

American Federation for Aging Research, Inc.

Audited Financial Statements and Single Audit Report

December 31, 2024

American Federation for Aging Research, Inc.

Audited Financial Statements and Single Audit Report

December 31, 2024

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Independent Auditor's Report

To the Board of Directors of
American Federation for Aging Research, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Federation for Aging Research, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government 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 GAAS and *Government 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 Organization'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 Organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Sax CPAs LLP

New York, NY
June 17, 2025

American Federation for Aging Research, Inc.

Statement of Financial Position

As of December 31, 2024

ASSETS

Cash and cash equivalents	\$ 8,318,901
Operating investments	3,418,539
Contributions and grants receivable, net	19,707,431
Prepaid expenses and other assets	96,722
Property and equipment, net	9,437
Operating lease right-of-use asset	207,585
Endowment investments	15,128,598
Beneficial interest in charitable remainder trust	1,498,174
	<hr/>
TOTAL ASSETS	<u><u>\$ 48,385,387</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 273,461
Research grants and scholarships payable, net	17,781,869
Operating lease liability	213,076
Total liabilities	<hr/> <u>18,268,406</u>

NET ASSETS

Without donor restrictions	
Undesignated (operating)	1,679,238
Reserve fund	3,841,563
Board-designated (endowment for long term investment)	3,955,266
Total net assets without donor restrictions	<hr/> <u>9,476,067</u>
With donor restrictions	
Purpose or time restricted	12,603,052
Donor restricted endowments	8,037,862
Total net assets with donor restrictions	<hr/> <u>20,640,914</u>
Total net assets	<hr/> <u>30,116,981</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 48,385,387</u></u>
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The attached notes and auditor's report are an integral part of these financial statements.

American Federation for Aging Research, Inc.

Statement of Activities

For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 1,056,320	\$ 11,434,084	\$ 12,490,404
Government grants	1,910,335	-	1,910,335
Changes in beneficial interest in charitable remainder trust	-	68,278	68,278
Net investment return	1,158,566	893,370	2,051,936
Net assets released from restrictions	14,376,310	(14,376,310)	-
Total support and revenue	<u>18,501,531</u>	<u>(1,980,578)</u>	<u>16,520,953</u>
EXPENSES			
Program services - scientific program	15,875,143	-	15,875,143
Management and general	651,874	-	651,874
Fundraising	573,387	-	573,387
Total expenses	<u>17,100,404</u>	<u>-</u>	<u>17,100,404</u>
Change in net assets	1,401,127	(1,980,578)	(579,451)
NET ASSETS, <i>beginning of year</i>	<u>8,074,940</u>	<u>22,621,492</u>	<u>30,696,432</u>
NET ASSETS, <i>end of year</i>	<u>\$ 9,476,067</u>	<u>\$ 20,640,914</u>	<u>\$ 30,116,981</u>

The attached notes and auditor's report are an integral part of these financial statements.

American Federation for Aging Research, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Research grants and scholarships net of grant discounts	\$ 12,362,162	\$ -	\$ -	\$ 12,362,162
Salaries	1,287,603	343,594	346,778	1,977,975
Payroll taxes and employee benefits	367,599	98,093	99,002	564,694
Total salaries and related expenses	1,655,202	441,687	445,780	2,542,669
Occupancy	142,367	37,990	38,342	218,699
Scientific advisors and other consultants	543,986	1,378	54,209	599,573
Office and technology	49,566	48,496	34,391	132,453
Public relations and communications	430,521	-	-	430,521
Conferences and meetings	585,558	26,921	665	613,144
Other program costs	105,781	-	-	105,781
Insurance	-	6,061	-	6,061
Professional fees	-	83,000	-	83,000
Depreciation	-	6,341	-	6,341
Total expenses	\$ 15,875,143	\$ 651,874	\$ 573,387	\$ 17,100,404

The attached notes and auditor's report are an integral part of these financial statements.

