

TISCH MULTIPLE SCLEROSIS
RESEARCH CENTER OF NEW YORK, INC.

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tisch Multiple Sclerosis Research Center of New York, Inc.

Opinion

We have audited the accompanying financial statements of the Tisch Multiple Sclerosis Research Center of New York, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tisch Multiple Sclerosis Research Center of New York, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tisch Multiple Sclerosis Research Center of New York, Inc. 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 the Tisch Multiple Sclerosis Research Center of New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Tisch Multiple Sclerosis Research Center of New York, Inc.'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 the Tisch Multiple Sclerosis Research Center of New York, Inc.'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.

McCarthy CPA's, LLP
Port Washington, New York
August 30, 2024

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION

| | DECEMBER 31, 2023 | 2022 |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and temporary cash investments | \$ 3,532,295 | \$ 1,447,415 |
| Pledges receivable | 48,500 | 225,000 |
| Prepaid expenses and other assets | 278,007 | 398,091 |
| Total current assets | <u>3,858,802</u> | <u>2,070,506</u> |
| Long term assets | | |
| Security deposit | 33,683 | 39,750 |
| Property and equipment, net | 12,978,423 | 13,464,363 |
| Operating lease right-of-use asset | 15,288,908 | 18,757,164 |
| Total long term assets | <u>28,301,014</u> | <u>32,261,277</u> |
| Total assets | <u><u>\$ 32,159,816</u></u> | <u><u>\$ 34,331,783</u></u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 434,361 | \$ 325,592 |
| Due to related parties | 27,178 | 274,930 |
| Current portion of operating lease liability | 2,178,656 | 2,217,792 |
| Total current liabilities | <u>2,640,195</u> | <u>2,818,314</u> |
| Long term liabilities | | |
| Operating lease liability | 13,969,741 | 17,247,814 |
| Total long term liabilities | <u>13,969,741</u> | <u>17,247,814</u> |
| Commitments and contingencies | | |
| Net Assets | | |
| Without donor restrictions | 15,549,880 | 9,979,928 |
| With donor restrictions | - | 4,285,727 |
| Total net assets | <u>15,549,880</u> | <u>14,265,655</u> |
| Total liabilities and net assets | <u><u>\$ 32,159,816</u></u> | <u><u>\$ 34,331,783</u></u> |

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES

| | FOR THE YEAR ENDED DECEMBER 31, 2023 | | | FOR THE YEAR ENDED DECEMBER 31, 2022 | | |
|---|--------------------------------------|----------------------------|---------------|--------------------------------------|----------------------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total 2023 | Without Donor Restrictions | With Donor Restrictions | Total 2022 |
| Support and Revenue | | | | | | |
| Grants and contributions | \$ 6,523,273 | \$ 253,440 | \$ 6,776,713 | \$ 6,445,799 | \$ 394,058 | \$ 6,839,857 |
| Special events revenue, net of direct special events expenses of \$300,360 and \$264,150 in 2023 and 2022, respectively | 4,139,547 | - | 4,139,547 | 3,613,926 | - | 3,613,926 |
| Program income | - | 71,945 | 71,945 | - | 279,000 | 279,000 |
| Contributions in kind | 375,000 | - | 375,000 | 375,000 | - | 375,000 |
| Investment loss, net | (1,895) | - | (1,895) | (14,871) | - | (14,871) |
| Other income | 758,840 | - | 758,840 | 214,309 | - | 214,309 |
| Net assets released from restrictions | 325,385 | (325,385) | - | 665,873 | (665,873) | - |
| Total support and revenue | 12,120,150 | - | 12,120,150 | 11,300,036 | 7,185 | 11,307,221 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Research | 8,457,624 | - | 8,457,624 | 8,015,060 | - | 8,015,060 |
| Public information and education | 480,232 | - | 480,232 | 268,187 | - | 268,187 |
| Total program services | 8,937,856 | - | 8,937,856 | 8,283,247 | - | 8,283,247 |
| Supporting Services | | | | | | |
| Management and general | 951,477 | - | 951,477 | 899,051 | - | 899,051 |
| Fundraising | 884,478 | - | 884,478 | 621,528 | - | 621,528 |
| Total supporting services | 1,835,955 | - | 1,835,955 | 1,520,579 | - | 1,520,579 |
| Total expenses | 10,773,811 | - | 10,773,811 | 9,803,826 | - | 9,803,826 |
| Change in net assets | 1,346,339 | - | 1,346,339 | 1,496,210 | 7,185 | 1,503,395 |
| Net assets - beginning of year | 9,979,928 | 4,285,727 | 14,265,655 | 8,448,434 | 4,278,542 | 12,726,976 |
| Adjustments to net assets | (62,114) | - | (62,114) | 35,284 | - | 35,284 |
| Prior year net assets released from restrictions | 4,285,727 | (4,285,727) | - | - | - | - |
| Net assets - end of year | \$ 15,549,880 | \$ - | \$ 15,549,880 | \$ 9,979,928 | \$ 4,285,727 | \$ 14,265,655 |

