

TISCH MULTIPLE SCLEROSIS  
RESEARCH CENTER OF NEW YORK, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT  
DECEMBER 31, 2021 AND 2020



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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, 2021 and 2020, 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, 2021 and 2020, 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.

*Arl - Anthony* CPAs LLP  
Port Washington, New York  
June 13, 2022

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

DECEMBER 31, 2021 AND 2020

INDEX

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 17

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

	DECEMBER 31,	
	2021	2020
<b>Assets</b>		
Cash and temporary cash investments	\$ 1,056,415	\$ 1,954,573
Pledges receivable	-	54,000
Prepaid expenses and other assets	361,420	378,457
Marketable securities, at fair value	-	56,753
Security deposit	39,750	19,293
Property and equipment, net	12,662,145	8,626,356
Total assets	\$ 14,119,730	\$11,089,432
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 516,746	\$ 752,876
Due to related parties	239,622	79,310
Deferred revenue	162,000	25,000
Deferred rent	474,386	169,723
Total liabilities	1,392,754	1,026,909
Commitments and contingencies		
Net Assets		
Without donor restrictions	8,448,434	5,751,988
With donor restrictions	4,278,542	4,310,535
Total net assets	12,726,976	10,062,523
Total liabilities and net assets	\$ 14,119,730	\$11,089,432

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, 2021

FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
Support and Revenue						
Grants and contributions	\$ 8,347,997	\$ 615,175	\$ 8,963,172	\$ 4,640,492	\$ 2,115,555	\$ 6,756,047
Special events revenue, net of direct special events expenses of \$9,782 and \$5,177 in 2021 and 2020, respectively	2,768,420	-	2,768,420	2,553,872	-	2,553,872
Program income	-	318,000	318,000	-	-	-
Contributions in kind	375,000	-	375,000	375,000	-	375,000
Investment loss, net	(4,875)	-	(4,875)	(5,319)	-	(5,319)
Other income	576,576	-	576,576	602,501	-	602,501
Net assets released from restrictions	965,168	(965,168)	-	2,848,489	(2,848,489)	-
Total support and revenue	<u>13,028,286</u>	<u>(31,993)</u>	<u>12,996,293</u>	<u>11,015,035</u>	<u>(732,934)</u>	<u>10,282,101</u>
Expenses						
Program services						
Research	8,702,636	-	8,702,636	8,846,923	-	8,846,923
Public information and education	41,500	-	41,500	48,400	-	48,400
Total program services	<u>8,744,136</u>	<u>-</u>	<u>8,744,136</u>	<u>8,895,323</u>	<u>-</u>	<u>8,895,323</u>
Supporting Services						
Management and general	989,024	-	989,024	951,820	-	951,820
Fundraising	566,164	-	566,164	592,277	-	592,277
Total supporting services	<u>1,555,188</u>	<u>-</u>	<u>1,555,188</u>	<u>1,544,097</u>	<u>-</u>	<u>1,544,097</u>
Total expenses	<u>10,299,324</u>	<u>-</u>	<u>10,299,324</u>	<u>10,439,420</u>	<u>-</u>	<u>10,439,420</u>
Change in net assets	2,728,962	(31,993)	2,696,969	575,615	(732,934)	(157,319)
Net assets - beginning of year	5,751,988	4,310,535	10,062,523	5,202,192	5,043,469	10,245,661
Adjustments to net assets	(32,516)	-	(32,516)	(25,819)	-	(25,819)
Net assets - end of year	<u>\$ 8,448,434</u>	<u>\$ 4,278,542</u>	<u>\$ 12,726,976</u>	<u>\$ 5,751,988</u>	<u>\$ 4,310,535</u>	<u>\$ 10,062,523</u>

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, 2021  
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2020)

	Program Services			Supporting Services			Total 2020
	Research	Public Information and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 2,079,323	-	\$ 2,079,323	\$ 304,915	\$ 86,213	\$ 391,128	\$ 2,470,451
Payroll taxes and related costs	184,442	-	184,442	38,121	7,046	45,167	229,609
Employee benefits	699,383	-	699,383	98,461	28,121	126,582	825,965
Total salaries and related costs	2,963,148	-	2,963,148	441,497	121,380	562,877	3,526,025
Occupancy	2,495,214	-	2,495,214	308,982	308,982	617,964	3,113,178
Laboratory supplies, services and other expenses	2,143,681	-	2,143,681	-	-	-	2,143,681
Insurance	73,909	-	73,909	22,343	7,624	29,967	103,876
Professional services	296,126	37,500	333,626	71,943	37,500	109,443	443,069
Equipment repairs & maintenance	215,422	-	215,422	12,905	12,905	25,810	241,232
Office expenses and other	13,446	4,000	17,446	103,788	41,456	145,244	162,690
Conferences and travel	5,510	-	5,510	-	-	-	5,510
Fundraising events and related expenses	-	-	-	-	8,751	8,751	8,751
Depreciation and amortization	496,180	-	496,180	27,566	27,566	55,132	551,312
Donated goods and services	-	-	-	-	-	-	-
Special event expenses	-	-	-	-	9,782	9,782	9,782
Subtotal	8,702,636	41,500	8,744,136	989,024	575,946	1,564,970	10,309,106
Less: special events expenses	-	-	-	-	(9,782)	(9,782)	(5,177)
Total expenses	\$ 8,702,636	\$ 41,500	\$ 8,744,136	\$ 989,024	\$ 566,164	\$ 1,555,188	\$ 10,439,420

