

The New York Academy of Medicine

Financial Statements

December 31, 2023 and 2022

Independent Auditors' Report

Board of Trustees The New York Academy of Medicine

Opinion

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, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NYAM as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYAM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYAM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYAM'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.

PKF O'Connor Davies, LLP

June 6, 2024

The New York Academy of Medicine

Statements of Financial Position

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 663,958	\$ 336,885
Contributions and grants receivable, net	1,228,480	1,945,682
Accounts receivable	89,941	117,457
Prepaid expenses and other assets	78,505	41,380
Investments	55,825,964	56,031,379
Restricted investments	1,460,782	1,293,633
Property and equipment, net	7,032,491	6,989,288
Beneficial interest in perpetual trust	136,447	137,835
	<u>\$ 66,516,568</u>	<u>\$ 66,893,539</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 654,782	\$ 686,445
Grants payable	405,500	397,000
Deferred income	166,000	108,654
Deferred compensation	1,460,782	1,293,633
Total Liabilities	<u>2,687,064</u>	<u>2,485,732</u>
Net Assets		
Without donor restrictions	<u>35,673,155</u>	<u>34,333,909</u>
With Donor Restrictions		
Time or purpose restricted	16,546,887	18,331,192
Investments held in perpetuity	11,609,462	11,742,706
Total With Donor Restrictions	<u>28,156,349</u>	<u>30,073,898</u>
Total Net Assets	<u>63,829,504</u>	<u>64,407,807</u>
	<u>\$ 66,516,568</u>	<u>\$ 66,893,539</u>

See notes to financial statements

The New York Academy of Medicine

Statements of Activities

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	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	\$ 1,177,395	\$ 2,102,374	\$ -	\$ 3,279,769	\$ 661,171	\$ 4,553,482	\$ -	\$ 5,214,653
Special events revenue (net of direct benefit to donors of \$130,543 and \$120,066)	763,396	-	-	763,396	448,918	-	-	448,918
Total Operating Support	1,940,791	2,102,374	-	4,043,165	1,110,089	4,553,482	-	5,663,571
Operating Revenues								
Investment return designated for current operations	3,667,791	702,107	-	4,369,898	3,522,191	601,725	-	4,123,916
Conference center, rental and library	1,708,758	-	-	1,708,758	1,881,620	3,287	-	1,884,907
Membership dues	177,243	-	-	177,243	164,800	-	-	164,800
Miscellaneous	471,343	-	-	471,343	629,072	1,475	-	630,547
Net assets released from restrictions for operations	4,807,711	(4,807,711)	-	-	4,522,509	(4,522,509)	-	-
Total Operating Activities	12,773,637	(2,003,230)	-	10,770,407	11,830,281	637,460	-	12,467,741
OPERATING EXPENSES								
Program services	8,834,194	-	-	8,834,194	7,946,409	-	-	7,946,409
Management and general	3,501,587	-	-	3,501,587	3,131,311	-	-	3,131,311
Fundraising	863,298	-	-	863,298	1,145,965	-	-	1,145,965
Total Operating Expenses	13,199,079	-	-	13,199,079	12,223,685	-	-	12,223,685
Change in Net Assets from Operations	(425,442)	(2,003,230)	-	(2,428,672)	(393,404)	637,460	-	244,056
NON-OPERATING ACTIVITIES								
Change in value of beneficial interest in perpetual trust	-	-	(1,388)	(1,388)	-	-	(22,843)	(22,843)
Sale of Air Rights	2,333,025	-	-	2,333,025	-	-	-	-
Investment return not designated for current operations	(568,337)	218,925	(131,856)	(481,268)	(14,069,900)	(2,371,722)	(302,788)	(16,744,410)
Change in Net Assets	1,339,246	(1,784,305)	(133,244)	(578,303)	(14,463,304)	(1,734,262)	(325,631)	(16,523,197)
NET ASSETS								
Beginning of year	34,333,909	18,331,192	11,742,706	64,407,807	48,797,213	20,065,454	12,068,337	80,931,004
End of year	\$ 35,673,155	\$ 16,546,887	\$ 11,609,462	\$ 63,829,504	\$ 34,333,909	\$ 18,331,192	\$ 11,742,706	\$ 64,407,807