The accompanying notes are an integral part of these financial statements.
(5)

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022)

| | Program Services | | | Supporting Services | | |
|--|------------------|----------------------------------|------------------------|------------------------|--------------|---------------------------|
| | Research | Public Information and Education | Total Program Services | Management and General | Fund Raising | Total Supporting Services |
| Salaries | \$ 2,052,866 | - | \$ 2,052,866 | \$ 272,981 | \$ 169,622 | \$ 441,603 |
| Payroll taxes and related costs | 178,390 | - | 178,390 | 46,409 | 14,213 | 60,622 |
| Employee benefits | 603,962 | - | 603,962 | 110,900 | 46,280 | 157,180 |
| Total salaries and related costs | 2,835,218 | - | 2,835,218 | 430,290 | 229,115 | 659,405 |
| Occupancy | 2,218,342 | - | 2,218,342 | 278,617 | 277,098 | 555,715 |
| Laboratory supplies, services and other expenses | 1,625,159 | - | 1,625,159 | - | - | - |
| Insurance | 67,403 | - | 67,403 | 24,678 | 7,560 | 32,238 |
| Professional services | 311,991 | 313,968 | 625,959 | 70,459 | 222,016 | 292,475 |
| Equipment repairs & maintenance | 260,517 | - | 260,517 | 12,530 | - | 12,530 |
| Patient symposium | - | 164,120 | 164,120 | - | - | - |
| Office expenses and other | 24,577 | 2,144 | 26,721 | 71,655 | 83,841 | 155,496 |
| Conferences and travel | 73,158 | - | 73,158 | - | - | - |
| Fundraising events and related expenses | - | - | - | - | 7,000 | 7,000 |
| Depreciation and amortization | 1,041,259 | - | 1,041,259 | 57,848 | 57,848 | 115,696 |
| Charitable contributions | - | - | - | 5,400 | - | 5,400 |
| Special event expenses | - | - | - | - | 300,360 | 300,360 |
| Subtotal | 8,457,624 | 480,232 | 8,937,856 | 951,477 | 1,184,838 | 2,136,315 |
| Less: special events expenses | - | - | - | - | (300,360) | (300,360) |
| Total expenses | \$ 8,457,624 | \$ 480,232 | \$ 8,937,856 | \$ 951,477 | \$ 884,478 | \$ 1,835,955 |
| | | | | | | \$ 10,773,811 |
| | | | | | | \$ 2,494,469 |
| | | | | | | \$ 2,393,152 |
| | | | | | | \$ 215,065 |
| | | | | | | \$ 777,230 |
| | | | | | | \$ 3,494,623 |
| | | | | | | \$ 3,385,447 |
| | | | | | | \$ 2,774,057 |
| | | | | | | \$ 1,625,159 |
| | | | | | | \$ 99,641 |
| | | | | | | \$ 918,434 |
| | | | | | | \$ 273,047 |
| | | | | | | \$ 164,120 |
| | | | | | | \$ 182,217 |
| | | | | | | \$ 73,158 |
| | | | | | | \$ 7,000 |
| | | | | | | \$ 1,156,955 |
| | | | | | | \$ 5,400 |
| | | | | | | \$ 300,360 |
| | | | | | | \$ 11,074,171 |
| | | | | | | \$ (264,150) |
| | | | | | | \$ 9,803,826 |

