retrospective method. Based on the composition of Organization’s assets and expected future losses, the adoption of ASU 2016-13 did not have a material impact on the Organization’s 2023 consolidated financial statements.

Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

In accordance with Topic 958, *Not-for-Profit Entities (Topic 958),* the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of the assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Revenue from grants and contributions without restrictions is recorded as without donor restrictions revenue and net assets when unconditionally pledged or received. Fundraising and special events revenue are recognized as revenue when unconditionally pledged or received. Revenue from restricted grants is recorded as with donor restrictions revenue and net assets when unconditionally pledged or received. Transfers are made to without donor restrictions revenue and net assets as costs are incurred or time restrictions or program restrictions have lapsed.

The Organization is and may be named beneficiary of trusts and wills. The amounts to be received, if any, cannot be determined and are therefore not reflected in the accompanying consolidated financial statements until received. During 2023 and 2022, the Organization received bequests totaling $575,529 and $1,096,032, respectively, which are shown as bequests in the accompanying consolidated statements of activities and changes in net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are allocated to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The Organization allocates personnel expense based on time and effort, and occupancy and depreciation, based on square footage.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted), unspent appreciation on the endowment, and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent.

Net assets with donor restrictions are restricted as follows as of December 31:

	2023	2022
Subject to expenditure for specific purposes:		
Research initiatives	$ 4,065,930	$ 4,174,644
Community initiatives	506,991	574,651
Unspent appreciation on endowment	18,794	18,794
	4,591,714	4,768,089
Subject to the Organization's endowment spending policy:		
Investment in perpetuity	546,654	546,654
	$ 5,138,368	$ 5,314,743

The Organization manages the endowment, with a balance of $546,654, under the prudent-management standards as outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization benchmarks the investment returns of the endowment investment portfolio using the ninety-day Treasury Bill index. The Organization targets a 100% fixed income allocation, with a duration less than or equal to three years.

Income earned on the original endowment of $296,654 is restricted to support the costs of producing and distributing *The Essential Guide to Brain Tumors* and to fund research projects. Distributions are made annually as funds are available and costs are incurred relating to the restriction. The Organization has a second endowment of $250,000 which is restricted to fund brain tumor research. Distributions are made annually as funds are available and costs are incurred relating to the restriction.

All earnings on the endowment funds were used for program services during 2023 and 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents for consolidated statements of cash flow purposes consist of checking and money market accounts, excluding those held in the investment portfolio.

Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable consist of amounts committed by donors which have not been received by the end of the year. These pledges are expected to be collected as follows at December 31:

	2023	2022
Less than one year	$ 428,750	$ 810,481
One to five years	70,000	84,000
	498,750	894,481
Less - allowance for doubtful accounts	25,000	25,000
Net pledges receivable	473,750	869,481
Less - current portion	428,750	810,481
Long-term pledges receivable, net	$ 45,000	$ 59,000

An allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in pledges receivable. The allowance is based upon specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Convertible Notes and Interest Receivable

Periodically, the Organization invests through BTIF, in life science companies seeking to develop potentially transformative treatments for brain tumor patients. Generally, these notes accrue interest at a stated rate and have the option to convert into equity at a discount based on a specified future event. The Organization considers a convertible note receivable as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the convertible note receivable agreement, or the underlying shares for which the notes would convert have a decrease in value. There were no loans that were deemed to be impaired as of December 31, 2023 or 2022.

Property and Equipment and Depreciation

Property and equipment (see Note 3) are recorded at cost when purchased or at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. The Organization's policy is to capitalize assets greater than $5,000 with a useful life greater than one year.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives
Website	3 years
Leasehold improvements	Shorter of remaining term of lease or 5 years
Furniture and fixtures	7 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Asset

Intangible asset consists of costs incurred related to the Organization's new logo and rebrand, totaling $86,819 at December 31, 2023 and 2022. The logo and rebrand costs were placed in service in 2022. Amortization is computed using the straight-line method over the five-year expected useful life of the intangible asset. Amortization expense was $17,364 for 2023 and 2022, respectively. Accumulated amortization was $34,728 and $17,364 at December 31, 2023 and 2022, respectively.

