



A S S U R A N C E D I M E N S I O N S

Financial Statements and Independent  
Auditor's Report

**Veterans Health Research Institute of  
Central New York, Inc.**

September 30, 2021 and 2020

**Veterans Health Research Institute of Central New York, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Veterans Health Research Institute of Central New York, Inc.**

We have audited the accompanying financial statements of **Veterans Health Research Institute of Central New York, Inc.** (the "Organization"), a not-for-profit corporation, which comprise the statement of financial position as of September 30, 2021 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2021, 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.

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### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Board Designated – Residual Research Funds is presented for purposes of additional analysis and is 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

### Prior Period Financial Statements

The financial statements of the Organization as of September 30, 2020, were audited by other auditors whose report dated February 11, 2021, expressed an unmodified opinion on those statements.

*Assurance Dimensions*

Jacksonville, Florida  
January 4, 2022

**Veterans Health Research Institute of Central New York, Inc.**  
**Statements of Financial Position**  
**As of September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 552,126	\$ 468,434
Grants and contracts receivable	125,930	90,460
Investments	302,432	303,276
Other assets	2,772	4,180
Total current assets	<u>983,260</u>	<u>866,350</u>
Property and equipment, net	-	3,001
Total assets	<u>\$ 983,260</u>	<u>\$ 869,351</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payables	\$ 13,531	\$ 7,307
Accrued liabilities	66,536	60,435
Total current liabilities	<u>80,067</u>	<u>67,742</u>
Long term liabilities:		
Paycheck Protection Program loan	-	153,600
Total long term liabilities	<u>-</u>	<u>153,600</u>
Total liabilities	<u>80,067</u>	<u>221,342</u>
Net assets:		
Without donor restrictions	371,198	147,858
Without donor restrictions - Board designated	510,014	500,151
With donor restrictions	21,981	-
Total net assets	<u>903,193</u>	<u>648,009</u>
Total liabilities and net assets	<u>\$ 983,260</u>	<u>\$ 869,351</u>

**Veterans Health Research Institute of Central New York, Inc.**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Grant and contract revenue - federal	\$ 415,942	\$ -	\$ 415,942
Grant and contract revenue - non-federal	1,154,087	21,981	1,176,068
Total revenue	<u>1,570,029</u>	<u>21,981</u>	<u>1,592,010</u>
 Net assets released from restrictions	 <u>-</u>	 <u>-</u>	 <u>-</u>
Expenditures:			
Program	1,214,241	-	1,214,241
Management and general	277,231	-	277,231
Total expenditures	<u>1,491,472</u>	<u>-</u>	<u>1,491,472</u>
Net change in net assets from operating activities	<u>78,557</u>	<u>-</u>	<u>-</u>
Non-operating activities:			
Paycheck Protection Program loan forgiveness	153,600	-	153,600
Unrealized loss on investments	(3,125)	-	(3,125)
Investment income	4,171	-	4,171
Total non-operating activities	<u>154,646</u>	<u>-</u>	<u>154,646</u>
Changes in net assets	233,203	21,981	255,184
Beginning of year	648,009	-	648,009
End of year	<u>\$ 881,212</u>	<u>\$ 21,981</u>	<u>\$ 903,193</u>

**Veterans Health Research Institute of Central New York, Inc.**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenues:			
Grant and contract revenue - federal	\$ 549,792	\$ -	\$ 549,792
Grant and contract revenue - non-federal	628,848	-	628,848
Total revenue	<u>1,178,640</u>	<u>-</u>	<u>1,178,640</u>
 Net assets released from restrictions	 <u>-</u>	 <u>-</u>	 <u>-</u>
Expenditures:			
Program	926,698	-	926,698
Management and general	363,942	-	363,942
Total expenditures	<u>1,290,640</u>	<u>-</u>	<u>1,290,640</u>
Net change in net assets from operating activities	<u>(112,000)</u>	<u>-</u>	<u>(112,000)</u>
Non-operating activities:			
Unrealized gains on investments	265	-	265
Investment income	7,753	-	7,753
Total non-operating activities	<u>8,018</u>	<u>-</u>	<u>8,018</u>
Changes in net assets	(103,982)	-	(103,982)
Beginning of year	751,991	-	751,991
End of year	<u>\$ 648,009</u>	<u>\$ -</u>	<u>\$ 648,009</u>