The accompanying notes are an integral part of these financial statements.
(6)

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Program Services | | | Supporting Services | | |
|--|------------------|----------------------------------|------------------------|------------------------|--------------|---------------------------|
| | Research | Public Information and Education | Total Program Services | Management and General | Fund Raising | Total Supporting Services |
| Salaries | \$ 2,009,375 | \$ - | \$ 2,009,375 | \$ 279,054 | \$ 104,723 | \$ 383,777 |
| Payroll taxes and related costs | 181,438 | - | 181,438 | 24,375 | 9,252 | 33,627 |
| Employee benefits | 639,501 | - | 639,501 | 107,968 | 29,761 | 137,729 |
| Total salaries and related costs | 2,830,314 | - | 2,830,314 | 411,397 | 143,736 | 555,133 |
| Occupancy | 2,450,217 | - | 2,450,217 | 304,007 | 304,007 | 608,014 |
| Laboratory supplies, services and other expenses | 1,663,726 | - | 1,663,726 | - | - | - |
| Insurance | 70,094 | - | 70,094 | 23,531 | 7,300 | 30,831 |
| Professional services | 264,375 | 267,458 | 531,833 | 70,423 | 82,500 | 152,923 |
| Equipment repairs & maintenance | 193,484 | - | 193,484 | 6,390 | - | 6,390 |
| Patient symposium | - | 139 | 139 | - | - | - |
| Office expenses and other | 28,582 | 590 | 29,172 | 55,945 | 51,327 | 107,272 |
| Conferences and travel | 21,817 | - | 21,817 | - | - | - |
| Fundraising events and related expenses | - | - | - | - | 5,300 | 5,300 |
| Depreciation and amortization | 492,451 | - | 492,451 | 27,358 | 27,358 | 54,716 |
| Donated goods and services | - | - | - | - | - | - |
| Special event expenses | - | - | - | - | 264,150 | 264,150 |
| Subtotal | 8,015,060 | 268,187 | 8,283,247 | 899,051 | 885,678 | 1,784,729 |
| Less: special events expenses | - | - | - | - | (264,150) | (264,150) |
| Total expenses | \$ 8,015,060 | \$ 268,187 | \$ 8,283,247 | \$ 899,051 | \$ 621,528 | \$ 1,520,579 |
| | | | | | | \$ 9,803,826 |

The accompanying notes are an integral part of these financial statements.
(7)

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 1,346,339 | \$ 1,503,395 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Adjustment to net assets | (62,114) | 35,284 |
| Depreciation and amortization expense | 1,156,955 | 547,167 |
| Net realized and unrealized loss on sale of contributed marketable securities | 1,895 | 14,871 |
| Contributed marketable securities | (73,198) | (558,504) |
| Operating lease right-of-use-asset amortization | <u>151,047</u> | <u>234,056</u> |
| Sub-total | 2,520,924 | 1,776,269 |
| Changes in operating assets and liabilities | | |
| (Increase) Decrease in: | | |
| Pledges receivable | 176,500 | (225,000) |
| Prepaid expenses and other assets | 120,084 | (36,671) |
| Security deposit | 6,067 | - |
| Increase (Decrease) in: | | |
| Accounts payable and accrued expenses | 108,769 | (191,154) |
| Deferred revenue | <u>-</u> | <u>(162,000)</u> |
| Net cash provided by operating activities | <u>2,932,344</u> | <u>1,161,444</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of contributed marketable securities | 71,303 | 543,633 |
| Purchase of property and equipment | <u>(671,015)</u> | <u>(1,349,385)</u> |
| Net cash used for investing activities | <u>(599,712)</u> | <u>(805,752)</u> |
| Cash flow from financing activities | | |
| Advances from (repayment of) related parties, net | <u>(247,752)</u> | <u>35,308</u> |
| Net cash (used for) provided by financing activities | <u>(247,752)</u> | <u>35,308</u> |
| Net increase in cash | 2,084,880 | 391,000 |
| Cash and temporary cash investments - beginning of year | <u>1,447,415</u> | <u>1,056,415</u> |
| Cash and temporary cash investments - end of year | <u>\$ 3,532,295</u> | <u>\$ 1,447,415</u> |

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Tisch Multiple Sclerosis Research Center of New York, Inc. ("TMSRCNY") was incorporated in August 2005, under the laws of the State of New York, as a not-for-profit medical research center. TMSRCNY is a qualified charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes and from state and local taxes under comparable laws.