Consolidated Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to brain tumor research are reported as operating revenue and operating expenses in the accompanying consolidated statements of activities and changes in net assets. Non-operating revenue (losses) includes investment activity, forgiveness of debt and recovery of grant expense.

Research Grant Commitments

Research grants are recorded when awarded by the Organization when substantial conditions are met by the grantee. Research grants at December 31, 2022, are expected to be paid during the subsequent year are shown as current liabilities in the accompanying 2022 consolidated statement of financial position. There were no research grants committed but not paid as of December 31, 2023. There was a recovery of research grants during 2023 of $153,810 which is shown as recovery of grant expense in the accompanying 2023 consolidated statement of activities and changes in net assets.

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs for the years ended December 31, 2023 and 2022, were $219,903 and $143,759, respectively, which are reflected as advertising in the accompanying consolidated statements of functional expenses.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at December 31, 2023 and 2022. The Organization's information returns are subject to examination by Federal and state jurisdictions.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Cash Equivalents

Cash equivalents consist of money market accounts. Cash equivalents are considered Level 1 in the fair value hierarchy.

Investments

The Organization records investments at fair value. Investment gains and losses are reflected in the accompanying consolidated statements of activities and changes in net assets as realized upon sale or as unrealized based on changes in fair value of securities held. Interest and dividends are recorded when earned.

If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Organization records its bond investments using quoted prices for identical or similar assets in non-active markets (Level 2 inputs).

Non-Marketable Investments in Life Science Companies

The Organization accounts for non-marketable investments in life science companies using the measurement alternative under ASU 2016-01 (see Note 10), which is defined as cost, less impairment, plus or minus changes resulting from observable price changes for identical or similar investments of the same issuer. These estimated values may differ significantly from the values that would have been used had a ready market existed for the underlying investments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Marketable Investments in Life Science Companies (Continued)

The Organization periodically assesses the carrying value for all investments in non-marketable companies for possible impairment. No impairment losses were recognized in 2023 or 2022.

Leases

Leases are accounted for in accordance with ASU 2016-02, *Leases* (Topic 842). The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets - operating lease and operating lease obligations in the accompanying 2023 and 2022 consolidated 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 lease assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's current leases do not provide an implicit rate, the Organization uses the U.S. Treasury risk-free rate of return based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Rent expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization may enter into lease agreements with lease and non-lease components. The Organization accounts for the lease and non-lease components as a single lease component except for non-lease components for which there is variability in future lease payments. The variable lease payments, which are primarily comprised of utilities and real estate taxes, are recognized in the period in which the obligation for those payments was incurred.

Subsequent Events

Subsequent events have been evaluated through June 6, 2024, which is the date the consolidated financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the consolidated financial statements other than those disclosed in Notes 9 and 10.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Website	$ 179,644	$ 179,644
Leasehold improvements	39,894	21,796
Furniture and fixtures	29,337	-
	248,875	201,440
Less - accumulated depreciation	93,707	19,960
Net property and equipment	$ 155,168	$ 181,480

4. INVESTMENTS

The primary investment objective is to balance the protection of asset values while earning a return. Investment allocations are periodically reviewed by the Finance Committee and adjustments are made. The Board of Directors will review and make changes as necessary on an annual basis.

Investments are presented in the accompanying consolidated financial statements at fair value using Level 1 and Level 2 inputs (see Note 2) and are comprised of the following as of December 31:

2023	Level 1	Level 2	Level 3	Total
Cash and money market	$ 479,019	$ -	$ -	$ 479,019
Corporate bonds	-	219,045	-	219,045
Fixed income funds	96,782	-	-	96,782
U.S. Treasuries	-	88,621	-	88,621
Total	$ 575,801	$ 307,666	$ -	$ 883,467

2022	Level 1	Level 2	Level 3	Total
Cash and money market	$ 340,516	$ -	$ -	$ 340,516
Corporate bonds	-	247,841	-	247,841
Fixed income funds	243,856	-	-	243,856
U.S. Treasuries	-	9,702	-	9,702
Total	$ 584,372	$ 257,543	$ -	$ 841,915

Investments are not insured and are subject to ongoing market fluctuations. The corporate bonds mature at various times between January 2024 and May 2033. The U.S. Treasuries mature at various times between January 2024 and May 2024.