American Federation for Aging Research, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (579,451)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,341
Realized and unrealized gain on operating investments	(35,766)
Donated securities	(5,258)
Endowment net investment return	(1,795,005)
Change in beneficial interest in charitable remainder trust	(68,278)
Changes in assets and liabilities:	
Contributions and grants receivable, net	2,488,719
Prepaid expenses and other assets	15,303
Accounts payable and accrued expenses	116,335
Research grants and scholarships payable	2,416,469
Operating lease right-of-use asset and liability	(620)
Total adjustments	<u>3,138,240</u>
Net cash provided by operating activities	<u>2,558,789</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of operating investments, including reinvested interest and dividends	(2,824,083)
Proceeds from sales of operating investments	3,100,096
Proceeds from sales of endowment investments	87,000
Net cash provided by investing activities	<u>363,013</u>

Net increase in cash and cash equivalents **2,921,802**

CASH AND CASH EQUIVALENTS, *beginning of year* 5,397,099

CASH AND CASH EQUIVALENTS, *end of year* **\$ 8,318,901**

SUPPLEMENTAL CASH FLOW INFORMATION

Donated securities	<u><u>\$ 5,258</u></u>
Interest paid	<u><u>\$ -</u></u>
Taxes paid	<u><u>\$ -</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 1 - Nature of the Organization

American Federation for Aging Research, Inc. (the "Organization") is a not-for-profit corporation organized under the not-for-profit laws of New York State in 1981 in response to the growing need for research and treatment of aging and age-related disease. The Organization's grants and fellowships allow young scientists and physicians to consider aging research and the care of the elderly as a career. The Organization also supports conferences related to the research of aging and age-related disease. The primary sources of revenue are contributions, government grants and investment return.

The Organization is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use. From time to time, the Board of Directors may designate a portion of these net assets for a specific purpose. In prior years, the Board of Directors designated a portion of the unspent appreciation on endowment funds earned prior to 2010 to be treated as if they were funds for long-term investment. At December 31, 2024 the Organization had board designated funds (for long term investment) totaling \$3,955,266.

In addition, the Board of Directors designated a reserve fund to hold liquid contingency funds. These funds are set aside to assist the Organization in maintaining supporting services during times of need. At December 31, 2024, the reserve fund balance was \$3,841,563.

- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the passage of time or satisfaction of the restricted purposes specified by the donor.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

b. Revenue Recognition

The Organization follows the requirements of FASB ASC 958-605 *Revenue Recognition* for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Government grants received by the Organization are conditional, non-exchange transactions that fall under FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and the other conditions under the agreement are met. Payments received in advance of conditions being met are recorded as government grant advances on the statement of financial position.

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations. Pledges are reviewed for collectability. At December 31, 2024, no allowance was deemed necessary.

c. Cash and Cash Equivalents

All highly liquid financial instruments purchased with an initial maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of financial position and cash flows.

d. Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to a concentration of credit risk consist of cash, money market accounts and investment securities, which have been placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of the Organization. The Organization maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At year end and at certain times throughout the year, the Organization had uninsured balances; however, no losses have been suffered due to the failure of any of these institutions.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

e. Investments

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Donated securities are recorded at fair value on the date of the gift. Realized and unrealized gains and losses and investment fees are included in income on the statement of activities. Investments have been displayed on the statement of financial position based on the purpose for which they are held.

f. Property and Equipment

Property and equipment are capitalized at cost, or if donated, at the estimated fair value at the time of donation and are depreciated or amortized using the straight-line method over their estimated useful lives. Major improvements in excess of \$5,000 are capitalized. Repairs and maintenance costs are expensed as incurred while major renewals and betterments are capitalized. When assets are disposed of, the assets and related depreciation/amortization are eliminated from the accounts, and any resulting gain or loss is reflected in operations. Furniture, equipment and software have estimated useful lives of five years.

g. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability.

h. Beneficial Interest in Charitable Remainder Trust

The Organization has been named as an irrevocable beneficiary of a charitable remainder trust ("CRT") held and administered by an independent trustee designated by the donor. Therefore, the Organization has neither possession nor control over the assets of the CRT. The CRT will pay 5% of the trust's value on January 1 each year to the grantor's wife for the remainder of her life. Upon her death, the Organization will receive the remaining principal to create a fund that can be used to support the general uses and purposes of the Organization. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in a charitable remainder trust is recorded in the statement of financial position at the present value, which approximates the fair value, of the underlying trust assets, using the discount rate at that time, and the applicable mortality table. Beneficial interest in charitable remainder trust is held by a third party and is recorded at the Organization's share of the fair value of the underlying assets.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

i. Research Grants and Scholarships

Research grants and scholarships consist primarily of agreements awarded to institutions of higher education and other unrelated parties. Grants are reported as an expense and a liability in the period made, or if conditional, when the Organization deems that the terms and conditions of the agreements have been substantially met. Grants to be paid after one year are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discount is recorded as additional grant expense.