In focusing on finding the cause and eventual cure of multiple sclerosis, TMSRCNY's research is designed to understand all aspects of multiple sclerosis, including research at the cellular and molecular levels.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of TMSRCNY are reported according to two classes of net assets, when applicable: net assets without donor restrictions and net assets with donor restrictions.

Concentrations of Credit Risk

TMSRCNY maintains cash in several bank accounts which, at times, may exceed federally insured limits. At December 31, 2023 and 2022 TMSRCNY's cash balances exceeded federally insured limits by approximately \$3,245,000 and \$1,097,000, respectively. TMSRCNY has not experienced any losses with respect to such accounts.

Revenue Recognition

Contributions (including unconditional promises to give) are recorded at fair value when received. Contributions received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give (pledges) are recorded as income when TMSRCNY is formally notified of the grants or contributions by the respective donors. Conditional promises to give are not included as support until the conditions are substantially met.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

TMSRCNY recognizes bequests and legacies as support when the wills have passed probate and the sum is certain.

Pledges Receivable

TMSRCNY uses the direct write-off method to account for uncollectible pledges receivable. Such write-offs are based on management's evaluation of the creditworthiness of individual donors, a review of individual donor accounts outstanding, the aging of its receivables, as well as current economic conditions and historical collection experience.

Investments

Investments consist of contributed marketable securities and are reported at their fair values in the statements of financial position, which is the prevailing market value.

Unrealized gains and losses are included in the statements of activities. It is the organization's policy to sell all such investments immediately after receipt. However, due to timing differences, realized and unrealized gains or losses may occur.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value if donated, less accumulated depreciation and amortization. Donated property and equipment are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. TMSRCNY reports expirations of donor restrictions when the donated or acquired assets are placed in service. TMSRCNY reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using a straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease. TMSRCNY capitalizes property and equipment with a cost of \$2,000 or more and a useful life greater than one year.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Leases

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (Topic 842), which requires lease assets and liabilities to be recorded on the balance sheet. TMSRCNY adopted this ASU and related amendments as of January 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification as well as relief from reviewing expired or existing contracts to determine if they contain leases.

The adoption of this ASU and related amendments resulted in an increase to total assets and total liabilities by \$21,605,197 in the first quarter of 2022. TMSRCNY's Statement of Operations and Statement of Cash Flows were not impacted. Accounting policies as a result of the adoption of this ASU are described below. Refer to Note 9 for additional lease disclosures.

For any new or modified lease, TMSRCNY, at the inception of the contract, determines whether a contract is or contains a lease. TMSRCNY records right-of-use ("ROU") assets and lease obligations for finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that TMSRCNY will exercise the option.

In-Kind Donated Goods and Services

TMSRCNY received contributed goods and services consisting primarily of professional research-related services. The contributed goods and services have been valued at the estimated market rates that would have been incurred by TMSRCNY to obtain them and are reported as both revenue and expense in the accompanying financial statements.

Intellectual Property

The primary purpose of TMSRCNY in conducting research is to support its mission to find the cause, treatment and cure for MS. TMSRCNY recognizes that its research may result in discoveries that have commercial value. Therefore, it has adopted a policy that applies to all intellectual property (the "Policy") created through resources of or supported by TMSRCNY.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

The policy provides that all rights in intellectual property produced by TMSRCNY resources are its property. To assure reasonable development of such intellectual property, TMSRCNY files for patents when appropriate. The policy also provides that if individual researchers at TMSRCNY were the creators of discoveries that result in income to TMSRCNY, these individuals may receive a share of such income based on a fixed schedule comparable to those in effect at other major research institutions.

Cost Allocation

The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization and occupancy, are allocated on a square footage basis. Payroll taxes and employee benefit costs are allocated on the basis of percentage of total salaries. All other expenses are allocated by functional category.

