

TISCH MULTIPLE SCLEROSIS
RESEARCH CENTER OF NEW YORK, INC.

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

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

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, 2024 and 2023, 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, 2024 and 2023, 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.

Dil + Penning, CPAs LLP

Port Washington, New York
September 8, 2025

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023
(See Independent Auditor's Report)

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 3,040,370	\$ 3,532,295
Pledges receivable	136,795	48,500
Prepaid expenses and other assets	<u>663,966</u>	<u>278,007</u>
Total current assets	<u>3,841,131</u>	<u>3,858,802</u>
Non-current assets:		
Security deposit	33,683	33,683
Property and equipment, net	12,603,060	12,978,423
Operating lease right-of-use asset, net	<u>13,029,340</u>	<u>15,288,908</u>
Total non-current assets	<u>25,666,083</u>	<u>28,301,014</u>
Total assets	<u>\$ 29,507,214</u>	<u>\$ 32,159,816</u>

LIABILITES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 323,790	\$ 434,361
Due to related parties	-0-	27,178
Current portion of operating lease liability	<u>2,284,562</u>	<u>2,178,656</u>
Total current liabilities	<u>2,608,352</u>	<u>2,640,195</u>
Long term liabilities:		
Operating lease liability	<u>11,685,179</u>	<u>13,969,741</u>
Total liabilities	<u>14,293,531</u>	<u>16,609,936</u>
Net assets:		
Without donor restrictions	15,213,683	15,549,880
With donor restrictions	<u>-0-</u>	<u>-0-</u>
Total net assets	<u>15,213,683</u>	<u>15,549,880</u>
Total liabilities and net assets	<u>\$ 29,507,214</u>	<u>\$ 32,159,816</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 YEARS ENDED DECEMBER 31, 2024 AND 2023
(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
Support and revenue:						
Grants and contributions	\$ 5,576,393	\$ -0-	\$ 5,576,393	\$ 6,523,273	\$ 253,440	\$ 6,776,713
Special events revenue, net of direct expenses of \$312,772 and \$300,360 in 2024 and 2023, respectively	4,565,248	-0-	4,565,248	4,139,547	-0-	4,139,547
Program income	-0-	247,000	247,000	-0-	71,945	71,945
Contributions in kind	375,000	-0-	375,000	375,000	-0-	375,000
Investment loss, net	(8,044)	-0-	(8,044)	(1,895)	-0-	(1,895)
Other income	7,994	-0-	7,994	758,840	-0-	758,840
Net assets released from restrictions	247,000	(247,000)	-0-	325,385	(325,385)	-0-
Total support and revenue	10,763,591	-0-	10,763,591	12,120,150	-0-	12,120,150
Expenses:						
Program services:						
Research	8,793,488	-0-	8,793,488	8,457,624	-0-	8,457,624
Public information and education	339,978	-0-	339,978	480,232	-0-	480,232
Total program services	9,133,466	-0-	9,133,466	8,937,856	-0-	8,937,856
Supporting services:						
Management and general	1,105,227	-0-	1,105,227	951,477	-0-	951,477
Fundraising	824,349	-0-	824,349	884,478	-0-	884,478
Total supporting services	1,929,576	-0-	1,929,576	1,835,955	-0-	1,835,955
Total expenses	11,063,042	-0-	11,063,042	10,773,811	-0-	10,773,811
Change in net assets from operations	(299,451)	-0-	(299,451)	1,346,339	-0-	1,346,339
Other expense:						
Loss on disposition of fixed assets	(16,328)	-0-	(16,328)	-0-	-0-	-0-
Change in net assets	(315,779)	-0-	(315,779)	1,346,339	-0-	1,346,339
Net assets - beginning of year	15,549,880	-0-	15,549,880	9,979,928	4,285,727	14,265,655
Adjustment to net assets	(20,418)	-0-	(20,418)	(62,114)	-0-	(62,114)
Prior year net assets released from restriction:	-0-	-0-	-0-	4,285,727	(4,285,727)	-0-
Net assets, end of year	\$ 15,213,683	\$ -0-	\$ 15,213,683	\$15,549,880	\$ -0-	\$15,549,880

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(See Independent Auditor's Report)