See notes to financial statements

The New York Academy of Medicine

Statement of Functional Expenses Year Ended December 31, 2023

	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	\$ 856,374	\$ 1,180,486	\$ 561,929	\$ 1,545,233	\$ 4,144,022	\$ 1,928,833	\$ 581,793	\$ -	\$ 6,654,648
Employee benefits and taxes	229,939	312,381	146,412	394,707	1,083,439	457,794	142,123	-	1,683,356
Professional fees and consultants	115,224	154,142	66,183	170,409	505,958	519,339	35,579	38,501	1,099,377
Program supplies	13,485	9,598	43,389	19,743	86,215	47,140	12,668	114	146,137
Office expenses	28,230	25,741	14,762	36,277	105,010	137,699	35,276	15,112	293,097
Travel, conference and meetings	43,495	16,776	11,725	45,121	117,117	39,612	11,121	57,794	225,644
Contractual services	413,764	102,476	42,826	112,814	671,880	16,648	5,716	405	694,649
Occupancy and building maintenance	177,307	198,654	138,947	298,931	813,839	139,891	17,226	-	970,956
Insurance	-	-	-	-	-	156,909	-	-	156,909
Awards and fellowships	32,527	-	14,750	389,266	436,543	-	230	-	436,773
Other general and administrative	7,571	114,426	40,757	70,220	232,974	11,433	6,142	18,617	269,166
Total Expenses Before Depreciation and Amortization	1,917,916	2,114,680	1,081,680	3,082,721	8,196,997	3,455,298	847,874	130,543	12,630,712
Depreciation and amortization	18,726	23,450	371,234	223,787	637,197	46,289	15,424	-	698,910
Less direct benefit to donors	-	-	-	-	-	-	-	(130,543)	(130,543)
Total Expenses	\$ 1,936,642	\$ 2,138,130	\$ 1,452,914	\$ 3,306,508	\$ 8,834,194	\$ 3,501,587	\$ 863,298	\$ -	\$ 13,199,079

See notes to financial statements

The New York Academy of Medicine

Statement of Functional Expenses Year Ended December 31, 2022

	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	\$ 773,328	\$ 1,086,881	\$ 594,995	\$ 1,558,153	\$ 4,013,357	\$ 1,810,572	\$ 744,832	\$ -	\$ 6,568,761
Employee benefits and taxes	192,175	270,091	147,856	387,204	997,326	449,930	185,092	-	1,632,348
Professional fees and consultants	46,596	139,147	25,782	145,017	356,542	384,031	31,730	51,592	823,895
Program supplies	22,721	14,639	51,726	12,156	101,242	11,825	14,220	66	127,353
Office expenses	8,356	59,794	5,103	13,506	86,759	44,817	62,708	11,373	205,657
Travel, conference and meetings	29,315	55,614	1,533	51,733	138,195	10,154	31,770	40,534	220,653
Contractual services	81,360	153,936	54,238	129,572	419,106	92,962	10,797	525	523,390
Occupancy and building maintenance	113,841	131,988	95,517	171,668	513,014	91,665	15,310	-	619,989
Insurance	-	-	-	-	-	168,262	-	-	168,262
Awards and fellowships	24,020	5,188	24,091	461,280	514,579	562	28,061	-	543,202
Other general and administrative	5,791	7,509	48,888	120,040	182,228	21,905	6,355	15,976	226,464
Total Expenses Before Depreciation and Amortization	1,297,503	1,924,787	1,049,729	3,050,329	7,322,348	3,086,685	1,130,875	120,066	11,659,974
Depreciation and amortization	22,517	20,255	368,527	212,762	624,061	44,626	15,090	-	683,777
Less direct benefit to donors	-	-	-	-	-	-	-	(120,066)	(120,066)
Total Expenses	<u>\$ 1,320,020</u>	<u>\$ 1,945,042</u>	<u>\$ 1,418,256</u>	<u>\$ 3,263,091</u>	<u>\$ 7,946,409</u>	<u>\$ 3,131,311</u>	<u>\$ 1,145,965</u>	<u>\$ -</u>	<u>\$ 12,223,685</u>