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The following expenses were allocated based on time and effort:

- Salaries
- Payroll taxes and employee benefits
- Occupancy
- Office and technology

All other expenses have been charged directly to the applicable program or supporting services.

k. Management Estimates

The presentation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2021 and later are subject to examination by applicable taxing authorities.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 3 - Investments and Beneficial Interest in Charitable Remainder Trust

Accounting standards have established a fair value hierarchy that gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments and the beneficial interest in charitable remainder trust:

	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Operating investments				
Common stocks	\$ 5,173	\$ -	-	\$ 5,173
U.S. treasury securities	2,923,611	-	-	2,923,611
Certificate of Deposits	-	489,755	-	489,755
Total operating investments	2,928,784	489,755	-	3,418,539
Endowment investments				
Cash and cash equivalents	1,301,081	-	-	1,301,081
Common stocks	474,303	-	-	474,303
Mutual funds	11,036,454	-	-	11,036,454
U.S. treasury securities	2,316,760	-	-	2,316,760
Total endowment investments	15,128,598	-	-	15,128,598
Total investments	\$ 18,057,382	\$ 489,755	\$ -	\$ 18,547,137
Beneficial interest in charitable remainder trust	\$ -	\$ -	\$ 1,498,174	\$ 1,498,174

The fair value of common stocks, U.S. treasury securities, and mutual funds were determined using Level 1 inputs, which were based on quoted prices in active markets. Management believes the fair value of these investments to be a reasonable approximation of their exit price. The Organization invests in certificates of deposit traded in the financial markets. Those certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions that are classified within Level 2. The fair value of the beneficial interest in charitable remainder trust is determined using present value techniques and risk-adjusted discount rates (a discount rate of 5.22% was used) designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 3 - Investments and Beneficial Interest in Charitable Remainder Trust - Continued

The following is a reconciliation of the beginning and ending balance of the beneficial interest in charitable remainder trust measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2024:

Beneficial interest in charitable remainder trust, beginning of year	\$ 1,429,896
Investment return	<u>68,278</u>
Beneficial interest in charitable remainder trust, end of year	<u>\$ 1,498,174</u>

Net investment return consisted of the following for the year ended December 31, 2024:

Interest and dividends income	\$ 1,218,376
Realized and unrealized gain/(loss) on investments	902,975
Less fees	<u>(69,415)</u>
Total investment income, net	<u>\$ 2,051,936</u>

Note 4 - Contributions and Grants Receivable

Contributions and grants receivable at December 31, 2024 are due in the following periods:

Year ending:		
	December 31, 2025	\$ 9,406,323
	December 31, 2026	6,842,782
	December 31, 2027	3,723,431
	December 31, 2028	<u>506,325</u>
		20,478,861
Less: discount on long-term receivables of 5.22%		<u>(771,430)</u>
Total contributions and grants receivable, net		<u>\$ 19,707,431</u>

Note 5 - Property and Equipment

Property and Equipment consist of the following for the year ended December 31, 2024:

Furniture and equipment	\$ 27,375
Computer software	<u>8,665</u>
	36,040
Less: accumulated depreciation	<u>(26,603)</u>
Total property and equipment, net	<u>\$ 9,437</u>

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 6 - Research and Grant Scholarships Payable

At December 31, 2024, research grants and scholarships payable totaled \$18,286,257 (discounted to \$17,781,869).

The Organization's research grants and scholarships payable consist of unconditional promises to give and are expected to be paid as follows:

Year ending:

December 31, 2025	\$ 10,261,257
December 31, 2026	5,775,000
December 31, 2027	<u>2,250,000</u>
Total	18,286,257
Less: present value discount of 5.22%	(504,388)
Total	<u>\$ 17,781,869</u>

Note 7 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization leases its main space in New York, NY under a noncancelable lease expiring in 2026 and has been determined to be an operating lease. The lease is payable in monthly installments.