	<u>Program Services</u>			<u>Supporting Services</u>				
	<u>Research</u>	<u>Public Information and Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2024</u>	<u>Total 2023</u>
Salaries and related costs:								
Salaries	\$ 1,935,220	\$ -0-	\$ 1,935,220	\$ 389,597	\$ 212,245	\$ 601,842	\$ 2,537,062	\$ 2,494,469
Payroll taxes and related costs	187,541	-0-	187,541	33,203	18,089	51,292	238,833	239,012
Employee benefits	613,470	-0-	613,470	127,212	68,961	196,173	809,643	761,142
Total salaries and related costs	<u>2,736,231</u>	<u>-0-</u>	<u>2,736,231</u>	<u>550,012</u>	<u>299,295</u>	<u>849,307</u>	<u>3,585,538</u>	<u>3,494,623</u>
Other expenses:								
Occupancy	2,188,420	-0-	2,188,420	275,244	273,358	548,602	2,737,022	2,774,057
Laboratory supplies and services	1,902,701	-0-	1,902,701	-0-	-0-	-0-	1,902,701	1,625,159
Insurance	70,966	-0-	70,966	27,554	8,312	35,866	106,832	99,641
Professional services	280,256	175,587	455,843	78,357	62,500	140,857	596,700	918,434
Equipment repairs and maintenance	250,722	-0-	250,722	11,880	11,880	23,760	274,482	273,047
Patient symposium	-0-	163,616	163,616	-0-	-0-	-0-	163,616	164,120
Office expenses and other	26,409	775	27,184	89,303	90,594	179,897	207,081	182,217
Conferences and travel	35,742	-0-	35,742	-0-	-0-	-0-	35,742	73,158
Fundraising and related expenses	-0-	-0-	-0-	-0-	6,075	6,075	6,075	7,000
Depreciation and amortization	1,302,041	-0-	1,302,041	72,335	72,335	144,670	1,446,711	1,156,955
Interest expense	-0-	-0-	-0-	542	-0-	542	542	-0-
Charitable contributions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,400
Total other expenses	<u>6,057,257</u>	<u>339,978</u>	<u>6,397,235</u>	<u>555,215</u>	<u>525,054</u>	<u>1,080,269</u>	<u>7,477,504</u>	<u>7,279,188</u>
Total expenses	<u>\$ 8,793,488</u>	<u>\$ 339,978</u>	<u>\$ 9,133,466</u>	<u>\$ 1,105,227</u>	<u>\$ 824,349</u>	<u>\$ 1,929,576</u>	<u>\$11,063,042</u>	<u>\$ 10,773,811</u>

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023, CONTINUED
(See Independent Auditor's Report)

	<u>Program Services</u>			Management and General	<u>Supporting Services</u>		Total 2023
	<u>Research</u>	<u>Public Information and Education</u>	<u>Total Program Services</u>		<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and related costs:							
Salaries	\$ 2,052,866	\$ -0-	\$ 2,052,866	\$ 272,981	\$ 168,622	\$ 441,603	\$ 2,494,469
Payroll taxes	178,390	-0-	178,390	46,409	14,213	60,622	239,012
Employee benefits	<u>603,962</u>	<u>-0-</u>	<u>603,962</u>	<u>110,900</u>	<u>46,280</u>	<u>157,180</u>	<u>761,142</u>
Total salaries and related costs	<u>2,835,218</u>	<u>-0-</u>	<u>2,835,218</u>	<u>430,290</u>	<u>229,115</u>	<u>659,405</u>	<u>3,494,623</u>
Other expenses:							
Occupancy	2,218,342	-0-	2,218,342	278,617	277,098	555,715	2,774,057
Laboratory supplies and services	1,625,159	-0-	1,625,159	-0-	-0-	-0-	1,625,159
Insurance	67,403	-0-	67,403	24,678	7,560	32,238	99,641
Professional services	311,991	313,968	625,959	70,459	222,016	292,475	918,434
Equipment repairs and maintenance	260,517	-0-	260,517	12,530	-0-	12,530	273,047
Patient symposium	-0-	164,120	164,120	-0-	-0-	-0-	164,120
Office expenses and other	24,577	2,144	26,721	71,655	83,841	155,496	182,217
Conferences and travel	73,158	-0-	73,158	-0-	-0-	-0-	73,158
Fundraising and related expenses	-0-	-0-	-0-	-0-	7,000	7,000	7,000
Depreciation and amortization	1,041,259	-0-	1,041,259	57,848	57,848	115,696	1,156,955
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Charitable contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,400</u>	<u>-0-</u>	<u>5,400</u>	<u>5,400</u>
Total other expenses	<u>5,622,406</u>	<u>480,232</u>	<u>6,102,638</u>	<u>521,187</u>	<u>655,363</u>	<u>1,176,550</u>	<u>7,279,188</u>
Total expenses	<u>\$ 8,457,624</u>	<u>\$ 480,232</u>	<u>\$ 8,937,856</u>	<u>\$ 951,477</u>	<u>\$ 884,478</u>	<u>\$ 1,835,955</u>	<u>\$ 10,773,811</u>