**Veterans Health Research Institute of Central New York, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets:	\$ 255,184	\$ (103,982)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,001	2,864
Unrealized loss (gain) on investments	844	(265)
Paycheck Protection Program loan forgiveness	(153,600)	-
Change in:		
Grants and contracts receivable	(35,470)	285,427
Other assets	1,408	40,448
Accounts payable and accrued liabilities	12,325	6,443
Net cash provided by operating activities	<u>83,692</u>	<u>230,935</u>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program	-	153,600
Net cash provided by financing activities	<u>-</u>	<u>153,600</u>
Net change in cash and cash equivalents	83,692	384,535
Cash and cash equivalents, beginning of period	468,434	83,899
Cash and cash equivalents, end of period	<u>\$ 552,126</u>	<u>\$ 468,434</u>



**Veterans Health Research Institute of Central New York, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2021**

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	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
<b>Expenditures:</b>			
Salaries	\$ 800,535	\$ 172,412	\$ 972,947
Fringe benefits	76,830	20,450	97,280
Payroll taxes	76,275	15,638	91,913
Professional fees	185,639	47,002	232,641
Travel and meeting costs	2,240	108	2,348
Patient reimbursement	4,730	-	4,730
Office, telephone, postage and other	14,685	2,087	16,772
Lab supplies and equipment	45,455	-	45,455
Insurance	-	9,099	9,099
Dues, printing and publications	7,285	6,750	14,035
Maintenance and repairs	567	684	1,251
Depreciation	-	3,001	3,001
Total expenditures	<u>\$ 1,214,241</u>	<u>\$ 277,231</u>	<u>\$ 1,491,472</u>

**Veterans Health Research Institute of Central New York, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2020**

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	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
<b>Expenditures:</b>			
Salaries	\$ 669,868	\$ 257,159	\$ 927,027
Fringe benefits	50,619	25,447	76,066
Payroll taxes	60,811	22,694	83,505
Professional fees	40,342	24,161	64,503
Travel and meeting costs	9,802	9,931	19,733
Patient reimbursement	11,000	-	11,000
Office, telephone, postage and other	8,628	4,589	13,217
Lab supplies and equipment	70,618	20	70,638
Insurance	-	9,468	9,468
Dues, printing and publications	4,476	6,925	11,401
Maintenance and repairs	534	684	1,218
Depreciation	-	2,864	2,864
Total expenditures	<u>\$ 926,698</u>	<u>\$ 363,942</u>	<u>\$ 1,290,640</u>

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

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### Note A – Nature of Business and Organization

The Veterans Health Research Institute of Central New York, Inc. (“Organization”) exists to facilitate research and related information sharing that promotes scientific advancement and therapeutic innovation of veteran healthcare. As a nonprofit corporation, its purpose is to provide a flexible funding mechanism that enables research and related functions at the Syracuse and Finger Lakes Health Care System Medical Centers, and/or its affiliated US Department of Veterans Affairs community-based outpatient clinics. The only statutory purpose of the Organization is to be a funding mechanism for the conduct of peer reviewed, approved research activities under the guidelines and authorization of United States Code 38, Sections 7361 through 7368, and VHA Handbook 1200.17.

### Note B – Significant Accounting Policies

#### Basis of Presentation

The accompanying 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, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported according to two classes of net assets:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. In addition, they include resources set aside by the Board of Directors (the “Board”) for residual research. Residual research funds include separate accounts set up for each investigator for the purpose of administration of defined research projects. Residual research funds net assets are subject to the Organization’s residual funds policies.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Recently Issued Accounting Standards Not Yet Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The standard requires certain information be disclosed related to contributed nonfinancial assets, including disaggregation by category on the statement of activities by type of contributed nonfinancial asset, qualitative information about whether the contributed nonfinancial asset was monetized or utilized during the reporting period, the nonprofit’s policy about monetizing rather than utilizing the contributed nonfinancial assets, a description of any donor restrictions associated with the contributed nonfinancial assets, and the valuation techniques and inputs used to arrive at fair value measurement. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting period beginning after June 15, 2021. Early adoption of the ASU is permitted. The Organization is currently evaluating this ASU to determine the impact, if any, on its financial statements and disclosures.

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements September 30, 2021 and 2020

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### Note B – Significant Accounting Policies (continued)

#### Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU 2014-09"), (ASC 606), *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2019. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The adoption of ASC 606 resulted in an immaterial impact to the individual financial statement line items of the Organization's statement of activities for the year ended September 30, 2021.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization places its cash with high quality financial institutions. At times, cash may be in excess of FDIC insurance limits. The Organization does not believe it is exposed to any significant credit risk on cash. As of September 30, 2021 and 2020, the Company had approximately \$302,000 and \$218,000 respectively, in cash and cash equivalents in excess of FDIC limits.