See notes to financial statements

The New York Academy of Medicine

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (578,303)	\$ (16,523,197)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	698,910	683,777
Bad debt expense	127,538	23,930
Net realized and unrealized (gain) loss on investments	(2,270,803)	13,985,714
Change in beneficial interest in perpetual trust	1,388	22,843
Changes in operating assets and liabilities		
Contributions and grants receivable	589,664	(415,755)
Accounts receivable	27,516	(36,705)
Prepaid expenses and other assets	(37,125)	2,258
Accounts payable and accrued expenses	(31,663)	(120,561)
Grants payable	8,500	(59,000)
Deferred income	57,346	(13,673)
Net Cash from Operating Activities	<u>(1,407,032)</u>	<u>(2,450,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(742,113)	(461,294)
Purchase of investments	(54,878,403)	(1,492,141)
Proceeds from sales of investments	57,354,621	4,590,737
Net Cash from Investing Activities	<u>1,734,105</u>	<u>2,637,302</u>
Net Change in Cash and Cash Equivalents	327,073	186,933
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>336,885</u>	<u>149,952</u>
End of year	<u>\$ 663,958</u>	<u>\$ 336,885</u>

See notes to financial statements

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

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.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 did not have a material effect on the financial statements.

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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

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

Investment Valuation and Income Recognition

NYAM's investments consist of (i) cash and cash equivalents held for investments, (ii) fully benefit responsive contracts, (iii) domestic and international equity securities, (iv) fixed-income securities, (v) equity mutual funds, (vi) CREF variable annuity accounts, (vii) a real estate pooled separate account, and (viii) alternative investments consisting of limited partnerships invested in private equity securities, flexible capital, hedge funds and real asset funds. The fully benefit responsive contracts are unallocated contracts and are stated at contract value. Contract value equals the accumulated cash contributions, interest credited to the contracts, and transfers in (if any), less any withdrawals and transfers out (if any). The contract value, which is derived from a discounted cash flow analysis and other factors, approximates fair value. Domestic and international equity securities, fixed-income securities, equity mutual funds, CREF variable annuity accounts and the real estate pooled separate account 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 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.

The fair value of alternative investments has been estimated using Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. US 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 the Foundation's interest therein.

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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

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

Investment Valuation and Income Recognition (continued)

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.

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, 2023 and 2022

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

Restricted Investments

Restricted investments relate to NYAM's deferred compensation plan and include marketable securities recorded at fair value and fully benefit responsive contracts recorded at contract value.

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, 2023 and 2022, 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's 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, 2023 and 2022, accrued vacation obligations were approximately \$87,000 and \$83,000 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, 2023 and 2022

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. Management determined no allowance for doubtful accounts is necessary at December 31, 2023. The allowance for doubtful accounts was \$23,120 as of December 31, 2022.

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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

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

Conference Center, Rental and Library and Membership Dues

Conference center, rental and library 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 as the services or goods are provided to the members.

Contract assets and liabilities at January 1, 2022 were \$80,752 and \$122,327.

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.

Reclassifications

Certain amounts contained in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

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 2020.

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 June 6, 2024.

3. Concentrations of Credit Risk

Financial instruments that potentially subject NYAM to concentrations of credit and market risk consist principally of cash and cash equivalents, investments held at financial institutions and grants and contributions receivable. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and the SIPC limit.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

At December 31, 2023, NYAM had contributions and grants receivable due from one nonprofit organization and one state agency totaling \$281,417. At December 31, 2022, NYAM had contributions and grants receivable due from one foundation and one hospital totaling \$474,598. These amounts represented approximately 23% and 24% of the total outstanding contributions and grants receivable as of December 31, 2023 and 2022.

The New York Academy of Medicine

Notes to Financial Statements December 31, 2023 and 2022

4. Investments

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 14,811,210	\$ 14,811,210	\$ 25,000	\$ 25,000
U.S. treasury bills	40,006,310	40,905,786	-	-
Domestic and international equity securities	-	-	25,520,275	36,213,128
Fixed-income mutual funds	-	-	19,606,114	16,137,659
Flexible capital and hedge funds	-	40,133	-	50,892
Real estate funds	-	-	3,362,436	3,415,866
Private equity securities	482,948	68,835	482,947	188,834
	<u>\$ 55,300,468</u>	<u>\$ 55,825,964</u>	<u>\$ 48,996,772</u>	<u>\$ 56,031,379</u>

Restricted investments consist of the following at December 31:

