

# Leukemia Research Foundation

Financial Statements

Years Ended June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Leukemia Research Foundation  
Northfield, Illinois

We have audited the accompanying financial statements of Leukemia Research Foundation, a nonprofit organization, which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

## INDEPENDENT AUDITOR'S REPORT - Continued

### Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Leukemia Research Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mann Weitz & Associates LLC*

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois  
December 8, 2021

**LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 845,564	\$ 926,125
Investments - Note 3	2,532,316	2,519,971
Annuities receivable - Note 4	17,288	77,344
Contributions receivable - Note 5	556,556	125,329
Prepaid expenses	<u>9,225</u>	<u>18,698</u>
Total Current Assets	<u>3,960,949</u>	<u>3,667,467</u>
<b>Other Assets</b>		
Certificate of deposit, unrestricted portion	4,507	4,053
Certificates of deposit, restricted - Note 9	85,360	84,593
Security deposit	4,663	4,663
Annuities receivable - Note 4		2,731
Property and equipment, net - Note 6	1,718	3,020
Beneficial interest in trust - Notes 8 and 13	<u>465,732</u>	<u>387,609</u>
Total Other Assets	<u>561,980</u>	<u>486,669</u>
Total Assets	<u><u>\$ 4,522,929</u></u>	<u><u>\$ 4,154,136</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 24,341	\$ 29,896
Grants payable - Note 12	1,424,281	1,266,631
Loan payable, Paycheck Protection Program - Note 7		<u>89,100</u>
Total Liabilities	<u>1,448,622</u>	<u>1,385,627</u>
<b>Net Assets</b>		
Without donor restrictions	2,505,927	2,216,231
With donor restrictions - Notes 8, 9, and 13	<u>568,380</u>	<u>552,278</u>
Total Net Assets	<u>3,074,307</u>	<u>2,768,509</u>
Total Liabilities and Net Assets	<u><u>\$ 4,522,929</u></u>	<u><u>\$ 4,154,136</u></u>

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Chapter remittances - Note 15	\$ 580,825	\$ -	\$ 580,825	\$ 732,915	\$ -	\$ 732,915
Federal and state campaigns	29,225		29,225	62,804		62,804
Contributions	887,421		887,421	982,279		982,279
Corporation and foundation contributions	774,500		774,500	600,500		600,500
Indirect fundraising	115,670		115,670	219,597		219,597
Return of grant funds - Note 12	7,104		7,104			
Release of grant funding obligation - Note 12	100,000		100,000			
Forgiveness of Paycheck Protection Program Loans - Note 7	186,901		186,901			
Miscellaneous	3,755		3,755			
Investment income - Note 3	13,705	766	14,471	21,850	649	22,499
Total Revenues and Gains	2,699,106	766	2,699,872	2,619,945	649	2,620,594
Net assets released from restrictions - Note 8	62,787	(62,787)		143,444	(143,444)	
Total Revenues, Gains and Other Support	2,761,893	(62,021)	2,699,872	2,763,389	(142,795)	2,620,594
<b>Expenses</b>						
Program services						
Patient outreach and education	297,525		297,525	339,652		339,652
Patient financial assistance	225,236		225,236	266,021		266,021
Medical research	1,477,914		1,477,914	1,349,295		1,349,295
Total Program Services	2,000,675		2,000,675	1,954,968		1,954,968
Supporting services						
Management and general	225,709		225,709	246,074		246,074
Fundraising	245,813		245,813	259,440		259,440
Total Supporting Services	471,522		471,522	505,514		505,514
Total Expenses	2,472,197		2,472,197	2,460,482		2,460,482
<b>Other Change</b>						
Change in value of beneficial interest in trust - Note 13		78,123	78,123		(21,834)	(21,834)
<b>Change in Net Assets</b>	289,696	16,102	305,798	302,907	(164,629)	138,278
<b>Net Assets</b>						
Beginning of the year	2,216,231	552,278	2,768,509	1,913,324	716,907	2,630,231
End of year	\$ 2,505,927	\$ 568,380	\$ 3,074,307	\$ 2,216,231	\$ 552,278	\$ 2,768,509