#### Contracts and Grants Receivable

The Organization receives grants to assist in carrying out its programs. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Organization has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Receivables consist of billings on grant and contract receivables. The Organization performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. As of the years ended September 30, 2021 and 2020, the Organization did not deem an allowance was necessary.

#### Investments

Investments are stated at market value, which is based on quoted market prices or dealer quotes. The resulting difference between cost and market value is recognized as gain or loss in the period in which they occur. The realized gain or loss on investments is the difference between proceeds received and the cost of the investment sold. Investment income is recognized as revenue in the period that it is received and gains and losses are recognized as changes in net assets in the accounting periods in which they occur.

The Organization's investments consisted of mutual funds and certificates of deposit at September 30, 2021 and 2020, respectively. The certificate of deposits had maturity dates ranging from January 2021 to August 2021 and interest rates ranging from 0.14% to 2.61%.

The amortized cost and estimated fair value of investments in debt and equity securities as of September 30, 2021 are as follows:

	<u>Amortized/Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Mutual funds	\$ 305,373	\$ (2,941)	\$ 302,432
	<u>\$ 305,373</u>	<u>\$ (2,941)</u>	<u>\$ 302,432</u>

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements September 30, 2021 and 2020

### Note B – Significant Accounting Policies (continued)

#### Investments (continued)

The amortized cost and estimated fair value of certificates of deposits as of September 30, 2020 are as follows:

	<u>Amortized/Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Certificates of deposits	\$ 300,000	\$ 2,786	\$ 302,786
	\$ 300,000	\$ 2,786	\$ 302,786

#### Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs and utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The carrying amounts of grants and contracts receivable, accounts payable, accrued liabilities, and deferred revenues are equal to their carrying amounts as presented in the accompanying statements of financial position.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2021 and 2020, respectively:

	Assets Measured at Fair Value at 9/30/2021	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds	\$ 302,432	\$ 302,432	\$ -
Total investments at fair value	\$ 302,432	\$ 302,432	\$ -

  

	Assets Measured at Fair Value at 9/30/2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of deposit	\$ 303,276	\$ 303,276	\$ -
Total investments at fair value	\$ 303,276	\$ 303,276	\$ -

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements September 30, 2021 and 2020

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### Note B – Significant Accounting Policies (continued)

#### Property and Equipment

Property and equipment are recorded at cost or fair value at date of gift, if contributed, less accumulated depreciation. The Organization capitalizes property and equipment greater than \$5,000. Equipment purchased for research purposes are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance expenditures are expensed as incurred. Depreciation was approximately \$3,000 for the years ended September 30, 2021 and 2020.

#### Revenue Recognition

All revenues and support are recorded in accordance with either ASC 958, *Not-for-Profit Entities*, as contributions with or without donor restrictions or in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time as benchmarks are achieved.

*Donations:* Donations are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted donations whose restrictions are met within the same year as received are reported as donations without donor restrictions in the accompanying financial statements. Donations of noncash assets are recorded at their fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills are recorded at their fair values in the period received.

*Contract and Grant Revenue:* The majority of the revenue is earned through research grants and contracts with public and private sources. These grants and contracts may be either contributions or reciprocal transaction agreements, depending on the underlying terms of the agreement. Contracts are billed at predetermined increments throughout the study period. Revenue is recognized as those benchmarks are achieved. Revenues for cost-reimbursement contracts are recognized when the Organization incurs allowable costs. Contributions are recorded as contributions without donor restrictions in the appropriate time period, unless specifically restricted by the donor and once any barriers to recognition are met.

#### Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the years ending September 30, 2021 and 2020, respectively.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of September 30, 2021 and 2020. Should the Organization's tax-exempt status be challenged in the future, all tax years after 2018 are open for examination by the Internal Revenue Service.

#### Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements September 30, 2021 and 2020

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### Note B – Significant Accounting Policies (continued)

#### Allocation of expenses (continued)

Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated on the basis of revenue and time allocation
- Personnel expenses are allocated on the basis of direct salaries
- Depreciation on the lab equipment is allocated on the basis of usage of the lab equipment

#### 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 of assets, liabilities and net assets and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### Note C – Paycheck Protection Program Loan

In March 2020, Congress established the Paycheck Protection Program (“PPP”) to provide relief to small businesses during the coronavirus pandemic (“COVID-19”) as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The legislation authorized the U.S. Treasury to use the Small Business Association’s (“SBA’s”) 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the “Covered Period” defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness.

