

The New York Academy of Medicine

Financial Statements

December 31, 2020 and 2019

Independent Auditors' Report

Board of Trustees The New York Academy of Medicine

We have audited the accompanying financial statements of The New York Academy of Medicine ("NYAM"), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 auditor considers internal control relevant to the entity'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 entity'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 The New York Academy of Medicine as of December 31, 2020 and 2019, 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.

PKF O'Connor Davies, LLP

May 19, 2021

The New York Academy of Medicine

Statements of Financial Position

	December 31	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 635,437	\$ 299,924
Contributions and grants receivable, net	1,292,813	1,213,434
Accounts receivable	244,489	120,335
Prepaid expenses and other assets	36,389	111,834
Investments	68,211,374	69,091,952
Property and equipment, net	7,488,140	7,841,882
Beneficial interest in perpetual trust	171,972	172,457
	\$ 78,080,614	\$ 78,851,818
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 745,778	\$ 798,232
Other payables	25,382	933,453
Grants payable	312,500	284,000
Deferred income	275,634	309,675
Total Liabilities	1,359,294	2,325,360
Net Assets		
Without donor restrictions	44,470,006	43,977,197
With Donor Restrictions		
Time or purpose restricted	20,273,459	20,597,470
Investments held in perpetuity	11,977,855	11,951,791
Total With Donor Restrictions	32,251,314	32,549,261
Total Net Assets	76,721,320	76,526,458
	\$ 78,080,614	\$ 78,851,818

See notes to financial statements

The New York Academy of Medicine

Statements of Activities

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose Restricted	Investments Held in Perpetuity			Time or Purpose Restricted	Investments Held in Perpetuity	
OPERATING ACTIVITIES								
Operating Support								
Grants and contributions	\$ 929,271	\$ 3,533,239	\$ -	\$ 4,462,510	\$ 259,136	\$ 4,856,473	\$ -	\$ 5,115,609
PPP loan forgiveness	1,568,262	-	-	1,568,262	-	-	-	-
Special events revenue (net of direct benefit to donors of \$0 and \$259,816)	-	-	-	-	785,673	-	-	785,673
Total Operating Support	2,497,533	3,533,239	-	6,030,772	1,044,809	4,856,473	-	5,901,282
Operating Revenues								
Investment return designated for current operations	3,597,669	-	-	3,597,669	4,052,338	-	-	4,052,338
Subscriptions and fees	883,959	838	-	884,797	2,389,102	5,000	-	2,394,102
Membership dues	190,986	-	-	190,986	134,215	-	-	134,215
Miscellaneous	393,161	-	-	393,161	500,986	-	-	500,986
Net assets released from restrictions for operations	5,193,327	(5,193,327)	-	-	8,084,132	(8,084,132)	-	-
Total Operating Activities	12,756,635	(1,659,250)	-	11,097,385	16,205,582	(3,222,659)	-	12,982,923
OPERATING EXPENSES								
Program services	8,286,914	-	-	8,286,914	11,492,650	-	-	11,492,650
Management and general	3,072,054	-	-	3,072,054	3,423,342	-	-	3,423,342
Fundraising	1,272,910	-	-	1,272,910	1,377,925	-	-	1,377,925
Total Operating Expenses	12,631,878	-	-	12,631,878	16,293,917	-	-	16,293,917
Change in Net Assets	124,757	(1,659,250)	-	(1,534,493)	(88,335)	(3,222,659)	-	(3,310,994)
NON-OPERATING ACTIVITIES								
Permanently restricted contributions	-	-	5,000	5,000	-	-	-	-
Change in value of beneficial interest in perpetual trust	-	-	(485)	(485)	-	-	(415)	(415)
Valuation adjustment	-	-	(1,500)	(1,500)	-	-	-	-
Investment return not designated for current operations	368,052	1,285,239	73,049	1,726,340	4,996,631	1,870,098	146,016	7,012,745
Change in Net Assets	492,809	(374,011)	76,064	194,862	4,908,296	(1,352,561)	145,601	3,701,336
NET ASSETS								
Beginning of year	43,977,197	20,597,470	11,951,791	76,526,458	39,068,901	21,950,031	11,806,190	72,825,122
Redesignation	-	50,000	(50,000)	-	-	-	-	-
End of year	\$ 44,470,006	\$ 20,273,459	\$ 11,977,855	\$ 76,721,320	\$ 43,977,197	\$ 20,597,470	\$ 11,951,791	\$ 76,526,458