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services				
	Patient Outreach and Education	Patient Financial Assistance	Medical Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Affiliate board	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,938	\$ 1,938	\$ 1,938
Bank and credit card fees					9,253		9,253	9,253
Computer expense	6,737	1,981	1,783	10,501	4,557	4,756	9,313	19,814
Depreciation - Note 6	443	130	117	690	299	312	611	1,301
Direct mail	8,579			8,579		12,869	12,869	21,448
Dues and subscriptions	211	62	56	329	143	149	292	621
Federal/state campaigns						14,869	14,869	14,869
Financial assistance		150,597		150,597				150,597
Forums	1,635			1,635				1,635
Grant expense			10,114	10,114				10,114
Grants, research - Note 12			1,400,000	1,400,000				1,400,000
Group insurance and employee benefits	22,089	5,958	5,420	33,467	16,239	17,665	33,904	67,371
Insurance	2,719	647	583	3,949	1,230	1,295	2,525	6,474
Meetings	51	15	13	79	34	36	70	149
Miscellaneous	755	223	200	1,178	510	532	1,042	2,220
Office supplies	747	220	198	1,165	506	527	1,033	2,198
Payroll taxes	15,235	4,109	3,738	23,082	11,200	12,184	23,384	46,466
Postage	1,242	365	329	1,936	840	877	1,717	3,653
Printing and stationery	582	171	154	907	394	411	805	1,712
Professional fees					20,600		20,600	20,600
Public relations	1,704			1,704		3,977	3,977	5,681
Rent and utilities - Note 11	25,033	5,960	5,365	36,358	11,325	11,921	23,246	59,604
Repairs	1,894	451	406	2,751	857	902	1,759	4,510
Salaries	197,868	53,365	48,554	299,787	145,463	158,236	303,699	603,486
Telephone	1,516	446	401	2,363	1,026	1,070	2,096	4,459
Town Hall meeting	5,433			5,433				5,433
Treatment options	1,229			1,229				1,229
Website maintenance	1,823	536	483	2,842	1,233	1,287	2,520	5,362
<b>Total Functional Expenses</b>	<b>\$ 297,525</b>	<b>\$ 225,236</b>	<b>\$ 1,477,914</b>	<b>\$ 2,000,675</b>	<b>\$ 225,709</b>	<b>\$ 245,813</b>	<b>\$ 471,522</b>	<b>\$ 2,472,197</b>

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services				
	Patient Outreach and Education	Patient Financial Assistance	Medical Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 112	\$ -	\$ 112	\$ 112
Affiliate board						5,485	5,485	5,485
Bank and credit card fees					11,309		11,309	11,309
Chapter expenses, unallocated						7,303	7,303	7,303
Children's party	3,763			3,763				3,763
Computer expense	6,574	1,933	1,740	10,247	4,447	4,641	9,088	19,335
Consulting	7,395	2,175	1,957	11,527	5,002	5,220	10,222	21,749
Depreciation - Note 6	547	161	145	853	370	386	757	1,610
Direct mail	5,629			5,629		8,443	8,443	14,072
Dues and subscriptions	567	167	150	884	383	400	783	1,667
Federal/state campaigns						11,592	11,592	11,592
Financial assistance		187,169		187,169				187,169
Forums	19			19				19
Grant expense			10,367	10,367				10,367
Grants, research - Note 12			1,266,633	1,266,633				1,266,633
Group insurance and employee benefits	26,122	6,964	6,410	39,496	19,703	21,036	40,739	80,235
Insurance	2,990	712	640	4,342	1,352	1,423	2,775	7,117
Medical awards dinner	16,930			16,930				16,930
Meetings	306	90	81	477	207	216	423	900
Miscellaneous	1,487	437	394	2,318	1,006	1,050	2,056	4,374
Office supplies	1,895	557	502	2,954	1,282	1,337	2,619	5,573
Payroll taxes	14,598	3,892	3,582	22,072	11,011	11,755	22,766	44,838
Postage	1,405	413	372	2,190	950	992	1,942	4,132
Printing and stationery	18	5	5	28	12	13	25	53
Professional fees					20,080		20,080	20,080
Public relations	781			781	1,816		1,816	2,597
Rent and utilities - Note 11	24,696	5,880	5,292	35,868	11,172	11,760	22,932	58,800
Repairs	1,687	402	362	2,451	763	803	1,566	4,017
Salaries	202,026	53,857	49,576	305,459	152,321	162,688	315,009	620,468
Telephone	1,476	434	391	2,301	998	1,042	2,040	4,341
Town Hall meeting	14,510			14,510				14,510
Treatment options	1,603			1,603				1,603
Website maintenance	2,628	773	696	4,097	1,778	1,855	3,633	7,730
<b>Total Functional Expenses</b>	<b>\$ 339,652</b>	<b>\$ 266,021</b>	<b>\$ 1,349,295</b>	<b>\$ 1,954,968</b>	<b>\$ 246,074</b>	<b>\$ 259,440</b>	<b>\$ 505,515</b>	<b>\$ 2,460,483</b>