Rent Expense

Rent expense is recognized on a straight-line basis over the length of the lease. The difference between rental payments made under the lease and rent expense calculated on a straight-line basis is recorded as a deferred rent obligation in the accompanying statements of financial position.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 3 - RESTRICTIONS ON NET ASSETS

In April 2023, TMSRCNY opened a new facility, the Experimental Research Center, as an expansion of the existing research laboratory. Since the capital campaign launched in 2019, the donations received to fund this expansion were restricted for use of construction costs, property and equipment purchases, and operating costs of this facility. For years ended December 31, 2023 and 2022, restricted funds in the amount of \$-0- and \$21,749, respectively, were expended for expenses related to the Experimental Research Center. As of December 31, 2023, all of the restricted fund expenditures have been incurred and these costs were reclassified from net assets with donor restrictions to net assets without donor restrictions when the acquired assets were placed in service.

TMSRCNY is also conducting a Phase II clinical trial, which is funded through two large grants and private donations. These funds are restricted for the operating costs of the trial.

For the years ended December 31, 2023 and 2022, net assets with donor restrictions of \$4,611,112 and \$665,873, respectively, were released from donor restrictions. Interest earned on the investment of restricted support is without donor restrictions.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give consisting of the following as of December 31, 2023 and 2022:

| | 2023 | 2022 |
|----------------------------------|-----------|------------|
| Amount due in less than one year | \$ 48,500 | \$ 225,000 |

For the year ended December 31, 2023 uncollectible pledges written off were \$8,000. There were no uncollectible pledges written off in the prior year.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | 2023 | 2022 |
|--|--------------|--------------|
| Financial assets available to meet cash needs for general expenditures within one year | \$ 3,580,795 | \$ 1,672,415 |

For the years ended December 31, 2023 and 2022 there were no donor-imposed restrictions.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023 and 2022:

| | 2023 | 2022 | Estimated Useful Life |
|---|---------------|---------------|--|
| Leasehold improvements | \$ 17,662,088 | \$ 8,550,683 | Lesser of useful life or the term of the lease |
| Research equipment | 5,098,416 | 5,066,875 | 5 - 10 years |
| Office furniture and equipment | 1,224,263 | 1,022,400 | 3 - 10 years |
| Software | 19,895 | 19,895 | 3 years |
| Construction in progress | - | 8,773,795 | |
| Total cost | 24,004,662 | 23,433,648 | |
| Less: accumulated depreciation and amortization | (11,026,239) | (9,869,285) | |
| Net book value | \$ 12,978,423 | \$ 13,564,363 | |

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Depreciation and amortization expenses amounted to \$1,156,955 and \$547,167 for the years ended December 31, 2023 and 2021 respectively.

NOTE 7 - IN-KIND DONATED GOODS AND SERVICES

TMSRCNY receives contributed goods and services, which are valued at the estimated market rates on the date they are received. The Director/Chief Research Scientist of TMSRCNY (the "Director") is a member of the Board of Directors of TMSRCNY (see Note 8). He donates time to TMSRCNY without compensation from TMSRCNY, as noted below.

Contributed goods and services consist of research related services provided by the Director. The value of these services was \$375,000 for the years ended December 31, 2023 and 2022.

NOTE 8 - RELATED PARTY TRANSACTIONS

Pursuant to an agreement between TMSRCNY and the International Multiple Sclerosis Management Practice ("IMSMP"), a separate and distinct for-profit company, TMSRCNY shares space in the same facility with IMSMP and, consequently, shares certain costs (including leasehold improvements) associated with the facility, which have been allocated based on the square-foot usage for each entity. In addition, IMSMP may from time to time provide advances to TMSRCNY.

TMSRCNY also engages IMSMP and its related entity, the Multiple Sclerosis Medical Practice of New York ("MSMPNY"), to perform certain clinical services in connection with its research. As of December 31, 2023, and 2022, TMSRCNY owed \$27,178 and \$274,930, respectively, to IMSMP and MSMPNY for its share of these costs, as well as rent, advances, and clinical services.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

TMSRCNY and IMSMP share space pursuant to a sublease, as amended, that commenced on January 1, 2006 and was renewed on June 30, 2020, whereby IMSMP subleases to TMSRCNY a portion of the 3rd and 4th floors at 521 West 57th Street, New York, NY to TMSRCNY (see Note 7). IMSMP has renewed its lease through June 30, 2030, with the option to extend the term an additional five years. TMSRCNY has extended its sublease with IMSMP for through June 29, 2030. TMSRCNY has an obligation as a lessee for this office space under a noncancelable lease ending on June 29, 2030. TMSRCNY classified this lease as an operating lease.