See notes to financial statements

The New York Academy of Medicine

Statement of Functional Expenses Year Ended December 31, 2020

	Program Services				Supporting Services			
	Community Partnerships and Policy Solutions	Evaluation and Research Programs	Library	Other Program Services	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 606,490	\$ 772,477	\$ 635,594	\$ 2,288,247	\$ 4,302,808	\$ 1,915,298	\$ 905,754	\$ 7,123,860
Employee benefits and taxes	154,049	207,911	160,548	576,058	1,098,566	449,130	203,222	1,750,918
Professional fees and consultants	23,567	19,478	17,114	135,879	196,038	356,833	44,857	597,728
Program supplies	9,531	12,004	45,127	18,977	85,639	15,321	15,841	116,801
Office expenses	8,472	8,402	5,590	14,910	37,374	11,727	17,437	66,538
Travel, conference and meetings	17,999	17,550	2,258	33,031	70,838	1,888	1,301	74,027
Contractual services	180,700	40,066	47,413	372,905	641,084	44,829	6,721	692,634
Occupancy and building maintenance	98,260	64,464	90,448	182,845	436,017	57,068	12,958	506,043
Insurance	-	-	-	-	-	160,003	-	160,003
Awards and fellowships	38,877	-	2,000	525,064	565,941	-	-	565,941
Other general and administrative	2,515	18,435	55,033	90,696	166,679	14,094	49,168	229,941
Total Expenses Before Depreciation and Amortization	1,140,460	1,160,787	1,061,125	4,238,612	7,600,984	3,026,191	1,257,259	11,884,434
Depreciation and amortization	166,862	114,592	96,027	308,449	685,930	45,863	15,651	747,444
Total Expenses	<u>\$ 1,307,322</u>	<u>\$ 1,275,379</u>	<u>\$ 1,157,152</u>	<u>\$ 4,547,061</u>	<u>\$ 8,286,914</u>	<u>\$ 3,072,054</u>	<u>\$ 1,272,910</u>	<u>\$ 12,631,878</u>

See notes to financial statements

The New York Academy of Medicine

Statement of Functional Expenses Year Ended December 31, 2019

	Program Services					Supporting Services			
	Community Partnerships and Policy Solutions	Evaluation and Research Programs	Library	Other Program Services	Total	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and wages	\$ 937,487	\$ 867,991	\$ 647,421	\$ 2,474,321	\$ 4,927,220	\$ 1,794,833	\$ 880,399	\$ -	\$ 7,602,452
Employee benefits and taxes	244,490	222,182	156,388	594,878	1,217,938	378,443	182,195	-	1,778,576
Professional fees and consultants	55,026	50,302	47,026	760,943	913,297	722,418	151,376	239,171	2,026,262
Program supplies	9,305	19,193	59,288	87,955	175,741	50,831	30,575	-	257,147
Office expenses	7,161	7,357	10,066	43,848	68,432	36,023	23,929	7,966	136,350
Travel, conference and meetings	33,074	71,308	19,200	410,623	534,205	8,910	14,010	843	557,968
Contractual services	177,679	130,409	54,537	1,217,737	1,580,362	110,943	39,705	-	1,731,010
Occupancy and building maintenance	53,918	69,172	79,941	252,407	455,438	72,798	19,132	-	547,368
Insurance	-	-	-	-	-	156,351	-	-	156,351
Awards and fellowships	29,691	-	15,250	602,898	647,839	-	-	-	647,839
Other general and administrative	1,412	3,184	59,907	169,203	233,706	42,989	19,174	11,836	307,705
Total Expenses Before Depreciation and Amortization	1,549,243	1,441,098	1,149,024	6,614,813	10,754,178	3,374,539	1,360,495	259,816	15,749,028
Depreciation and amortization	106,384	98,958	78,902	454,228	738,472	48,803	17,430	-	804,705
Less direct benefit to donors	-	-	-	-	-	-	-	(259,816)	(259,816)
Total Expenses	\$ 1,655,627	\$ 1,540,056	\$ 1,227,926	\$ 7,069,041	\$ 11,492,650	\$ 3,423,342	\$ 1,377,925	\$ -	\$ 16,293,917