The accompanying notes are an integral part of this statement.



**LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 305,798	\$ 138,278
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	1,302	1,610
Change in value of beneficial interest in trust	(78,123)	21,834
Net loss (gain) on investments	11	(2,599)
Forgiveness of Paycheck Protection Program Loan	(186,901)	
Release of grant funding obligation	(100,000)	
Net (increase) decrease in assets		
Annuities receivable	62,787	133,424
Contributions receivable	(431,227)	(21,539)
Prepaid expenses	9,473	133
Net increase (decrease) in liabilities		
Accounts payable and accrued expenses	(5,555)	(19,431)
Grants payable	257,650	67,553
	<u>(164,785)</u>	<u>319,263</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(13,577)	(2,518,709)
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan payable, Payroll Protection Program	97,801	89,100
	<u>(80,561)</u>	<u>(2,110,346)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents</b>		
Beginning of year	926,125	3,036,471
End of year	<u>\$ 845,564</u>	<u>\$ 926,125</u>

The accompanying notes are an integral part of this statement.

# LEUKEMIA RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities and Organization**

The Leukemia Research Foundation (Foundation) is a tax-exempt, nonprofit organization whose mission is dedicated to conquering all blood cancers by funding research into their causes and cures, and enriching the quality of life of those touched by these diseases. The primary function of the Foundation is to award annual grants to individuals working at qualified institutions who are pursuing the cause of, or searching to find a cure for, all blood cancers, including leukemia, lymphoma, multiple myeloma, and myelodysplastic syndromes. A secondary function of the Foundation is to provide funds for hospitalization, medication, treatment, and other support for patients with these diseases. Third, the Foundation provides educational and emotional support by producing a number of complimentary, patient-focused one-day conferences each year including a Town Hall Meeting, Treatment Options Conference, and Town Hall in Spanish.

The Foundation, located in Northfield, Illinois, has 21 active chapters in the Chicago area that conduct various fundraising activities on behalf of the Foundation. The chapters make periodic remittances of the proceeds of fundraising activities to the Foundation. Such remittances, along with other donations and fundraising activities, constitute the major sources of Foundation funding.

#### **Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues and expenses are recognized in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

Information regarding the financial position and activities of the Foundation are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed stipulations, but may be subject to board designations. They include all activities of the Foundation, except for those amounts that are restricted by external donors.
- With donor restrictions - Net assets with donor restrictions are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Foundation (purpose restrictions). Net assets with donor restrictions may also be imposed by donors who require that the principal of this class of net assets be invested in perpetuity and only the investment income be expended.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued**

**Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment is recorded at historical cost. The Foundation capitalizes fixed asset additions over \$1,500. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets. The estimated useful lives used in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Computer and office equipment	5
Furniture and fixtures	7
Office equipment	7
Software	3
Website development	3

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as increases in donor restricted support. Donor restricted contributions and earnings whose restrictions are met in the same year are reported as support without donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Chapter remittances are recognized as revenue upon receipt.