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, 2020

	Program Services			Supporting Services			Total 2020
	Research	Public Information and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 2,311,294	-	\$ 2,311,294	\$ 311,455	\$ 137,410	\$ 448,865	\$ 2,760,159
Payroll taxes and related costs	183,824	-	183,824	24,453	10,788	35,241	219,065
Employee benefits	617,380	-	617,380	81,858	37,231	119,089	736,469
Total salaries and related costs	3,112,498	-	3,112,498	417,766	185,429	603,195	3,715,693
Occupancy	2,160,767	-	2,160,767	268,863	268,863	537,726	2,698,493
Laboratory supplies, services and other expenses	2,331,315	-	2,331,315	-	-	-	2,331,315
Insurance	82,344	-	82,344	20,879	8,358	29,237	111,581
Professional services	330,999	37,500	368,499	119,537	37,500	157,037	525,536
Equipment repairs & maintenance	178,269	-	178,269	34,196	-	34,196	212,465
Office expenses and other	16,457	10,900	27,357	55,621	52,009	107,630	134,987
Conferences and travel	5,025	-	5,025	-	-	-	5,025
Fundraising events and related expenses	-	-	-	-	5,160	5,160	5,160
Depreciation and amortization	629,249	-	629,249	34,958	34,958	69,916	699,165
Bad debt expense	-	-	-	-	-	-	-
Special event expenses	-	-	-	-	5,177	5,177	5,177
Subtotal	8,846,923	48,400	8,895,323	951,820	597,454	1,549,274	10,444,597
Less: special events expenses	-	-	-	-	(5,177)	(5,177)	(5,177)
Total expenses	\$ 8,846,923	\$ 48,400	\$ 8,895,323	\$ 951,820	\$ 592,277	\$ 1,544,097	\$ 10,439,420

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, 2021 AND 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 2,696,969	\$ (157,319)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Adjustment to net assets	(32,516)	(25,819)
Depreciation and amortization expense	551,312	699,165
Net realized and unrealized loss on sale of contributed marketable securities	4,875	5,319
Contributed marketable securities	(431,841)	(376,434)
Deferred rent	304,663	(58,664)
Sub-total	3,093,462	86,248
Changes in operating assets and liabilities		
(Increase) Decrease in:		
Pledges receivable	54,000	7,833
Prepaid expenses and other assets	17,037	(108,840)
Security deposit	(20,457)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	(236,130)	450,861
Deferred revenue	137,000	25,000
Net cash provided by operating activities	3,044,912	461,102
Cash flows from investing activities		
Proceeds from sale of contributed marketable securities	483,719	314,362
Purchase of property and equipment	(4,587,101)	(3,125,626)
Net cash used for investing activities	(4,103,382)	(2,811,264)
Cash flow from financing activities		
Advances from (repayments to) related parties, net	160,312	(25,493)
Net cash provided by (used for) financing activities	160,312	(25,493)
Net decrease in cash	(898,158)	(2,375,655)
Cash and temporary cash investments - beginning of year	1,954,573	4,330,228
Cash and temporary cash investments - end of year	\$ 1,056,415	\$ 1,954,573

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, 2021 AND 2020

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. 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, 2021 AND 2020

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, 2021 AND 2020

**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.

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.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**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.

NOTE 3 - RESTRICTIONS ON NET ASSETS

TMSRCNY launched a capital campaign in 2019 to fund the construction of a new facility, the Experimental Research Center, as an expansion of the existing research laboratory. The donations received to fund this expansion are restricted for use of construction costs, property and equipment purchases and operating costs of this facility. For years ended December 31, 2021 and 2020, restricted funds in the amount of \$866,681 and \$3,038,747, respectively, were expended for property and equipment related to the Experimental Research Center. These costs will be reclassified from net assets with donor restrictions to net assets without donor restrictions when the acquired assets are 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.