See notes to financial statements

The New York Academy of Medicine

Statements of Cash Flows

	Year Ended	
	December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 194,862	\$ 3,701,336
Adjustments to reconcile change in net assets to net cash from operating activities		
Permanently restricted contributions	(5,000)	-
Depreciation and amortization	747,444	804,705
Bad debt expense	38,356	-
Net realized and unrealized gain on investments	(4,090,106)	(9,160,270)
Change in beneficial interest in perpetual trust	485	415
Changes in operating assets and liabilities		
Contributions and grants receivable	(117,735)	1,401,841
Accounts receivable	(124,154)	69,122
Prepaid expenses and other assets	75,445	11,709
Accounts payable and accrued expenses	(52,454)	(81,607)
Other payables	(908,071)	933,453
Grants payable	28,500	130,350
Deferred income	(34,041)	107,026
Net Cash from Operating Activities	(4,246,469)	(2,081,920)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(393,702)	(265,936)
Purchase of investments	(23,193,955)	(2,142,421)
Proceeds from sales of investments	28,164,639	4,287,069
Net Cash from Investing Activities	4,576,982	1,878,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Perpetual endowment contributions	5,000	-
Net Change in Cash and Cash Equivalents	335,513	(203,208)
CASH AND CASH EQUIVALENTS		
Beginning of year	299,924	503,132
End of year	\$ 635,437	\$ 299,924

See notes to financial statements

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

1. Organization and Tax Status

The New York Academy of Medicine (“NYAM”) tackles the barriers that prevent every individual from living a healthy life. NYAM generates the knowledge needed to change the systems that prevent people from accessing what they need to be healthy such as safe and affordable housing, healthy food, healthcare and more. Through its high-profile programming for the general public, focused symposia for health professionals, and its base of dedicated Fellows and Members, NYAM engages the minds and hearts of those who also value advancing health equity to maximize health for all.

NYAM is exempt from federal income taxes pursuant to Section 501(c) (3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements of NYAM have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as (“U.S. GAAP”), as applicable to not-for-profit organizations.

The preparation of financial statements in conformity 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 financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

NYAM considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents, with the exception of cash and cash equivalents held in the investment portfolio.

Investment Valuation and Income Recognition

NYAM's investments consist of (i) cash and cash equivalents held for investments, (ii) domestic and international equity securities, (iii) fixed-income securities, and (iv) alternative investments consisting of limited partnerships invested in private equity securities, flexible capital, hedge funds and real asset funds. Domestic and international equity securities and fixed-income securities are reported at their fair values at year-end based on market quotations. The alternative investments are reported at their fair values at year-end, based upon the valuation of the underlying assets as provided by the various investment managers.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Investment Valuation and Income Recognition (continued)

The methods and procedures used to value these alternative investments may include, but are not limited to, (i) performing comparisons with prices of comparable or similar securities; (ii) obtaining valuation-related information from issuers; and (iii) obtaining such other analytical data and indications of value as may be available from investment managers and other sources. However, because of the inherent uncertainty of the valuation process, the estimated fair values for the aforementioned securities and interests may differ from the values that would have been used had a ready market for the investments existed, and those differences could be material.

NYAM uses Net Asset Value (“NAV”) or its equivalent as a practical expedient to measure the fair values of certain investments. This applies to investments (a) which do not have a readily determinable fair value and (b) the financial statements of which were prepared by the respective investment managers, consistent with the measurement principles of an investment company or that have the attributes of an investment company.

NYAM's investments in limited partnerships are valued based on the valuation policies and procedures of the general partners. Each general partner performs oversight of the underlying managers' material positions both on an investment level and from a risk perspective. The general partner is responsible for ensuring the investments are valued according to the policies and procedures adopted by the partnership. NYAM places reliance upon those procedures and records these investments at fair value as determined by the general partner.

NYAM's investments are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

NYAM commingles its investments within a common investment pool to achieve a maximum return. Investment income, including realized and unrealized gains and losses, is allocated on a pro-rata basis to each of the participating restricted funds. Interest and dividend income, as well as realized and unrealized gains and losses, are reported as net assets with or without restrictions, in accordance with the donors' intentions.

Donated securities are recorded at their fair values at the dates of donation. It is NYAM's policy to sell the donated securities immediately upon receipt.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements

NYAM follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

U.S. GAAP guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of NYAM’s interest therein.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using NAV are not categorized within the fair value hierarchy.