The Foundation recognizes contributions of specialized services in lieu of cash contributions at their estimated fair values at the date of donation. Contributed services include a variety of services which the Foundation would otherwise need to purchase.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued**

**Grants**

Grant awards are recorded as an expense and as a payable for the entire amount when the decision to award the grant is made. Grants payable over more than one-year are recorded at present value.

**Functional Allocation of Expenses**

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. For the year ended June 30, 2019, certain indirect costs and overhead have been allocated among the program and supporting services benefited based on the following methodologies:

- Time and effort - salaries and benefits
- Full time equivalents - consulting, computer expense, office related expenses, and website
- Square footage - liability insurance, repairs and maintenance, occupancy, and utilities

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value Measurements**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a common definition for fair value to be applied under accounting principles generally accepted in the United States of America requiring use of fair value. It establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

## LEUKEMIA RESEARCH FOUNDATION NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Fair Value Measurements - Continued

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments and block discounts are not applied to level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of the short-term conservative income fund, as fully described in Note 3, is determined by obtaining quoted prices on nationally recognized exchanges (Level 1 inputs).

The beneficial interest in trust, as more fully described in Note 13, is designated as level 3 in the fair value hierarchy. The fair value of the beneficial interest is calculated by multiplying the Foundation's share of the trust by the fair value of the total trust as reported by the bank acting as trustee.

#### Income Taxes

The Foundation is a nonprofit corporation which has been granted a tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to the organization's tax-exempt purpose. The Foundation had no unrelated business income during the years ended June 30, 2021 or June 30, 2020.

#### Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2021 and 2020, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued**

**Effect of Recently Issued Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its statement of financial position. In May 2020, the FASB approved a one year deferral of this standard for non-public entities, with a revised effective date for fiscal years beginning after December 15, 2021. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

**Subsequent Events**

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through December 8, 2021, the date the financial statements were available to be issued.

**2. LIQUIDITY AND AVAILABILITY**

The purpose of the Foundation's Operating Reserve Policy is to build and maintain an adequate level of net assets without donor restrictions to support the Foundation's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. The Foundation intends for the operating reserves to be used and replenished within a reasonable period of time. The Operating Reserve Policy is implemented in conjunction with the other financial policies of the Foundation and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.

The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Directors. The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The target minimum Operating Reserve Fund is equal to 12 months of average recurring operating costs.

The following table reflects the Foundation's financial assets as of June 30. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because of net assets with donor restrictions for certain purpose restrictions.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**2. LIQUIDITY AND AVAILABILITY - Continued**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 845,564	\$ 926,125
Investments	2,532,316	2,519,971
Annuities receivable, current portion	17,288	77,344
Contributions receivable	<u>556,556</u>	<u>125,329</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,951,724</u>	<u>\$ 3,648,769</u>

**3. INVESTMENTS**

Investments consist of the following at:

<u>Description</u>	<u>Total</u>	<u>June 30, 2021</u>		
		<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term conservative income fund	<u>\$ 2,531,782</u>	<u>\$ 2,531,782</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments at Fair Value	2,531,782	<u>\$ 2,531,782</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market	<u>534</u>			
Total Investments	<u>\$ 2,532,316</u>			

<u>Description</u>	<u>Total</u>	<u>June 30, 2020</u>		
		<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term conservative income fund	<u>\$ 2,519,438</u>	<u>\$ 2,519,438</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments at Fair Value	2,519,438	<u>\$ 2,519,438</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market	<u>533</u>			
Total Investments	<u>\$ 2,519,971</u>			

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**3. INVESTMENTS - Continued**

Investment earnings consist of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest	\$ 12,356	\$ 17,122
Realized loss on investments	(30,707)	
Unrealized gain on investments	<u>30,696</u>	<u>2,599</u>
Total Investment Income	<u>\$ 12,345</u>	<u>\$ 19,721</u>

**4. ANNUITIES RECEIVABLE**

Annuities receivable consist of one annuity contract received in 2014 and one contract received in 2021 with guaranteed monthly payments. Balance due at June 30, 2021 in the amount of \$17,288 will be collected by May 2022.