Investments are classified as long-term in the accompanying consolidated statements of financial position as of December 31, 2023 and 2022, as management intends to hold these investments for long-term purposes.

5. DONATED GOODS AND SERVICES

The Organization recognizes in-kind contribution revenue for certain services that would be purchased if not donated, at the fair value of those items. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Volunteers and other organizations contribute goods and services to the Organization in support of various aspects of its programs. These goods and services are reflected in the accompanying consolidated financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or by management and consist of various raffle gifts and donated food for the Organizations' events.

Donated goods totaled $60,496 and $31,660 for the years ended December 31, 2023 and 2022, respectively.

6. OPERATING LEASES

In November 2022, the Organization entered into a lease agreement for office space effective from January 2023 through December 2025. Monthly lease payments of approximately $1,400 commence in January 2023 and escalate annually as defined in the agreement. Prior to the agreement, the Organization occupied space in this building under a month-to-month agreement.

In November 2022, the Organization entered into an operating lease in Boston, Massachusetts from February 2023 through March 2026. The lease required a security deposit of $18,494. As part of the agreement, the Organization received two months of free rent for February and March 2023. Monthly lease payments of approximately $8,800 commence in April 2023 and escalate annually as defined in the agreement.

The following summarizes operating lease costs included in occupancy in the accompanying consolidated statements of functional expenses, for the years ended December 31:

	2023	2022
Operating lease cost	$ 111,989	$ 20,921
Short-term lease cost	4,487	-
Total lease costs	$ 116,476	$ 20,921

Following is a schedule of future minimum lease payments in accordance with the agreements as of December 31, 2023:

2024	$ 131,841
2025	129,401
2026	27,741
	288,983
Less - discount to present value	(12,609)
Less - current portion	(113,244)
Operating lease obligations, net of current portion	$ 163,130

Additional information about the Organization's leases is as follows for December 31:

	2023	2022
Weighted-average remaining lease term	2 years	3 years
Weighted-average discount rate	4.16%	4.10%

7. CONCENTRATIONS

The Organization maintains its operating cash and money market balances in various banks. The Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NSCUSIF) insures balances at each institution up to certain amounts. At certain times during the years ended December 31, 2023 and 2022, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its operating cash balance.

Approximately 94% and 50% of pledges receivable was from six and three donors as of December 31, 2023 and 2022, respectively.

8. EMPLOYMENT BENEFIT PLANS

The Organization has a tax deferred pension plan under Section 401(k) of the Internal Revenue Service (IRS) (the 401(k) Plan) for all employees. The Organization can elect to make a discretionary matching contribution to the 401(k) Plan. The Organization's contributions for the years ended December 31, 2023 and 2022, totaled $118,217 and $110,226, respectively, which are included in payroll taxes and fringe benefits in the accompanying consolidated statements of functional expenses.

9. CONVERTIBLE NOTES AND INTEREST RECEIVABLE

BTIF has entered into unsecured note agreements with life science companies to invest in research. Notes and interest receivable consist of the following at December 31:

	2023		2022	
	Notes Receivable	Interest Receivable	Notes Receivable	Interest Receivable
Note A	$ 100,000	$ -	$ 100,000	$ -
Note B	-	-	-	-
Note F	300,000	1,775	-	-
	$ 400,000	$ 1,775	$ 100,000	$ -

The Note A agreement has an automatic conversion of the note to shares of the life science company's (Company A) preferred stock upon Company A closing on qualified financing. This note bears no interest. The mechanics of conversion are dependent upon the facts and circumstances of the financing as defined in the convertible note agreement. In February 2024, Company A issued stock and Note A was converted into 927,962 shares of preferred stock. At the time of issuance BTIF purchased an additional $50,000 for 394,384 shares of preferred stock at $0.13 per share (see Note 10).

Note B bore interest of 8% and was scheduled to mature in July 2023. The agreement had an automatic conversion of note plus interest to shares of the life science company's (Company B) preferred stock upon Company B closing on qualified financing. The mechanics of conversion were dependent upon the facts and circumstances of the financing as defined in the convertible note agreement. On April 8, 2022, Note B and related interest were converted to 20,959 shares of preferred stock at a discount of 25% to the purchase price of the shares (see Note 10).