Investments Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees’ financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Property and Equipment

NYAM's property and equipment are stated at their costs at the dates of acquisition. NYAM capitalizes all property and equipment expenditures or additions in excess of \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of (i) building, building improvements and land improvements, which range from 7 to 40 years; (ii) library books and publications, which range from 20 to 40 years; and (iii) furniture and equipment, which range from 5 to 15 years. Land is not depreciated. Minor costs for repairs and maintenance are expensed as incurred.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2020 and 2019, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management estimate of the recoverability of these assets.

Collection

NYAM has a collection of various purchased and donated materials, including books and artifacts. This collection is maintained by NYAM under curatorial care and is held for research, education and public exhibition in furtherance of public service. In accordance with not-for-profit industry practice, the costs and values of the items in the collection have not been capitalized and are not reported in the accompanying statements of financial position.

Accrued Vacation

Employees accrue vacation monthly with a provision for carryover of up to five unused days at the end of each calendar year, which must be taken by June 30 of the following year. Accrued vacation is included in accounts payable and accrued expenses in the accompanying financial statements and represents NYAM's obligation for the cost of unused employee vacation time that would be owed if employees were to leave NYAM's employment. As of December 31, 2020 and 2019, accrued vacation obligations were approximately \$161,000 and \$131,000 and are included in accounts payable and accrued expenses.

Deferred Income

Payments related to the rental of conference center space received in advance are recorded as deferred income and are recognized when earned in the subsequent year.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Grants Payable

NYAM has certain awards and fellowship programs that are funded from endowed gifts, as well as from individual contributions. These program awards are determined and approved by applicable program committees. NYAM reports the full award commitment upon approval by the funding committee.

Net Assets

NYAM's net assets, as well as its revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NYAM and changes therein are classified and reported as follows:

Without donor restrictions - those resources that are not subject to donor-imposed restrictions and are available for the support of operations.

With donor restrictions - represent amounts restricted by donors to be used for specific activities or at some future date, or which require NYAM to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors.

Contributions and Grants

Contributions and grants to NYAM are recognized as revenue upon the receipt of cash, securities, or unconditional pledges. Unconditional promises to give to NYAM that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using risk-free interest rates applicable to the years in which payments are expected to be received. Contributions received with no explicit donor-restrictions are considered to be available for the general purposes of NYAM. Conditional promises to give are not included until such conditions are substantially met.

Management provides an allowance for uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used all reasonable collection efforts, are charged to the allowance with a corresponding credit to contributions and grants receivable. The allowance for doubtful accounts was approximately \$27,000 and \$0 as of December 31, 2020 and 2019.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Contributions and Grants (continued)

NYAM reports contributions and grants in net assets with donor restrictions if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Subscriptions and Fees and Membership Dues

Subscriptions and fees consist of fees for (i) library services, (ii) the conference center facility, (iii) program registration fees, (iv) program sponsorship fees, and (v) lease income. The income is recognized when services are rendered. Membership dues are recorded as income in the applicable membership period.

Measure of Operations

NYAM includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income allocation and all contributions except for those that are restricted for capital expenditures or to be held in perpetuity by donors. Investment income, including net realized and unrealized gains and losses, earned in excess of (or less than) NYAM's aggregate authorized spending amount, contributions for capital expenditures, change in value of beneficial interest in perpetual trust and perpetual endowment contributions are recognized as non-operating activities.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. For example, programs include research, evaluation and policy, community partnerships, the library and fellows. Certain expenses attributable to more than one program or supporting function have been allocated among programs, management and general and fundraising. These expenses include salaries and wages, professional fees and consultants, office expenses, travel conference and meetings, and occupancy and building maintenance, which are allocated based on estimates of time and effort and building space occupied.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Accounting for Uncertainty in Income Taxes

NYAM is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For NYAM, ASC Topic 740 is potentially applicable to the incurrence of unrelated business income ("UBI"), attributable to certain alternative investments, conference center events and commissions, and sponsorship fees not related to NYAM's mission. Nonetheless, because of NYAM's general tax-exempt status, management believes that ASC Topic 740 has not had, and is not expected to have, a material impact on NYAM's financial statements. NYAM is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2017.

Reclassifications

Certain amounts in the 2019 statement of functional expenses and endowment note 11 have been reclassified to conform to the 2020 presentation. The change in net assets is unchanged due to these reclassifications.

Redesignation

In 2020, management reviewed a fund previously designated as a perpetual endowment with the donor. The donor approved conversion of the endowment fund to a restricted gift fund. Based upon that review and approval, the fund was re-designated as a purpose restricted fund with approval by the Board of Trustees.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is May 19, 2021.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

3. Concentrations of Credit Risk

Certain financial instruments potentially subject NYAM to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents. NYAM places its cash and investments with creditworthy, high-quality financial institutions. A portion of such cash and investments are not insured by the FDIC or SIPC. Management believes there is a very low risk of loss due to the failure of these institutions.