	2023		2022	
	Cost	Reported Value	Cost	Reported Value
Investments, at Fair Value				
Equity mutual funds	\$ 1,144,616	\$ 1,177,923	\$ 959,223	\$ 907,462
CREF variable annuity accounts	22,103	27,487	164,824	160,356
Pooled separate account - real estate	53,172	65,198	67,793	45,322
Total Investments, at fair value	1,219,891	1,270,608	1,191,840	1,113,140
Investments, at contract value	170,896	190,174	162,182	180,493
Total Restricted Investments	<u>\$ 1,390,787</u>	<u>\$ 1,460,782</u>	<u>\$ 1,354,022</u>	<u>\$ 1,293,633</u>

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

	2023			
	Without Donor Restrictions	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Dividends and interest	\$ 1,322,459	\$ 332,726	\$ -	\$ 1,655,185
Realized gains	6,959,543	1,820,371	-	8,779,914
Unrealized losses	(5,152,643)	(1,224,612)	(131,856)	(6,509,111)
Less: Custody and administrative fees	(29,905)	(7,453)	-	(37,358)
Investment Return	3,099,454	921,032	(131,856)	3,888,630
Less: Investment return designated for current operations (spending rate and special funding)	(3,667,791)	(702,107)	-	(4,369,898)
Investment return not designated for current operations	<u>\$ (568,337)</u>	<u>\$ 218,925</u>	<u>\$ (131,856)</u>	<u>\$ (481,268)</u>

The New York Academy of Medicine

Notes to Financial Statements December 31, 2023 and 2022

4. Investments (continued)

	2022			
	Without Donor Restrictions	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Dividends and interest	\$ 1,149,079	\$ 272,037	\$ -	\$ 1,421,116
Realized gains	1,355,252	314,900	-	1,670,152
Unrealized losses	(13,007,404)	(2,345,674)	(302,788)	(15,655,866)
Less: Custody and administrative fees	(44,636)	(11,260)	-	(55,896)
Investment Return	(10,547,709)	(1,769,997)	(302,788)	(12,620,494)
Less: Investment return designated for current operations (spending rate and special funding)	(3,522,191)	(601,725)	-	(4,123,916)
Investment return not designated for current operations	<u>\$(14,069,900)</u>	<u>\$ (2,371,722)</u>	<u>\$ (302,788)</u>	<u>\$(16,744,410)</u>

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:

	2023				
	Amounts within Fair Value Hierarchy			Investments Valued Using	Total
	Level 1	Level 2	Level 3	NAV (*)	
U.S. treasury bills	\$ 40,905,786	\$ -	\$ -	\$ -	\$ 40,905,786
Equity mutual funds	1,177,923	-	-	-	1,177,923
CREF variable annuity accounts	-	27,487	-	-	27,487
Pooled separate account - real estate	-	65,198	-	-	65,198
Flexible capital and hedge funds	-	-	-	40,133	40,133
Private equity securities	-	-	-	68,835	68,835
Total Investments at Fair Value	42,083,709	92,685	-	108,968	42,285,362
Beneficial interest in perpetual trust	-	-	136,447	-	136,447
Total Assets at Fair Value	<u>\$ 42,083,709</u>	<u>\$ 92,685</u>	<u>\$ 136,447</u>	<u>\$ 108,968</u>	42,421,809
Short-term cash investments, at cost					14,811,210
Investments, at contract value					190,174
Total Investments					<u>\$ 57,423,193</u>

The New York Academy of Medicine

Notes to Financial Statements December 31, 2023 and 2022

5. Fair Value Measurements *(continued)*

	2022				
	Amounts within Fair Value Hierarchy			Investments Valued Using	Total
	Level 1	Level 2	Level 3	NAV (*)	
Domestic and international equity securities	\$ 36,213,128	\$ -	\$ -	\$ -	\$ 36,213,128
Fixed-income mutual funds	16,137,659	-	-	-	16,137,659
Equity mutual funds	907,462	-	-	-	907,462
CREF variable annuity accounts	-	160,356	-	-	160,356
Pooled separate account - real estate	-	45,322	-	-	45,322
Flexible capital and hedge funds	-	-	-	50,892	50,892
Real estate funds	3,297,967	-	-	117,899	3,415,866
Private equity securities	-	-	-	188,834	188,834
Total Investments at Fair Value	56,556,216	205,678	-	357,625	57,119,519
Beneficial interest in perpetual trust	-	-	137,835	-	137,835
Total Assets at Fair Value	<u>\$ 56,556,216</u>	<u>\$ 205,678</u>	<u>\$ 137,835</u>	<u>\$ 357,625</u>	57,257,354
Short-term cash investments, at cost					25,000
Investments, at contract value					180,493
Total Investments					<u>\$ 57,462,847</u>

(*) 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 (\$1,388) and (\$22,843) for the years ended December 31, 2023 and 2022.