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(See Independent Auditor's Report)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (315,779)	\$ 1,346,339
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Adjustment to net assets	(20,418)	(62,114)
Depreciation and amortization expense	1,446,711	1,156,955
Loss of disposal of fixed assets	16,328	-0-
Net realized loss on sale of marketable securities	8,044	1,895
Contributed marketable securities	(373,237)	(73,198)
Operating lease right-of-use asset amortization	80,912	151,047
Changes in operating assets and liabilities:		
(Increase)/decrease in:		
Pledges receivable	(88,295)	176,500
Prepaid expenses and other assets	(385,959)	120,084
Security deposits	-0-	6,067
Increase/(decrease) in:		
Accounts payable and accrued expenses	(110,571)	108,769
Due to related parties	<u>(27,178)</u>	<u>(247,752)</u>
Net cash provided by operating activities	<u>230,558</u>	<u>2,684,592</u>
Cash flows from investing activities:		
Proceeds from sale of contributed marketable securities	365,193	71,303
Purchase of property and equipment	<u>(1,087,676)</u>	<u>(671,015)</u>
Net cash used in investing activities	<u>(722,483)</u>	<u>(599,712)</u>
Net increase /(decrease) in cash and cash equivalents	(491,925)	2,084,880
Cash and cash equivalents - beginning of year	<u>3,532,295</u>	<u>1,447,415</u>
Cash and cash equivalents - end of year	<u>\$ 3,040,370</u>	<u>\$ 3,532,295</u>

Supplemental disclosure of cash flow information:

Non-cash transaction:

Property and equipment with carrying value of \$16,328 was disposed of during 2024.

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

The Tisch Multiple Sclerosis Research Center of New York, Inc. ("the Organization", "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.

TMSRCNY is governed by a Board of Directors that provides fiduciary oversight, strategic direction, and programmatic guidance. The Board meets periodically throughout the year to review financial performance, approve budgets, evaluate program outcomes, and assess organizational risk.

NOTE B - 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.

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 THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of these financial statements, the Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2024 and 2023, TMSRCNY did not have any cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash balances with high-quality financial institutions which are insured up to the Federal Deposit Insurance Corporation ("FDIC") limit. At December 31, 2024 and 2023, TMSRCNY's cash balances exceeded federally insured limits by approximately \$2,717,400 and \$3,266,500, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks.

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

During the years ended December 31, 2024 and 2023, the Organization received contributions in the form of publicly traded securities totaling \$373,237 and \$73,178, respectively.

In accordance with the Organization's accounting policy, donated securities are recorded at their fair value on the date of donation based on quoted market prices. Unless otherwise restricted by the donor, donated securities are typically sold shortly after receipt, and the proceeds are used to support the Organization's programs and operations.

Realized losses on the sale of securities totaled \$8,044 in 2024 and \$1,895 in 2023. These amounts are reported as investment loss, net in the accompanying statements of activities. As of December 31, 2024 and 2023 the TMSRCNY did not hold any donated securities as it is the Organization's policy to sell all such securities immediately after receipt.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (which range from 8 to 39 years). TMSRCNY capitalizes property and equipment with an original cost of \$2,000 or more and a useful life greater than one year.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor may stipulate that the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and Grants

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*, contributions, including unconditional promises to give, are recognized as revenue at fair value when received or when the Organization is formally notified by the donor. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When the restrictions are satisfied, the related amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows, discounted using a credit-adjusted discount rate determined at the time the pledge is recorded. The discount rate is not subsequently revised.

Conditional promises to give are not recognized as support until the conditions are substantially met.