At December 31, 2020, NYAM had contributions and grants receivable due from one federal agency, one foundation, one university, and one individual totaling \$781,842. At December 31, 2019, NYAM had contributions and grants receivable due from two city agencies, one private corporation, one non-US agency and one foundation, totaling \$683,866. These amounts represented approximately 66% and 56% of the total outstanding contributions and grants as of December 31, 2020 and 2019.

4. Investments

The following summarizes the investments held by NYAM as of December 31:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ -	\$ -	\$ 10,261	\$ 10,261
Domestic and international equity securities	27,811,051	44,518,274	44,088,549	57,008,354
Fixed-income mutual funds	18,678,003	18,871,736	6,830,593	7,103,536
Flexible capital and hedge funds	28,990	84,044	40,328	110,000
Real estate funds	3,989,992	4,291,977	3,789,680	4,394,494
Private equity securities	482,947	445,343	482,947	465,307
	<u>\$ 50,990,983</u>	<u>\$ 68,211,374</u>	<u>\$ 55,242,358</u>	<u>\$ 69,091,952</u>

The investment return from investments and their classifications in the accompanying statements of activities is as follows for the years ended December 31:

	2020			
	Without Donor Restrictions	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Dividends and interest	\$ 1,043,334	\$ 244,822	\$ -	\$ 1,288,156
Realized gains	593,046	126,263	-	719,309
Unrealized gains	2,373,058	924,690	73,049	3,370,797
Less: Custody and administrative fees	(43,717)	(10,536)	-	(54,253)
Investment Return	3,965,721	1,285,239	73,049	5,324,009
Less: Investment return designated for current operations (spending rate and special funding)	(3,597,669)	-	-	(3,597,669)
Investment return not designated for current operations	<u>\$ 368,052</u>	<u>\$ 1,285,239</u>	<u>\$ 73,049</u>	<u>\$ 1,726,340</u>

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

4. Investments (continued)

	2019			
	Without Donor Restrictions	Time or Purpose Restricted	Investments Held in Perpetuity	Total
	Dividends and interest	\$ 1,609,979	\$ 350,618	\$ -
Realized gains	752,622	163,004	-	915,626
Unrealized gains	6,732,256	1,366,372	146,016	8,244,644
Less: Custody and administrative fees	(45,888)	(9,896)	-	(55,784)
Investment Return	9,048,969	1,870,098	146,016	11,065,083
Less: Investment return designated for current operations (spending rate and special funding)	(4,052,338)	-	-	(4,052,338)
Investment return not designated for current operations	\$ 4,996,631	\$ 1,870,098	\$ 146,016	\$ 7,012,745

Included within the custody and administrative fees disclosed above are those specific fees charged by NYAM's investment managers and advisors; however, fees that are embedded in various other mutual fund accounts and transactions are not reflected in that amount.

5. Fair Value Measurements

The following are the classes and major categories of assets measured at fair value on a recurring basis, grouped by the fair value hierarchy, as of December 31:

	2020			
	Amounts within Fair Value Hierarchy		Investments Valued Using	Total
	Level 1	Level 3	NAV (*)	
Domestic and international equity securities	\$ 44,518,274	\$ -	\$ -	\$ 44,518,274
Fixed-income mutual funds	18,871,736	-	-	18,871,736
Flexible capital and hedge funds	-	-	84,044	84,044
Real estate funds	4,014,492	-	277,485	4,291,977
Private equity securities	-	-	445,343	445,343
Total Investments at Fair Value	67,404,502	-	806,872	68,211,374
Beneficial interest in perpetual trust	-	171,972	-	171,972
Total Assets at Fair Value	\$ 67,404,502	\$ 171,972	\$ 806,872	\$ 68,383,346

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

5. Fair Value Measurements *(continued)*

	2019			
	Amounts within Fair Value Hierarchy		Investments Valued Using NAV (*)	Total
	Level 1	Level 3		
Domestic and international equity securities	\$ 57,008,354	\$ -	\$ -	\$ 57,008,354
Fixed-income mutual funds	7,103,536	-	-	7,103,536
Flexible capital and hedge funds	-	-	110,000	110,000
Real estate funds	4,086,261	-	308,233	4,394,494
Private equity securities	-	-	465,307	465,307
Total Investments at Fair Value	68,198,151	-	883,540	69,081,691
Beneficial interest in perpetual trust	-	172,457	-	172,457
Total Assets at Fair Value	\$ 68,198,151	\$ 172,457	\$ 883,540	\$ 69,254,148

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Changes from the beginning to ending balances for investments measured at fair value using significant unobservable inputs (Level 3) consist only of changes in beneficial interest in perpetual trust reported on the accompanying statements of activities totaling (\$485) and (\$415) for the years ended December 31, 2020 and 2019.