Information regarding alternative investments measured at fair value using the practical expedient at December 31, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Flexible capital and hedge funds (see "a" below)	\$ 40,133	\$ -	Annually	45 days
Private equity securities (see "b" below)	68,835	500,153	N/A*	N/A*
	<u>\$ 108,968</u>	<u>\$ 500,153</u>		

* These investments are illiquid investments.

- a. NYAM's investment at year-end was primarily in absolute return oriented strategies which allocates 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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

5. Fair Value Measurements *(continued)*

- b. 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:

	2023	2023
Due less than one year	\$ 1,228,480	\$ 1,968,802
Less allowance for doubtful accounts	<u>-</u>	<u>(23,120)</u>
Present value of contributions receivable	<u>\$ 1,228,480</u>	<u>\$ 1,945,682</u>

7. Property and Equipment

Property and equipment at December 31 consisted of the following:

	2023	2022
Land and land improvements	\$ 284,261	\$ 284,261
Building and building improvements	15,056,149	14,560,619
Library books and publications	2,651,348	2,651,348
Furniture and equipment	1,421,725	1,152,161
Construction-in-process	<u>134,023</u>	<u>216,854</u>
	19,547,506	18,865,243
Less accumulated depreciation and amortization	<u>(12,515,015)</u>	<u>(11,875,955)</u>
	<u>\$ 7,032,491</u>	<u>\$ 6,989,288</u>

During the year ended December 31, 2023, NYAM disposed of \$59,850 of fully depreciated property and equipment.

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, 2023 and 2022 was determined by its trustee. NYAM receives a quarterly distribution of income from the trust.

The New York Academy of Medicine

Notes to Financial Statements December 31, 2023 and 2022

9. Employee Retention Credit

During 2023 and 2022, NYAM qualified for the Employee Retention Credit (“ERC”) which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, NYAM has elected to follow the guidance in Accounting Standards Codification 958-605 in which conditional government grants are recognized in income as conditions are met. NYAM has recognized \$1,116,758 and \$323,018 for the years ended December 31, 2023 and 2022, which are recorded under grants and contributions on the statements of activities. The ERC is subject to audit by the government agencies until 2025.

10. Net Assets with Donor Restrictions

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

	2023	2022
Time or Purpose Restricted:		
Lectures and Awards Programs	\$ 12,341,627	\$ 11,842,871
Library	2,269,612	1,662,404
Community Programs and Policy Solutions	415,772	1,352,640
Age Friendly Support	832,352	1,178,546
Center for Evaluation and Applied Research	260,790	672,804
Advocates for Health Equity	43,104	38,728
Other programs	383,630	1,583,199
	<u>16,546,887</u>	<u>18,331,192</u>
Held In Perpetuity		
Beneficial interest in perpetual trust	136,447	137,835
Endowment funds	11,473,015	11,604,871
	<u>\$ 28,156,349</u>	<u>\$ 30,073,898</u>

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

10. Net Assets with Donor Restrictions (*continued*)

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

	2023	2022
Lectures and Awards Programs	\$ 1,049,065	\$ 957,862
Library	447,633	370,390
Community Programs and Policy Solutions	1,065,596	1,209,308
Age Friendly Support	751,372	107,323
Center for Evaluation and Applied Research	1,468,073	1,786,794
Advocates for Health Equity	25,667	89,732
Other programs	305	1,100
	<u>\$ 4,807,711</u>	<u>\$ 4,522,509</u>

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

	2023	2022
Lectures and Awards Program	\$ 5,541,605	\$ 5,541,605
Library	5,523,326	5,590,643
Support of General Operations	544,531	610,458
	<u>\$ 11,609,462</u>	<u>\$ 11,742,706</u>

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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