The ROU asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from this lease. At December 31, 2024, the balance of the ROU asset and lease liability are \$207,585 and \$213,076, respectively. The ROU assets and lease liabilities were calculated based on the present value of the future lease payments over the lease term. The lease did not include any extension options. As of December 31, 2024, the weighted average remaining lease term for the Organization's operating lease was approximately 1.08 years. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2024 was 1.13%.

For the year ended December 31, 2024, total operating lease cost was \$192,731. Cash paid for the operating lease for the year ended December 31, 2024 was \$193,350. There were no noncash investing and financing transactions related to leasing.

The future payments due under the operating lease as of December 31, 2024 are as follows:

Year ending:

December 31, 2025	\$ 197,771
December 31, 2026	<u>16,512</u>
Total	214,283
Less amount representing interest	(1,207)
Total	<u>\$ 213,076</u>

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 8 - Net Assets with Donor Restrictions

The following summarizes net assets released from restrictions:

Purpose restrictions:	
Research grants and scholarships	\$ 13,658,152
Conferences and meetings	412,258
Other	305,900
Total purpose restrictions	14,376,310
Total net asset released from restrictions	\$ 14,376,310

The following summarizes the nature of net assets with donor restrictions:

Purpose restrictions:	
Research grants and scholarships	\$ 9,423,749
Conferences and meetings	347,405
Other	333,724
Total purpose restrictions	10,104,878
Time restrictions:	
Beneficial interest in charitable remainder trust	1,498,174
Estate of Diane Nixon	1,000,000
Total time restrictions	2,498,174
Total purpose and time restrictions	12,603,052
Endowment restrictions	
Endowment funds - corpus	4,411,275
Endowment funds - earnings	3,626,587
Total restricted for endowment	8,037,862
Total net assets with donor restrictions	\$ 20,640,914

Note 9 - Endowment Funds

The Organization has approximately ten different funds established by donors to provide annual funding for specific activities and general supporting services. The endowment also includes certain net assets without donor restrictions that have been designated by the Board of Directors. The following is a summary of the corpus of donor-restricted endowments:

Fund	Purpose	Corpus
Dorothy Eweson Fund	Conferences	\$ 176,996
Irving S Wright, MD Fund	Research grants	375,000
Hearst Corp	Research grants	150,000
Irving Kahn Fund	Research grants	531,029
AFAR - North Carolina Fund	Scholarship fund	100,000
George E Doty Fund	Supporting services	1,000,000
Starr Foundation Fund	Supporting services	1,000,000
Glenn Foundation	Supporting services	318,250
The Bedminster Fund (Dorothy Eweson)	Supporting services	10,000
Dorothy Eweson Fund	Supporting services	750,000
		\$ 4,411,275

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 9 - Endowment Funds - Continued

Interpretation of Relevant Law

The Organization follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of the Organization has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor restricted endowment funds will be preserved. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as perpetually restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Spending Policy

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund;
- (2) The purposes of the Organization's mission and the donor restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 9 - Endowment Funds - Continued

The change in endowments by net asset class were as follows:

	1/1/2024	Investment Return	12/31/2024
Without donor restrictions:			
Reserve fund	\$ 3,429,148	\$ 412,415	\$ 3,841,563
Board designated	3,430,280	524,986	3,955,266
Total without donor restrictions	<u>6,859,428</u>	<u>937,401</u>	<u>7,796,829</u>
With donor restrictions:			
Endowment corpus	4,411,275	-	4,411,275
Endowment earnings	2,768,983	857,604	3,626,587
Total with donor restrictions	<u>7,180,258</u>	<u>857,604</u>	<u>8,037,862</u>
Total endowments	<u>\$ 14,039,686</u>	<u>\$ 1,795,005</u>	<u>\$ 15,834,691</u>

Endowment Investment Policies

The Organization has adopted an investment policy that primarily emphasizes the preservation of the capital and secondarily maximizes the total return. Investment returns are expected to provide adequate funds to sufficiently support designed needs and preserve or enhance the real value of the Organization. In establishing the investment objectives of the Organization, the finance committee of the Board has taken into account the time horizon available for investment, the nature of the Organization's cash flows and liabilities, and other factors that affect the Organization's risk tolerance.

To satisfy its long-term objectives, the Organization will ensure appropriate diversification to marketable equity securities. The target investment allocation is 75% equities and 25% fixed income securities. There shall be no Securities and Exchange Commission unregistered securities, private placement, venture capital, or direct investments in real or personal property.