Information regarding alternative investments measured at fair value using the practical expedient at December 31, 2020 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Flexible capital and hedge funds (see "a" below)	\$ 84,044	\$ -	Annually - N/A	45 days - N/A
Real asset funds (limited partnerships) (see "b" below)	277,485	134,637	N/A*	N/A*
Private equity securities (see "c" below)	445,343	336,010	N/A*	N/A*
	\$ 806,872	\$ 470,647		

* These investments are illiquid investments.

- a. NYAM's investments at year-end were primarily in absolute return oriented strategies which allocate to long/short equity, long/short credit, and event-driven investments. Event driven investments focus on unlocking value through event catalysts such as company mergers and distressed situations. One investment can be redeemed annually with 45 days of notice. The remaining investment is currently in liquidation and the proceeds will be paid out over the coming years.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

5. Fair Value Measurements *(continued)*

- b. NYAM invests as a limited partner in funds, which in turn invest in private companies and private commercial properties that are not traded on an exchange. Strategies may include investments in private commercial real estate, and private natural resource and commodity related firms. NYAM's investments at year-end were in a private real estate fund and a multi-strategy private real asset fund. These investments are illiquid and they are currently in liquidation. Proceeds will be paid out over the coming years.
- c. NYAM's investments at year-end were as a limited partner in funds, which in turn invest in private companies that are not traded on an exchange. Investment strategies in this category include, leveraged buyout, venture capital, and opportunistic/distressed. NYAM's investments at year-end were primarily in opportunistic/distressed and secondary funds. These are long-term investments that cannot be redeemed at the discretion of NYAM. Instead, distributions are received through the liquidation of the underlying assets of the funds. Management has estimated that the underlying assets of the funds will be liquidated over 10 to 12 years.

6. Contributions and Grants Receivable

At December 31, contributions and grants receivable are estimated to be received as follows:

	<u>2020</u>	<u>2019</u>
Due less than one year	\$ 1,219,734	\$ 1,213,434
Due between one and two years	<u>100,000</u>	<u>-</u>
	1,319,734	1,213,434
Less discount to present value	(259)	-
Less allowance for doubtful accounts	<u>(26,662)</u>	<u>-</u>
Present value of contributions receivable	<u>\$ 1,292,813</u>	<u>\$ 1,213,434</u>

A present value discount using a rate of 0.13% has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

7. Property and Equipment

Property and equipment at December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 284,261	\$ 284,261
Building and building improvements	13,805,470	13,556,283
Library books and publications	2,651,348	2,651,348
Furniture and equipment	1,038,029	1,038,029
Construction-in-process	<u>249,871</u>	<u>255,409</u>
	18,028,979	17,785,330
Less accumulated depreciation and amortization	<u>(10,540,839)</u>	<u>(9,943,448)</u>
	<u>\$ 7,488,140</u>	<u>\$ 7,841,882</u>

During 2020 and 2019, approximately \$150,000 and \$272,000 of fully depreciated library books and publications, building improvements and furniture and equipment were removed from the property and equipment balances.

8. Beneficial Interest in Perpetual Trust

NYAM is the remainder beneficiary of a perpetual trust arrangement. The fair value of the trust as of December 31, 2020 and 2019 was determined by its trustee. NYAM receives a quarterly distribution of income from the trust.

9. PPP Loan Payable

On April 6, 2020, NYAM received loan proceeds in the amount of \$1,568,262 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of .98% per annum.