11. Endowment (*continued*)

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 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.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

11. Endowment (*continued*)

Interpretation of Relevant Law (continued)

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

	2023		
	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 9,964,937	\$ 11,604,871	\$ 21,569,808
Investment return	921,032	(131,856)	789,176
Appropriation of endowment assets for expenditures	(702,107)	-	(702,107)
Total endowment net assets, end of year	<u>\$ 10,183,862</u>	<u>\$ 11,473,015</u>	<u>\$ 21,656,877</u>
Comprised of the following:			
Donor-restricted endowment funds	<u>\$ 10,183,862</u>	<u>\$ 11,473,015</u>	<u>\$ 21,656,877</u>
	2022		
	Time or Purpose Restricted	Investments Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 12,336,659	\$ 11,907,659	\$ 24,244,318
Investment return	(1,769,997)	(302,788)	(2,072,785)
Appropriation of endowment assets for expenditures	(601,725)	-	(601,725)
Total endowment net assets, end of year	<u>\$ 9,964,937</u>	<u>\$ 11,604,871</u>	<u>\$ 21,569,808</u>
Comprised of the following:			
Donor-restricted endowment funds	<u>\$ 9,964,937</u>	<u>\$ 11,604,871</u>	<u>\$ 21,569,808</u>

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. As of December 31, 2023 and 2022, there were no funds with deficiencies.

The New York Academy of Medicine

Notes to Financial Statements December 31, 2023 and 2022

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.

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 663,958	\$ 336,885
Contributions and grants receivable, net	1,228,480	1,945,682
Accounts receivable	89,941	117,457
Investments	55,825,964	56,031,379
Beneficial interest in perpetual trust	136,447	137,835
Total Financial Assets	<u>57,944,790</u>	<u>58,569,238</u>
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	16,546,887	18,331,192
Investments held in perpetuity	11,609,462	11,742,706
Less net assets with purpose or time restrictions to be met in less than one year	<u>(4,385,206)</u>	<u>(4,875,537)</u>
	<u>23,771,143</u>	<u>25,198,361</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$34,173,647</u>	<u>\$33,370,877</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.

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 TIAA. Under the plan, a fixed percentage (3.0% for both 2023 and 2022) of an employee's annual compensation is contributed by NYAM, up to a maximum of \$7,950 for 2023 and 2022.

The accumulated funds are 100% vested with the participants. The retirement expense for 2023 and 2022 was \$404,766 and \$392,970.

The New York Academy of Medicine

Notes to Financial Statements
December 31, 2023 and 2022

13. Employee Benefit Plans (*continued*)

Deferred Compensation Plan

NYAM has a Section 457(b) deferred-compensation plan which is available to key employees. All amounts deferred under the plan and all income attributable to such amounts, remain (until paid or made available to the participant or beneficiary) solely the property of NYAM (without being restricted to the provision of benefits under the plan), subject only to the claims of NYAM's general creditors. During 2023 and 2022, there were 7 and 5 employees participating in this plan, of which 6 and 4 employees' contributions were funded by NYAM, for a total of approximately \$97,500 and \$73,000. The plan is maintained with TIAA and reported in restricted investments on the statements of financial position. NYAM records a corresponding liability for the deferred compensation obligation, totaling \$1,460,782 and \$1,293,633 at December 31, 2023 and 2022 which represents the cumulative amount of the contributions to the 457(b) plan, as well accumulated earnings and losses since the 457(b) plan's inception.

14. Lease Commitments

Effective October 2014, NYAM entered into a five-year lease with the Icahn School of Medicine at Mount Sinai, New York City for the rental of office space from NYAM. The lease has continually been renewed and expired December 31, 2022. The lease was again renewed for another two years, expiring on December 31, 2024. The required annual payments under the lease total \$436,472 for 2024.

Total rental income was \$427,914 and \$419,523 in 2023 and 2022.

Annual lease expense was \$6,480 and \$8,864 in 2023 and 2022.

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.

15. Sale of Air Rights

On May 17, 2023, NYAM executed the sale of its R9 Excess Development Rights to a Hospital for \$2,333,025. The transaction included the sale of 37,464 zoning square feet of air rights, with NYAM retaining 20,172 zoning square feet. There were no restrictions on the use of the proceeds from the sale.

* * * * *