**5. CONTRIBUTIONS RECEIVABLE**

Contributions receivable include amounts pledged to the Foundation but not collected at year end. Amounts are due within one year. Contributions receivable also include amounts pledged by Federal and State employees through payroll deductions to Combined Federal Campaign (formerly Medical Research Charities), Neighbor to Nation, and the Maryland Charity Campaign at June 30, 2021 and 2020. Based on historical data, 75% of amounts pledged to these employee charitable giving programs are estimated to be collectible. The Foundation records the receivable at this net value.



**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**6. PROPERTY AND EQUIPMENT**

Major classes of property and equipment are as follows at June 30:

Description	2021	2020
Computer and office equipment	\$ 44,331	\$ 44,331
Furniture and fixtures	48,365	48,365
Office equipment	5,000	5,000
Software	30,100	30,100
Website development	6,710	6,710
	134,506	134,506
Less: Accumulated depreciation	132,788	131,486
Net Property and Equipment	\$ 1,718	\$ 3,020

Depreciation expense is \$1,302 and \$1,610 for the years ended June 30, 2021 and 2020, respectively.

**7. PAYCHECK PROTECTION PROGRAM LOANS**

On April 7, 2020, the Foundation entered into an agreement with a lender and the Small Business Administration to obtain a Paycheck Protection Program (PPP) loan offered as a result of the Coronavirus Aid, Relief and Economic Security Act (CARES). The PPP loan was intended to help certain small businesses and nonprofits stay afloat during the COVID-19 pandemic. The loan in the amount of \$89,100 provided for interest at a rate of 1% and was to mature on April 7, 2022. The PPP loan was eligible for forgiveness if the Foundation met certain criteria including utilization of the loan for eligible expenses and maintaining or restoring employee counts and salary levels to pre-pandemic amounts. At June 30, 2020, The Foundation had adopted the policy to record the PPP loan under the guidance of FASB ASB 470, *Debt*. The PPP loan in amount of \$89,100 and related accrued interest was forgiven and included in revenues on the statement of activities during the year ended June 30, 2021.

On January, 28, 2021, the Foundation was approved for a second round of PPP funding offered as a result of the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act. This loan in the amount of \$97,801, has substantially similar terms as the first PPP loan, including interest at a rate of 1%, a deferral of payments and an opportunity for the loan to be forgiven if the Foundation meets certain criteria. The PPP loan in amount of \$97,801 was forgiven and included in revenues on the statement of activities during the year ended June 30, 2021.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30:

Description	2021	2020
Restricted for time or purpose		
Annuities receivable	\$ 17,288	\$ 80,075
Restricted in perpetuity		
Endowment		
The Elizabeth Ferguson Patients' Assistance Fund	30,000	30,000
Leslie Ann Daniels Memorial Grant	55,360	54,594
Beneficial interest in Kenneth W. Memorial Trust	465,732	387,609
Total Net Assets with Donor Restrictions	\$ 568,380	\$ 552,278

During the years ended June 30, 2021 and 2020, net assets of \$62,787 and \$143,444, respectively, were released from donor restrictions for the passage of time, patient outreach and education, patient financial assistance, and medical research.

**9. ENDOWMENT**

The endowment consists of two funds. The Elizabeth Ferguson Patient Assistance Fund, established in 1994, has a \$30,000 principal. Earnings of this fund are restricted by the donor to provide assistance to patients and their families. The Leslie Ann Daniels Memorial Fund was established in 2012 with a \$50,000 principal. The donor stipulated that once the principal reaches \$100,000, earnings may be distributed in increments of \$5,000 to fund medical research through the Foundation's New Investigator Research Program. Both funds have been deposited into segregated accounts as per donor stipulation and are restricted in perpetuity (Note 8). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## LEUKEMIA RESEARCH FOUNDATION NOTES TO FINANCIAL STATEMENTS

### 9. ENDOWMENT – Continued

#### **Interpretation of Relevant Law**

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions in perpetuity as (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

Donor funds received for the endowment are invested in certificates of deposit, which are managed by Foundation management. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. The Foundation has adopted an investment policy for endowment assets that strives for long-term growth while at the same time generates a reasonable current return for programs supported by its endowment. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through current yield (interest).