The following summarizes the line items in the balance sheet which include amounts for this operating lease as of December 31, 2023:

| | |
|---------------------------------------|----------------------|
| Operating lease right-of-use-asset | <u>\$ 15,288,908</u> |
| Operating lease liability - current | \$ 2,178,656 |
| Operating lease liability - long-term | <u>13,969,741</u> |
| Total operating lease liability | <u>\$ 16,148,497</u> |

The ROU asset and lease liability were calculated utilizing the risk-free discount rate (1.5%), according to TMSRCNY's elected policy. The remaining lease term on the lease is approximately 6.5 years.

Supplemental cash flow information:

| | |
|---|--------------|
| | <u>2023</u> |
| Cash paid for amounts included in measurement of lease liability: | |
| Operating cash flow from operating lease | \$ 2,337,765 |
| ROU asset obtained in exchange for operating lease liability | \$18,224,821 |

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NOTES TO FINANCIAL STATEMENTS

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The maturities of lease liabilities as of December 31, 2023 were as follows:

| | | |
|------------------------------------|----|-------------------|
| 2024 | \$ | 2,407,897 |
| 2025 | | 2,480,134 |
| 2026 | | 2,554,538 |
| 2027 | | 2,631,174 |
| 2028 | | 2,710,110 |
| Thereafter | | <u>4,207,745</u> |
| Total lease payments | | <u>16,991,598</u> |
| Less: imputed interest | | <u>(843,201)</u> |
| Present value of lease liabilities | \$ | <u>16,148,397</u> |

The rent expense allocated to TMSRCNY is apportioned based on its square foot usage and/or future intended usage. TMSRCNY is committed by the terms of the sublease to pay a proportionate share of escalation charges.

Rent expense computed on the straight-line basis, totaled \$2,488,811 and \$2,658,254 for the years ended December 31, 2023 and 2022, respectively, and is included in occupancy expense in the accompanying financial statements.

Income Taxes

TMSRCNY is not aware of any uncertain tax positions as of December 31, 2023 and 2022 in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions. TMSRCNY is no longer subject to federal or state and local income tax examinations by tax authorities for the years ended before December 31, 2019.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

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NOTE 10 - EMPLOYEE RETIREMENT PLAN

TMSRCNY maintains an employee benefit plan under section 401(k) of the Internal Revenue Code (the "Plan") into which eligible employees may contribute a portion of their annual salaries. Under the terms of the plan, TMSRCNY may provide a discretionary matching contribution of the employees' contributions up to 8% of their annual salary. For the years ended December 31, 2023 and 2022, TMSRCNY elected to match its employees' contributions, limited to 8% of their annual salary resulting in an expense of \$116,851 and \$108,401 which is included in employee benefits in the accompanying financial statements.

NOTE 11 - CONCENTRATIONS OF MAJOR DONORS

For the years ended December 31, 2023 and 2022, TMSRCNY received contributions from major donors, as follows:

| | 2023 | 2022 |
|--------------------------------|--------------|--------------|
| Number of major donors | 3 | 3 |
| Amount donated | \$ 4,682,000 | \$ 4,847,000 |
| % of total support and revenue | 39% | 43% |

In 2023, the major donors consisted of an individual donor and two not-for-profit foundations, both of which are controlled by a Board member. In 2022, the major donors consisted of two not-for-profit foundations, one of which is controlled by a Board Member, and an individual donor. One of the not-for-profit foundations and the individual donor was the same in both years.

NOTE 12 - GOVERNMENT ASSISTANCE

For the years ending December 31, 2023 and 2022, TMSRCNY received Employee Retention Tax Credits in the amount of \$725,087 and \$208,196, as well as related interest income totaling \$32,005 and \$5,874, respectively. The tax credits are recorded as other income in the accompanying financial statements. There are no further tax credits TMSRCNY is eligible for or expects to receive.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through August 30, 2024, the date the financial statements were available to be issued.