Note F bears interest at 8% per annum and is set to mature in October 2025. The agreement has an automatic conversion of the note to shares of the life science company's preferred stock upon Company F closing on qualified financing. The mechanics of conversion are dependent upon the facts and circumstances of the financing as defined in the convertible note agreement.

10. NON-MARKETABLE INVESTMENTS IN LIFE SCIENCE COMPANIES

Investments in life science companies are recorded on the measurement alternative method based upon BTIF's lack of significant influence over the companies as it holds less than 2% of total shares in the respective companies.

On June 9, 2021, BTIF's note receivable with Company C and related interest of $105,632 converted to 151,708 shares of preferred stock at a discount of 40% of the purchase price of the shares. Additionally, on July 1, 2021, BTIF purchased an additional 11,848 shares. On March 25, 2022, BTIF purchased an additional 31,236 of shares priced at $1.16 per share. Total shares in Company C are 194,792. The investment is valued at cost of $155,632 as of December 31, 2023 and 2022, respectively.

10. NON-MARKETABLE INVESTMENTS IN LIFE SCIENCE COMPANIES (Continued)

On April 8, 2022, Company B and related interest were converted to 20,959 shares of preferred stock at a discount of 25% to the purchase price of the shares. Additionally, in April 2022, BTIF purchased 22,765 additional shares of preferred stock valued at $6.59 per share (see Note 9). In July of 2023, BTIF purchased 15,176 additional shares of preferred stock valued at $6.59 per share. Total shares in Company B are 58,900 and 43,724, which was valued at cost of $353,578 and $253,580, respectively, as of December 31, 2023 and 2022.

On June 24, 2021, BTIF invested $99,999 in a life science company (Company D) to purchase 53,390 shares of preferred stock in Company D priced at $1.87 per share. The investment is valued at cost of $99,999 as of December 31, 2023 and 2022.

On February 21, 2023, BTIF invested $100,015 in a life science company (Company E) to purchase 3,218 shares of preferred stock in Company E priced at $31.08 per share. The investment is valued at cost of $100,015 as of December 31, 2023.

In February 2024, Company A issued stock and Note A was converted into 927,962 shares of preferred stock. At the time of issuance BTIF purchased an additional $50,000 was invested purchasing 394,384 shares preferred stock at $0.13 per share (see Note 9).

Non-marketable investments in life science companies consist of:

	2023	2022
Company B	$ 353,578	$ 253,580
Company C	155,632	155,632
Company E	100,015	-
Company D	99,999	99,999
	$ 709,224	$ 509,211

On the adoption of ASU 2016-01, the Organization elected to measure all non-marketable investments using the measurement alternative in which these investments are measured at cost, less impairment, plus or minus changes resulting from observable price changes for identical or similar investments of the same issuer. The values presented herein are not necessarily indicative of the amount that the Organization could realize in a current transaction. The values may differ significantly from the values that would have been used had a ready market value for the underlying assets existed and the differences could be material. Future confirming events will also affect the estimates of the value, and the effect of such events on those estimates of the value could be material.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the consolidated statements of financial position date for general operating purposes are as follows as of December 31:

	2023	2022
Cash	$ 12,469,607	$ 11,507,934
Employee retention credit receivable	276,180	783,108
Pledges receivable	428,750	810,481
	13,174,537	13,101,523
Less - contractual or donor-imposed restrictions	(4,527,920)	(4,690,295)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,646,617	$ 8,411,228

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization is substantially supported by restricted grants and contributions. Because a donor's restriction requires 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, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has approximately $297,000 and $276,000 of investments without donor restrictions as of December 31, 2023 and 2022, respectively, that are held for long-term growth and sustainability (see Note 4). At any given time, in the event of an unforeseen liquidity need, the investments could be liquidated to meet ongoing obligations.

12. EMPLOYER RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 70% of the first $10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021. To be eligible, the Organization must meet certain conditions as described in applicable laws and regulations.

The Organization determined that it qualified for the ERTC and therefore, accounted for them as conditional grants under ASC Subtopic 958-605. These grants were conditional upon certain performance requirements and the incurrence of eligible expenses. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. The Organization recognized $783,108 of revenue in 2021 related to ERTCs. As of December 31, 2023 and 2022, $276,180 and $783,108, respectively, of ERTCs were unpaid and are shown as employee retention credit receivable in the consolidated statements of financial position.