The Organization adopted a spending policy of appropriating 4-7% of the average fair market value of the preceding 12 months.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2024.

Note 10 - Retirement Expenses

In 1993, the Organization adopted a defined contribution 403(b) plan covering all employees who fulfill the minimum age and service requirements. The Organization contributes 10% of eligible employees' compensation subject to Internal Revenue Service limitations. Any amounts that are limited are paid as additional salary. Retirement expense for 2024 amounted to \$150,255 and are reflected within the payroll taxes and employee benefits on the statement of functional expenses.

American Federation for Aging Research, Inc.

Notes to Financial Statements

December 31, 2024

Note 10 - Retirement Expenses - Continued

In 2021, the Organization established a supplemental defined contribution 457(b) plan covering only the top-hat employees, directors or higher, into which contributions exceeding 403(b) limits will be contributed on a tax deferred basis, subject to Internal Revenue Service limitations. There are no eligibility requirements to participate. Retirement expense for the year ended December 31, 2024 amounted to \$9,488 and are included within the payroll taxes and employee benefits on the statement of functional expenses.

Note 11 - Related Party Transactions

During the year ended December 31, 2024, the Organization paid \$51,370 for research consulting services to a member of the Board of Directors. This has been included in scientific advisors and other consultants expense in the statement of functional expenses.

Note 12 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 8,318,901
Operating investments	3,418,539
Contributions receivable due within one year	<u>9,406,323</u>
Total financial assets	\$ 21,143,763
Less amounts not available for general expenditures:	
Reserve fund (cash)	(710,645)
Purpose restricted net assets	<u>(10,104,878)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u><u>\$ 10,328,240</u></u>

In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses. If the need arises, the Organization can appropriate funds from its reserve fund and board designated endowment.

Management regularly monitors the availability of resources required to meet its operating needs. As part of management's liquidity plan, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenses over a 12-month period, management considers all expenses related to its ongoing activities.

Note 13 - Subsequent Events

Subsequent events have been evaluated through June 17, 2025, the date the financial statements were available to be issued. There were no material events that have occurred that required adjustment to or disclosure to the financial statements.

American Federation for Aging Research, Inc.

Schedule of Expenditures of Federal Awards

December 31, 2024

Federal Grantor/Program Title/Pass-Through Grantor	Pass-through Entity Identifying Number	Federal AL #	Federal Expenditures **
<u>U.S. Department of Health and Human Services -</u>			
<u>National Institutes of Health</u>			
Research and Development Cluster:			
Aging Research, Direct		93.866	\$ 1,565,786
Aging Research - passed through Wake Forest University			
Health Sciences	U24AG058556	93.866	<u>326,854</u>
Total Research and Development Cluster			<u>1,892,640 *</u>
Total U.S. Department of Health and Human Services - National Institutes of Health			<u>1,892,640</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,892,640</u></u>

* Indicates a major program.

** No subrecipients were used on any grant awards.

American Federation for Aging Research, Inc.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Under federal cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipients

There were no amounts provided to subrecipients from federal awards received during the year ended December 31, 2024.

Note 4 - Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Directors of
American Federation for Aging Research, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the American Federation for Aging Research, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sax CPAs LLP

New York, NY
June 17, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors of
American Federation for Aging Research, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the American Federation for Aging Research, Inc. (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Board of Directors
American Federation for Aging Research, Inc.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sax CPAs LLP

New York, NY
June 17, 2025

American Federation for Aging Research, Inc.

Schedule of Findings and Questioned Costs

December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified
Not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(s) identified
Not considered to be material weaknesses? Yes No

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 516(a)? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.866	Aging Research (Research and Development Cluster)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

American Federation for Aging Research, Inc.

Schedule of Findings and Questioned Costs

December 31, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

American Federation for Aging Research, Inc.

Summary Schedule of Prior Audit Findings

December 31, 2024

Section II - Financial Statement Findings

2023-001: Accounting Policies and Procedures Manual - The Audit/Finance Committee formally approved the Accounting Policies and Procedures Manual on May 21, 2025.

2023-002: Employee Hire Documentation - This matter was corrected and not repeated as a finding.

Section III - Federal Award Findings and Questioned Costs

None