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**9. ENDOWMENT – Continued**

The board of directors is required to follow the spending policies as stipulated by the donors of the endowment fund. The Foundation was in compliance with these policies for the years ended June 30, 2021 and 2020.

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	<u>Restricted for Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Balance at June 30, 2019	\$ -	\$ 83,945	\$ 83,945
Interest and dividends	689	649	1,338
Patient assistance	<u>(689)</u>		<u>(689)</u>
Balance at June 30, 2020		84,594	84,594
Interest and dividends	454	766	1,220
Patient assistance	<u>(454)</u>		<u>(454)</u>
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 85,360</u>	<u>\$ 85,360</u>

**10. CONTRIBUTED GOODS AND SERVICES**

Contributed goods and services for chapter events totaled \$39,000 and \$24,500 for the years ended June 30, 2021 and 2020, respectively.

**11. LEASE COMMITMENTS**

In August 2014, the Foundation entered into a lease for a 2,250-square feet space in Northfield, Illinois to be occupied from April 2015 through June 2020. In October 2019, the agreement was extended through June 30, 2023 with rent ranging from \$4,500 to \$4,688 per month, plus a proportionate share of taxes and operating expenses.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**11. LEASE COMMITMENTS – Continued**

Future minimum rental payments under this operating lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 55,125
2023	<u>56,250</u>
Total	<u>\$ 111,375</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$57,875 and \$56,864, respectively.

**12. RESEARCH GRANTS**

A Medical Advisory Board appointed by the Foundation reviews proposals and approves new investigator research grants awarded to recipients. The Medical Advisory Board is an independent group comprised of medical doctors (clinicians) and Ph.D.'s (researchers) who serve on a voluntary basis. The Foundation recognizes the expense associated with these grants in the period they are awarded. The research grants are paid on a quarterly basis. Any grants returned to the Foundation after being awarded are included in revenues on the statement of activities.

The Foundation's Hollis Brownstein Research Grants Program (Program) offers grant funding to new investigator applicants in the amount of up to \$100,000 per award. This specialized funding opportunity allows the Foundation to fund young scientists at a critical point in their careers when they may be on the verge of breakthrough discoveries, yet find it difficult to secure proper funding.

New investigator research grants awarded during each fiscal year are one year grants.

New investigator research grants awarded under the Program during the year ended June 30, 2021, payable as of June 30, 2021, are as follows:

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**12. RESEARCH GRANTS - Continued**

Emanuele Azzoni, PhD, University of Milan-Bicocca	\$ 100,000
George Burslem, PhD, University of Pennsylvania	100,000
Matt Christopher, MD, PhD, Washington University	100,000
Leslie Crews, PhD, University of California, San Diego	100,000
Ernesto Diaz-Flores, PhD, University of California, San Francisco	100,000
Cihangir Duy, M.S., PhD, Research Institute of Fox Chase Cancer Center	100,000
Ann-Kathrin Eisfeld, MD, Ohio State University	100,000
Pietro Genovese, PhD, Dana-Farber Cancer Institute	100,000
Md Kamrul Hasan, PhD, University of California, San Diego	100,000
Sangmoo Jeong, PhD, Johns Hopkins University	100,000
Huacheng Luo, PhD, Pennsylvania State University College of Medicine	100,000
Mithun Shah, MD, PhD, Mayo Clinic	100,000
Alexander Valvezan, PhD, Rutgers, State University of New Jersey	100,000
Zhiquan Wang, PhD, Mayo Clinic	100,000
	<hr/>
Total New Investigator Research Grants Awarded and Payable	<u>\$ 1,400,000</u>

New investigator research grants awarded under the Program during the year ended June 30, 2020 are as follows:

Jeevisha Bajaj, PhD, Rochester University	\$ 100,000
Sergi Cuartero, PhD, Josep Carreras Leukaemia Research Institute	97,133
Heiko Konig, MD, PhD, Indiana University (forfeited during June 30, 2021)	100,000
Bridget Marcellino, MD, PhD, Icahn School of Medicine at Mt. Sinai	100,000
Triona Ni Chonghaile, PhD, Bsc, Royal College of Surgeons in Ireland	99,500
Fabiana Perna, MD, PhD, Indiana University	100,000
Yana Pikman, MD, Dana-Farber Cancer Institute	100,000
Giovanni Roti, MD, PhD, University of Parma	100,000
Simone Sidoli, PhD, Albert Einstein College of Medicine	70,000
George Souroullas, PhD, Washington University	100,000
Liling Wan, PhD, University of Pennsylvania Perelman School of Medicine	100,000
Siao-Yi Wang, MD, PhD, Loyola University Cardinal Bernardin Cancer Center	100,000
Yibin Yang, PhD, Research Institute of Fox Chase Cancer Center	100,000
	<hr/>
Total New Investigator Research Grants Awarded	<u>\$ 1,266,633</u>

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**12. RESEARCH GRANTS - Continued**

During the year ended June 30, 2021, a recipient forfeited \$100,000 awarded during the year ended June 30, 2020. In addition, grant funds paid during the year ended June 30, 2020 were returned to the Foundation during the year ended June 30, 2021 in the amount of \$7,104.

**13. BENEFICIAL INTEREST IN TRUST**

The Foundation is the beneficiary of a 20% share of income generated from the Kenneth W. Thomas Memorial Trust (Trust). The Trust's fair value as of June 30, 2021 and 2020 was \$2,328,660 and \$1,938,041, respectively. \$465,732 and \$387,609 at June 30, 2021 and 2020, respectively, was recorded on the statement of financial position as beneficial interest in trust, which represents 20% of the Trust's fair value. Annual distributions from the Trust during the years ended June 30, 2021 and 2020 were \$18,462 and \$16,461, respectively, and were recorded as contribution revenue when received.

The following sets forth the reconciliation of beginning and ending balances related to fair value measurements using significant unobservable inputs (Level 3) during the years ended June 30, 2021 and 2020:

	<u>Total</u>
Balance at June 30, 2019	\$ 409,443
Change in value of beneficial interest in trust	<u>(21,834)</u>
Balance at June 30, 2020	387,609
Change in value of beneficial interest in trust	<u>78,123</u>
Balance at June 30, 2021	<u>\$ 465,732</u>

**14. VOLUNTEER SERVICES**

A significant amount of volunteer services is contributed to the Foundation by various individuals to support the Foundation's program and supporting services. These volunteer activities include participating on the board of directors and working on various chapter events. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**15. CHAPTER REMITTANCES**

Chapter revenue is stated at net on the accompanying statement of activities. The following details each chapter's net remittance for the years ended June 30:

	<u>2021</u>	<u>2020</u>
A La Vida Chapter	\$ -	\$ 750
Andy's Chapter of Hope	275	1,480
Barbara J. Timmer Memorial Chapter	35,112	46,950
Conquering Leukemia	25,000	63,047
Dad's Chapter	11,955	33,046
Dan Barton Memorial Chapter	500	549
Danny's Team	150	947
Davidson/Brin Chapter	270,000	247,568
Goland-Orenstein-Sherman Chapter	13,285	16,415
Jessica Shayne Magid "Chai"	12,374	9,846
Jim Gibbons Memorial Chapter	75,146	100,457
Joey's Angels Chapter	69,846	133,506
Jonathon Michael Schatz	(654)	250
Lipinski-Callahan-Daly Chapter	1,200	3,440
Nicholas Orjuela/Little Lefty	3,850	150
Nick Madrid "Life is Worth Fighting For"		2,000
North Suburban Chapter	6,530	10,626
Penny's Angels	750	975
Phillip "Poppie" Gaston Chapter	11,380	2,786
Somebody's Hero	650	
Steve "Grimey" Grimes Memorial		11,692
Suzanne's Friends-for-Life Chapter	43,476	46,435
Total Chapter Remittances	<u>\$ 580,825</u>	<u>\$ 732,915</u>



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