Special Event and Other Revenue

Special event revenues are recognized on an accrual basis as earned. In the statement of activities, special event revenue is reported net of direct donor benefit costs (such as food, beverages, and entertainment) in accordance with ASC Subtopic 958-605, *Not-for-Profit Entities - Revenue Recognition*. The portion of event receipts that represents the fair value of benefits provided to attendees is considered exchange revenue, and the remaining portion is considered a contribution. Both are recognized when the event occurs or when the contribution is received. Other earned revenue is recognized when the performance obligation is satisfied in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Performance obligations are generally satisfied at a point of time when the service is performed, or the goods are delivered to the customer.

Leases

TMSRCNY accounts for leases in accordance with FASB ASC Topic 842, *Leases*. The Organization determines whether a contract is, or contains, a lease at the inception of the arrangement. For lease agreements, the Organization recognizes a right-of-use ("ROU") asset and a corresponding lease liability at the lease commencement date. The lease liability is

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

measured at the present value of future lease payments, discounted using the Organization's incremental borrowing rate, unless the implicit rate in the lease is readily determinable. The ROU asset is initially measured at the amount of the lease liability, adjusted for any lease prepayments, initial direct costs, and lease incentives received.

The lease term includes the non-cancelable period of the lease, together with any periods covered by options to extend or terminate the lease when it is reasonably certain that such options will be exercised.

The Organization has elected the short-term lease exemption for leases with a term of 12 months or less and, as such, does not recognize ROU assets or lease liabilities for these leases. Lease expense for short-term leases is recognized on a straight-line basis over the lease term.

For operating leases, the Organization recognizes lease expense on a straight-line basis over the lease term. Upon adoption of ASC 842, any existing deferred rent balance was reclassified as an adjustment to the related right-of-use ("ROU") asset. No additional deferred rent is recorded subsequent to adoption, as the straight-line lease expense recognition is reflected in the amortization of the ROU asset and interest on the lease liability. Lease expense is presented within occupancy costs in the accompanying statements of activities.

Additional quantitative and qualitative lease disclosures, including lease liabilities by maturity, weighted-average lease term, and weighted-average discount rate, are included in Note J.

Donated Services and In-Kind Contributions

The Organization recognizes revenues and expenses from contributed services if the services received create or enhance long-lived assets or require specialized skills. Volunteers have donated time to the Organization's program services during the year. However, these donated services are not reflected in the financial statements since the services don't require specialized skills.

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

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intellectual Property

The primary purpose of TMSRCNY in conducting research is to support its mission to find the cause, treatment and cure for multiple sclerosis. 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.

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, amortization and occupancy costs, which 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.

Reclassifications

Certain reclassifications have been made to the 2023 balances to conform to the 2024 presentation.

NOTE C - 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. 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.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE C - RESTRICTIONS ON NET ASSETS (CONTINUED)

TMSRCNY is also conducting several research studies, which are funded by the participants and classified as program income. These funds are restricted for the operating costs of the studies.

For the years ended December 31, 2024 and 2023, net assets with donor restrictions of \$-0- and \$4,285,727, respectively, were released from donor restrictions. Interest earned on the investment of restricted support is without donor restrictions.

NOTE D - PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give consisting of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Amount due in less than one year	<u>\$ 136,795</u>	<u>\$ 48,500</u>

There were no uncollectible pledges written off for the year ended December 31, 2024. For the year ended December 31, 2023, \$8,000 of uncollectible pledges were written off.

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its liquidity by maintaining sufficient cash and other financial assets to meet its general operating expenditures, liabilities, and other obligations as they come due. Excess cash is maintained in interest-bearing accounts to preserve liquidity and generate modest returns.

The following reflects the Organization's financial assets as of December 31, 2024 and 2023 that are available within one year to fund general expenditures:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 3,040,370	\$ 3,532,295
Pledges receivable, due within one year	<u>136,795</u>	<u>48,500</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 3,177,165</u>	<u>\$ 3,580,795</u>

The Organization believes that it has resources available to meet general expenditures for the following year.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 17,768,545	\$ 17,662,088	8-39 years
Research equipment	5,810,017	5,098,416	5-10 years
Office furniture and equipment	1,114,379	1,224,263	3-10 years
Software	19,895	19,895	3 years
Construction in progress	<u>198,370</u>	<u>-0-</u>	---
Property and equipment, at cost	24,911,206	24,004,662	
Less: accumulated depreciation and amortization	<u>12,308,146</u>	<u>11,026,239</u>	
Property and equipment, net	<u>\$ 12,603,060</u>	<u>\$ 12,978,423</u>	

Depreciation and amortization expense amounted to \$1,446,711 and \$1,156,955 for the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2024, the Organization disposed of property and equipment with a total cost of \$181,133 and recognized a loss on disposal of \$16,328. No such loss was incurred in 2023.