In May 2020, the Corporation entered into an unsecured promissory note payable to a bank in the amount of approximately \$154,000. This note was entered into by the Organization as part of the PPP program. The PPP program provided for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Organization met eligibility and defined requirements related to expenditure of the funds. In July 2021, the note was forgiven in full and is recognized as non-operating income on the statement of changes in net assets for the year ended September 30, 2021.

### Note D – Board Designated Net Assets

The activity for each project is tracked individually and the fund balance of each project is maintained on an ongoing basis. Any unexpended funds at year end remain available for use in subsequent years, until such time as the funds are completely expended or the project is completed. At the completion of a project, any remaining funds will be returned to the donor, if requested. If the funds are not required to be returned, they are released and may be transferred to an unrestricted fund at the approval of the Board. These funds then become available for use by an investigator in other projects, at the Board's approval. The Board has designated approximately \$510,000 and \$500,000 at September 30, 2021 and 2020, respectively, to support costs related to future research activities.

### Note E – Liquidity and Availability of Financial Assets

The Organization’s management monitors its liquidity so that it is able to cover operating expenses. The Organization budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board. Management does not anticipate an increase in expenses in the next year and has budgeted approximately \$2,088,000 of operating expenses to be paid within one year of the balance sheet date, and anticipates sufficient grant and contract revenues to cover them. The Organization has the following financial assets available within one year of the balance sheet date for general expenditures:

# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements September 30, 2021 and 2020

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### Note E – Liquidity and Availability of Financial Assets (continued)

Financial assets, at year-end	\$ 980,488
Less those unavailable for general expenditures within one year, due to:	
Contributions with donor restrictions	(21,981)
Restricted funding for Principal Investigator (“PI”) residual funds	(510,994)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 447,513</u>

Financial assets consists of cash and cash equivalents of approximately \$552,000, investments of approximately \$302,000, and contracts and grants receivable of approximately \$126,000. Restricted funding for PI residual funds is cash that may only be used to address future study expenditures that may or may not be within the next year at the discretion of the PI and the Board. The Organization is substantially supported by PI study contracts and grants. Payments are typically received on a reimbursement basis but are also received in advance of work performed and recorded as deferred revenue. Contributions with donor restrictions are conditional contributions made to the Organization for a specific purpose as outlined in the underlying award letter and may only be used for that purpose unless the terms of the agreement provide otherwise.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. During the year ended September 30, 2021, the Organization had PI residual funds of approximately \$511,000. The Board can re-designate these funds at any time to be used in each respective PI’s studies that are not fully funded. In addition, there is no restriction on the Board’s movement of these funds for the Organization’s purposes.

### Note F – Retirement Plan – Defined Contribution Plan

The Organization sponsors a Section 403(b) defined contribution plan (“the Plan”) covering all employees who satisfy the Plan's eligibility requirements. The Corporation makes a discretionary contribution to the Plan each year. Contributions to the Plan were approximately \$19,000 and \$20,000 for the years ended September 30, 2021 and 2020, respectively. These amounts are included in fringe benefits expense on the statements of functional expenses.

### Note G – Related Party Transactions

The Syracuse Veterans Affairs Medical Center’s (“Hospital”) Director (who is mandatorily on the Board of Directors in accordance with the Organization’s by-laws) has the authority to allow the Organization use of the Hospital's facilities and any other support that is deemed necessary. During the current year, the Hospital provided laboratory, office space, utilities, and maintenance to the Organization. The Organization has not recorded this in-kind support, as no objective basis is available to measure it. At September 30, 2021 and 2020, the payable amounts due to the Hospital consisted of \$1,624 and \$3,122, respectively.

The Organization also has agreements with the Hospital under an Intergovernmental Personnel Act (“IPA”) which provides revenues consisting of reimbursements for salary and benefits from the Hospital to the Organization for use of the Organization’s employees on its research grants and contracts. As of September 30, 2021 and 2020, revenues under these agreements consisted of approximately \$296,000 and \$152,000, respectively, and are included in grant and contract revenue on the statements of activities.

The Organization also invoices the Hospital for revenues the Hospital has received under the Interagency Agreement (“IAA”) which provides revenues for expenses for research projects. As of September 30, 2021 and 2020, revenues under these agreements consisted of approximately \$150,000 and \$170,000, respectively, and are included in grant and contract revenue on the statements of activities.