NYAM has elected to report the PPP loan proceeds as a conditional grant under requirements contained in ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, NYAM recognizes income as the conditions of the PPP are met. For the year ended December 31, 2020, NYAM recognized the full amount of the proceeds from the PPP loan as PPP loan forgiveness in the 2020 statement of activities. As of May 11, 2021, the SBA has notified NYAM that the PPP loan has been forgiven.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

10. Net Assets with Donor Restrictions

At December 31, net assets with donor restrictions consisted of the following:

	2020	2019
Time or Purpose Restricted:		
Lectures and Awards Programs	\$ 13,025,610	\$ 14,056,728
Library	1,918,291	2,239,957
Community Programs and Policy Solutions	1,702,769	1,273,951
Center for Cognitive Studies in Medicine	278,616	677,541
Population Health Programs	13,760	14,800
Center for Health Innovation	-	172,443
Center for Evaluation and Applied Research	282,817	66,542
Other programs	3,051,596	2,095,508
	20,273,459	20,597,470
Held In Perpetuity		
Beneficial interest in perpetual trust	171,972	172,457
Endowment funds	11,805,883	11,779,334
	\$ 32,251,314	\$ 32,549,261

Net assets with donor restrictions released from restrictions consisted of the following for the years ended December 31:

	2020	2019
Lectures and Awards Programs	\$ 1,477,576	\$ 1,481,876
Library	508,627	542,168
Community Programs and Policy Solutions	1,038,273	826,285
Center for Cognitive Studies in Medicine	625,595	779,875
Population Health Programs	1,040	1,166,938
Center for Health Innovation	422,478	1,820,561
Center for Evaluation and Applied Research	1,116,170	1,391,604
Other programs	3,568	74,825
	\$ 5,193,327	\$ 8,084,132

At December 31, investments held in perpetuity consisted of the following:

	2020	2019
Lectures and Awards Program	\$ 5,541,605	\$ 5,593,105
Library	5,722,786	5,686,746
Support of General Operations	713,464	671,940
	\$ 11,977,855	\$ 11,951,791

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

11. Endowment

The endowment consists of 43 individual donor-restricted funds that have been established for a variety of purposes. NYAM does not have any funds designated by the Board of Trustees to function as an endowment.

Return Objectives and Risk Parameters

NYAM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NYAM must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation adjusted real return over time that enables these programs to be sustained.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, NYAM relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). At present, endowment assets are allocated as follows:

- Cash
- Equity securities
- Fixed-income securities
- Flexible capital and hedge funds
- Real assets
- Private equity

Spending Policy and How the Investment Objectives Relate to the Spending Policy

NYAM's spending policy provides that NYAM will generally spend up to 5% of the value of restricted funds each year. The overall spending policy goal is 5% to 6% of a three-year rolling average of the market value of the portfolio. The three-year average market value is calculated based on the prior three years' values.

Interpretation of Relevant Law

In classifying endowment funds for financial statement purposes as either net assets with donor restrictions or net assets without donor restrictions, the Board of Trustees looks to the explicit direction of the donor and the New York Prudent Management of Investment Funds Act (NYPMIFA).

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

11. Endowment *(continued)*

Interpretation of Relevant Law (continued)

The Board of Trustees of NYAM has interpreted NYPMIFA as allowing NYAM to appropriate for expenditure or accumulate so much of an endowment fund as NYAM determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. NYPMIFA is applicable to all of NYAM's institutional funds. NYAM adheres to NYPMIFA's requirements.

Changes in endowment net assets for the years ended December 31:

	2020		
	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 11,082,655	\$ 11,779,334	\$ 22,861,989
Contributions	-	5,000	5,000
Valuation adjustment	-	(1,500)	(1,500)
Investment return	1,285,239	73,049	1,358,288
Contribution previously designated as Endowment, redesignated as Time or Purpose Restricted	-	(50,000)	(50,000)
Appropriation of endowment assets for expenditures	(789,981)	-	(789,981)
Total endowment net assets, end of year	<u>\$ 11,577,913</u>	<u>\$ 11,805,883</u>	<u>\$ 23,383,796</u>
Comprised of the following:			
Donor-restricted endowment funds	<u>\$ 11,577,913</u>	<u>\$ 11,805,883</u>	<u>\$ 23,383,796</u>
	2019		
	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 10,015,560	\$ 11,633,318	\$ 21,648,878
Investment return	1,870,098	146,016	2,016,114
Appropriation of endowment assets for expenditures	(803,003)	-	(803,003)
Total endowment net assets, end of year	<u>\$ 11,082,655</u>	<u>\$ 11,779,334</u>	<u>\$ 22,861,989</u>
Comprised of the following:			
Donor-restricted endowment funds	<u>\$ 11,082,655</u>	<u>\$ 11,779,334</u>	<u>\$ 22,861,989</u>

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

11. Endowment *(continued)*

Funds with Deficiencies

As a result of unfavorable market fluctuations, from time-to-time the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar value of the donor's original perpetual endowment contribution. In such circumstances, under the terms of NYPMIFA, NYAM's Board of Trustees would discuss the matter and decide whether to restore the decreases in value. As of December 31, 2020 and 2019, there were no funds with deficiencies.