NOTE G - 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 H). He donates time to TMSRCNY without compensation from TMSRCNY, as noted below.

The value of these research related services provided by the Director to TMSRCNY was \$375,000 for each of the years ended December 31, 2024 and 2023 and are included in professional services on the statements of functional expenses.

NOTE H - 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE H - RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2024, and 2023, TMSRCNY owed \$-0- and \$27,178, respectively, to IMSMP and MSMPNY for its share of these costs, as well as rent, advances, and clinical services. As of December 31, 2024 and 2023, IMSMP and MSMPNY owed \$17,013 and \$-0-, respectively to the Organization.

The Director of TMSRCNY is also the sole stockholder of IMSMP and MSMPNY, which are separate legal entities. These entities are considered related parties under U.S. GAAP. In accordance with FASB ASC 958-810, *Not-for-Profit Entities - Consolidation*, TMSRCNY does not consolidate IMSMP or MSMPNY as it does not have both control and an ongoing economic interest in either entity. Procedures are in place to ensure the proper allocation of shared expenses, and all related party transactions are conducted at amounts that approximate fair value.

NOTE I - 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 H). IMSMP has renewed its lease through June 30, 2040. TMSRCNY has extended its sublease with IMSMP through June 29, 2030. TMSRCNY has an obligation as a lessee for this office space under a non-cancelable 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, 2024:

Operating lease right-of-use-asset, net	<u>\$ 13,029,339</u>
Operating lease liability - current	\$ 2,284,562
Operating lease liability - long-term	<u>11,685,179</u>
Total operating lease liability	<u>\$ 13,969,741</u>

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE I - COMMITMENTS AND CONTINGENCIES

Lease Commitments (Continued)

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 5.5 years.

Undiscounted future minimum lease payments displayed by year (and in the aggregate) under non-cancelable operating leases with terms of greater than one year, as of December 31, 2024, have been reconciled to the total operating and finance lease liabilities recognized on the balance sheet as of December 31, 2024:

<u>Year ended December 31,</u>	<u>Amount</u>
2025	\$ 2,480,134
2026	2,554,538
2027	2,631,174
2028	2,710,110
2029	2,791,413
Thereafter	<u>1,416,333</u>
Total lease payments	14,583,702
Less: imputed interest	<u>613,961</u>
Present value of lease liabilities	<u>\$ 13,969,741</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 for each of the years ended December 31, 2024 and 2023 and is included in occupancy expense in the accompanying financial statements.

NOTE J - INCOME TAXES

TMSRCNY is not aware of any uncertain tax positions as of December 31, 2024 and 2023 in accordance with ASC Topic 740 *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. TMSRCNY is subject to federal, state and local income tax examinations by tax authorities for the years ended subsequent to December 31, 2021.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE K -RETIREMENT PLAN

TMSRCNY maintains an employee benefit plan (the "Plan") under section 401(k) of the Internal Revenue Code that allows eligible employees to contribute a portion of their annual salaries on a pre-tax basis. 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, 2024 and 2023, TMSRCNY matched employees' contributions, up to 8% of their annual salaries, resulting in expenses of \$120,437 and \$116,851, respectively. These amounts are included in employee benefits in the accompanying financial statements.

NOTE L - CONCENTRATIONS OF MAJOR DONORS

For the years ended December 31, 2024 and 2023, TMSRCNY received contributions from major donors, as follows:

	<u>2024</u>	<u>2023</u>
Number of major donors	4	3
Amount donated	\$ 5,300,000	\$ 4,682,000
% of total support and revenue	49%	39%

In 2024, the major donors consisted of four not-for-profit foundations, three of which are controlled by Board Members, 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. Two of the not-for-profit foundations were the same in both years.

NOTE M - GOVERNMENT ASSISTANCE

In 2023, TMSRCNY received Employee Retention Tax Credits in the amount of \$725,087, as well as interest income totaling \$32,005 related to this amount.

The tax credits are recorded as other income in the accompanying 2023 financial statements. There are no further tax credits TMSRCNY is eligible for or expects to receive.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through September 8, 2025, the date the financial statements were available to be issued. No events requiring recognition or disclosure were identified during this period.