# Veterans Health Research Institute of Central New York, Inc.

## Notes to Financial Statements

September 30, 2021 and 2020

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### **Note G – Related Party Transactions (continued)**

Similarly, the Organization has memorandum of understanding agreements with the Hospital which consists of reimbursements for salary and benefits to the Hospital from the Organization for use of the Hospital's employees on its research grants and contracts as well as reimbursement for per diem expenses, legal fees, and parking. As of September 30, 2021 and 2020, expenses under these agreements consisted of approximately \$148,000 and \$9,000, respectively, and are included in program expenses on the statements of activities.

### **Note H – Commitments and Contingencies**

#### **COVID-19**

During the year ended September 30, 2020, the Organization's operations were impacted by the COVID-19 outbreak. The Organization saw decreases in revenue and expenditures as some of its studies were put on hold. However, the Organization continued to pay employees and contractors during these periods. As discussed in Note C, the Organization received relief under the CARES Act in the form of a PPP loan during the year ended September 30, 2020. During the year ended September 30, 2021, the Organization was fully operational and all studies were resumed.

Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of the Organization in the near term that could affect the Organization's financials, however management does not believe there will be any future impact. In addition, vaccines and therapeutics coming to market will also help to mitigate any potential future losses.

### **Note I – Subsequent Events**

Subsequent events have been evaluated through January 4, 2022, which is the date the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

**Veterans Health Research Institute of Central New York, Inc.**  
**Schedules of Board Designated - Residual Research Funds**  
**For the Years Ended September 30, 2021 and 2020**

<u>Investigator</u>	<u>No.</u>	<u>2021</u>	<u>2020</u>
Mihai-Novartis-PASSAGE	288	\$ 5,858	\$ 3,610
Arasu-PROMINENT	295	(8,977)	(14,042)
Murthy-Ironwood	299	(1,304)	(2,883)
Kaul-Alung	2003	-	2,000
Kaul-Novartis	2005	1,378	-
Philip-MACiTEPH	2006	(420)	-
Possemato-NIH-Mindfulness Training	346	96	(888)
Cynamon-UofR-R01	347	(3,585)	(10)
Possemato-NIH-Binghamton University	348	(1,550)	140
Servatius-CCDC-tBRL	349	162,459	90,795
Cynamon-L2 Diagnostics	350	(834)	-
Cynamon-Quercus Molecular	351	5,256	14,029
CTC-Clinical Trial Center	440	(6,920)	72,443
Blakely-Prostate Imaging (HSRD)	581	3,576	2,796
Servatius-SPIRE	582	(1,869)	-
Brose-VA Merit	583	(3,989)	(1,811)
Intrator-VACareerDev	584	1,045	1,448
Funderburk-HSRD-COVID-19	585	(1,331)	1,086
Possemato-HSRD-ACT Workshops	586	(2,272)	-
Brose-VA Merit-Bourbeau	587	(1,657)	-
Funderburk-CSR Problem Solving	589	(1,598)	-
Funderburk-HSRD Infrastructure Funds	590	(121)	-
Anthony-POMVwC	639	(2,665)	(2,545)
Gonzalez-SVS Frailty	642	3,308	3,735
Walsh/Huang-PAIN	644	1,518	1,788
Cynamon-Pheromonicin	646	4,588	36,263
Cynamon-LegoChem	647	8,711	15,296
Dougherty-NCMIC	649	31,393	31,393
Cynamon-AN2 Therapeutics	650	17,553	32,381
Cynamon-Arixa Pharmaceuticals	651	-	17,957
Bishop-Hypersomnia Foundation	652	(2)	6,818
Possemato-PCORI	653	(2,489)	-
Karras-AFSP	654	780	-
Bishop-Warren Alpert (Brown Univ)	655	(3,304)	-
Funderburk-AFSP	658	-	-
Cynamon-Venatorx	659	3,400	-
Cynamon-Spero - New	660	6,215	-
Cynamon-General	701	19,104	10,023
Murthy-General	704	78,428	82,083
Kaul-General	705	4,165	2,563
Possemato-General	706	2,991	978
Servatius-General	708	22,520	76,731
Trikha-General	709	2,684	2,684
Motter-General	713	6,582	6,582
Costanza-General	714	6,708	6,708
Bishop-General	715	154,585	-
		<u>\$ 510,014</u>	<u>\$ 500,151</u>