12. Liquidity and Availability of Financial Assets

The following reflect NYAM's financial assets as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations.

	2020	2019
Financial Assets:		
Cash and cash equivalents	\$ 635,437	\$ 299,924
Contributions and grants receivable, net	1,292,813	1,213,434
Accounts receivable	244,489	120,335
Investments	68,211,374	69,091,952
Beneficial interest in perpetual trust	<u>171,972</u>	<u>172,457</u>
Total Financial Assets	<u>70,556,085</u>	<u>70,898,102</u>
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	20,273,459	20,597,470
Investments held in perpetuity	11,977,855	11,951,791
Less net assets with purpose or time restrictions to be met in less than one year	<u>(4,447,251)</u>	<u>(4,905,732)</u>
	<u>27,804,063</u>	<u>27,643,529</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 42,752,022</u>	<u>\$ 43,254,573</u>

At the end of each year management prepares and submits an operating budget and a capital budget for the following year to the Board of Trustees for approval. Based on the Board-approved budget, management develops monthly cash flow needs and shares them with NYAM's investment manager. Because of variability in receipt of grant, contract and donation funds throughout the year, funds are not necessarily withdrawn from the investment portfolio each month. Rather funds are withdrawn as needed for both donor restricted and non-donor restricted operations.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

13. Employee Benefit Plans

Section 403(b) Plan

NYAM has a Section 403(b), defined-contribution employee-benefit plan, covering all of its full-time salaried employees. The plan is funded through individual annuity contracts that NYAM maintains with the Teachers Insurance and Annuity Association - College Retirement Equities Fund. Under the plan, a fixed percentage (3.0% for both 2020 and 2019) of an employee's annual compensation is contributed by NYAM, up to a maximum of \$7,950 for 2020 and 2019.

The accumulated funds are 100% vested with the participants. The retirement expense for 2020 and 2019 was \$414,508 and \$379,303.

Deferred Compensation Plan

NYAM has a Section 457(b) deferred-compensation plan which is available to key employees. During 2020 and 2019, there were 5 employees participating in this plan, of which 4 employees' contributions were funded by NYAM, for a total of approximately \$78,000 and \$89,900.

14. Commitments

Effective February 2014, NYAM entered into a five-year, non-exclusive Affiliation Agreement with the Icahn School of Medicine at Mount Sinai, New York City, (Icahn School) for the purpose of collaborating on research, education and health-policy activities. In addition, as of November 2014, the Icahn School entered into a five-year lease agreement with NYAM for the rental of two office spaces from NYAM. The lease agreement expired in 2020. NYAM also leases other office space to another not-for-profit organization that expired in 2020.

Effective June 2020, the Icahn School entered into a one-year lease extension agreement with NYAM for the same space and purpose as the lease described above. The lease agreement will expire in December 2021. The required annual payments under the leases total \$413,593 for 2021.

Total rental income was \$402,937 and \$393,110 in 2020 and 2019.

Annual lease expense was \$8,386 and \$8,368 in 2020 and 2019.

In the normal course of business, NYAM enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2020 and 2019

15. COVID-19

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows in fiscal year 2021 and beyond cannot be reasonably estimated at this time.

16. Subsequent Event

On February 9, 2021, NYAM received loan proceeds in the amount of \$1,442,947 under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 0.98% per annum. All or a portion of the Second Draw PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period between eight to twenty-four weeks from the date the Second Draw PPP loan proceeds are received (the "Second Draw Covered Period"). The amount of loan proceeds could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Second Draw Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the Second Draw PPP loan, if any, is payable within five years from the date of the PPP loan with a deferral of payments of principal and interest until the amount of loan forgiveness is approved by the SBA.

If NYAM does not apply for forgiveness, payments begin approximately 16 months after the loan date. The estimated future scheduled maturities of the Second Draw PPP loan are as follows:

2021	\$ 264,540
2022	288,589
2023	288,589
2024	288,589
2025	288,589
2026	<u>24,049</u>
	<u>\$1,442,945</u>

* * * * *