During 2020, at the approval of the donors, \$2,150,000 of assets received with donor restriction were released from restriction for use in general operations. At that time TMSRCNY reported the expiration of donor restrictions on these assets. No funds were released from restriction for use in general operations during 2021.

For the years ended December 31, 2021 and 2020, net assets with donor restrictions of \$965,168 and \$2,848,489, respectively, were released from donor restrictions. Interest earned on the investment of restricted support is without donor restrictions.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give consisting of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amount due in less than one year	<u>\$ -</u>	<u>\$ 54,000</u>

As of December 31, 2021 and 2020 \$-0- and \$54,000 of the total pledges' receivable, respectively, were from TMSRCNY's Board members in each year. There were no uncollectible pledges written off in either year.

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.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 1,056,415	\$ 2,065,326
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted for leasehold improvements and capital expenditures	<u>-</u>	<u>1,258,794</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,056,415</u>	<u>\$ 806,532</u>

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 8,368,683	\$ 8,364,812	Lesser of useful life or the term of the lease
Research equipment	5,043,193	4,671,976	5 - 10 years
Office furniture and equipment	1,022,400	1,022,400	3 - 10 years
Software	19,895	19,895	3 years
Construction in progress	<u>7,548,350</u>	<u>3,336,337</u>	
Total cost	22,002,521	17,415,420	
Less: accumulated depreciation and amortization	<u>(9,340,376)</u>	<u>(8,789,064)</u>	
Net book value	<u>\$12,662,145</u>	<u>\$ 8,626,356</u>	

Depreciation and amortization expense amounted to \$551,312 and \$699,135 for the years ended December 31, 2021 and 2020 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 the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research related services provided by the Director	<u>375,000</u>	<u>375,000</u>
	<u>\$ 375,000</u>	<u>\$ 375,000</u>



TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021, and 2020, TMSRCNY owed \$239,622 and \$79,310, respectively, to IMSMP and MSMPNY for its share of these costs, as well as rent, advances and clinical services.

The Director of TMSRCNY is also the sole stockholder of IMSMP and MSMPNY. TMSRCNY's Board of Directors oversees and controls the policies, management and activities of TMSRCNY. The criteria of control and economic interest that might require consolidation of the financial statements of IMSMP and TMSRCNY under U.S. GAAP are not met. Procedures are in place to ensure the proper allocation of expenses between each organization.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 3<sup>rd</sup> and 4<sup>th</sup> floors at 521 West 57<sup>th</sup> 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 the same term period.

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 \$2,658,254 and \$2,260,444, respectively, for the years ended December 31, 2021 and 2020 and is included in occupancy expense in the accompanying financial statements. TMSRCNY recorded a deferred rent liability at December 31, 2021 and 2020 of \$474,386 and \$169,723, respectively.

Future minimum rental payments through June 29, 2030, exclusive of escalation charges, are as follows for the years ended December 31<sup>st</sup>:

2022	\$	2,424,000
2023		2,497,000
2024		2,572,000
2025		2,649,000
2026		2,728,000
Thereafter		<u>10,199,000</u>
	\$	<u>23,069,000</u>

**Income Taxes**

TMSRCNY is not aware of any uncertain tax positions as of December 31, 2021 and 2020 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, 2018.

TISCH MULTIPLE SCLEROSIS RESEARCH CENTER OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, TMSRCNY elected to match its employees' contributions, limited to 8% of their annual salary resulting in an expense of \$123,643 and \$152,336 which is included in employee benefits in the accompanying financial statements.

NOTE 11 - CONCENTRATIONS

For the years ended December 31, 2021 and 2020, TMSRCNY received contributions from major donors, as follows:

	<u>2021</u>	<u>2020</u>
Number of major donors	2	4
Amount donated	\$ 5,500,000	\$ 4,410,000
% of total support and revenue	42%	43%

In 2021, the major donors consisted of a not-for-profit foundation, which is controlled by a Board member, and an individual donor. In 2020, the major donors consisted of three not-for-profit foundations, one of which is controlled by a Board Member, and an individual donor.

NOTE 12 - SBA PAYCHECK PROTECTION PROGRAM LOAN

In 2021 and 2020, TMSRCNY received loans in the amount of \$574,695 and \$599,695, respectively, from the Small Business Administration under the Paycheck Protection Program. The loans, including interest expenses in the amount of \$3,942 and \$3,592, respectively, qualified fully for forgiveness each year. The loan forgiveness is recorded as other income in the accompanying financial statements.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through June 13, 2022, the date the financial statements were available to be issued.