

# **Leukemia Research Foundation**

**Financial Statements**

**Years Ended June 30, 2022 and 2021**

## TABLE OF CONTENTS

	<b>Page</b>
Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Activities	5
Statements of Functional Expenses	6 - 7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 23



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Leukemia Research Foundation  
Northfield, Illinois

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Leukemia Research Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Leukemia Research Foundation 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 these 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 Leukemia Research Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITOR'S REPORT - Continued

### 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 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, 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 Leukemia Research Foundation'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 Leukemia Research Foundation'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.

*Mann Weitz & Associates LLC*

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois  
September 20, 2022

**LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,636,450	\$ 845,564
Annuities receivable - Note 4		17,288
Contributions receivable - Note 5	385,386	556,556
Prepaid expenses	<u>9,616</u>	<u>9,225</u>
Total Current Assets	<u>2,031,452</u>	<u>1,428,633</u>
<b>Other Assets</b>		
Investments - Note 3	2,533,606	2,532,316
Certificate of deposit, unrestricted portion	4,646	4,507
Certificates of deposit, restricted - Note 9	85,526	85,360
Security deposit	4,663	4,663
Property and equipment, net - Note 6	593	1,718
Beneficial interest in trust - Notes 8 and 13	<u>374,588</u>	<u>465,732</u>
Total Other Assets	<u>3,003,622</u>	<u>3,094,296</u>
Total Assets	<u><u>\$ 5,035,074</u></u>	<u><u>\$ 4,522,929</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 77,850	\$ 24,341
Grants payable - new investigator research - Note 12	1,429,595	1,424,281
Grants payable - other research	<u>75,000</u>	
Total Liabilities	<u>1,582,445</u>	<u>1,448,622</u>
<b>Net Assets</b>		
Without donor restrictions	2,992,515	2,505,927
With donor restrictions - Notes 8, 9, and 13	<u>460,114</u>	<u>568,380</u>
Total Net Assets	<u>3,452,629</u>	<u>3,074,307</u>
Total Liabilities and Net Assets	<u><u>\$ 5,035,074</u></u>	<u><u>\$ 4,522,929</u></u>

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Contributions of cash and other financial assets						
Chapter remittances, net of direct benefits to donors of \$82,452 and \$18,638 in 2022 and 2021, respectively - Note 16	\$ 608,195	\$ -	\$ 608,195	\$ 580,825	\$ -	\$ 580,825
Federal and state campaigns	58,076		58,076	29,225		29,225
Contributions	1,538,961		1,538,961	887,421		887,421
Corporation and foundation contributions	567,350		567,350	774,500		774,500
Contributions of nonfinancial assets - Note 10	8,190		8,190			
Indirect fundraising, net of direct benefits to donors of \$18,485 and \$660 in 2022 and 2021, respectively	151,411		151,411	115,670		115,670
Return of grant funds - Note 12	44,915		44,915	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	1,451	166	1,617	13,705	766	14,471
Total Revenues and Gains	2,978,549	166	2,978,715	2,699,106	766	2,699,872
Net assets released from restrictions - Note 8	17,288	(17,288)		62,787	(62,787)	
Total Revenues, Gains and Other Support	2,995,837	(17,122)	2,978,715	2,761,893	(62,021)	2,699,872
<b>Expenses</b>						
Program services						
Patient outreach and education	256,960		256,960	297,525		297,525
Patient financial assistance	217,097		217,097	225,236		225,236
Medical research	1,483,118		1,483,118	1,477,914		1,477,914
Total Program Services	1,957,175		1,957,175	2,000,675		2,000,675
Supporting services						
Management and general	248,148		248,148	225,709		225,709
Fundraising	303,926		303,926	245,813		245,813
Total Supporting Services	552,074		552,074	471,522		471,522
Total Expenses	2,509,249		2,509,249	2,472,197		2,472,197
Change in Net Assets before Other Change	486,588	(17,122)	469,466	289,696	(62,021)	227,675
Other Change						
Change in value of beneficial interest in trust - Note 13		(91,144)	(91,144)		78,123	78,123
Change in Net Assets	486,588	(108,266)	378,322	289,696	16,102	305,798
Net Assets						
Beginning of the year	2,505,927	568,380	3,074,307	2,216,231	552,278	2,768,509
End of year	\$ 2,992,515	\$ 460,114	\$ 3,452,629	\$ 2,505,927	\$ 568,380	\$ 3,074,307

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ 728	\$ -	\$ 728	\$ 728
Affiliate board						7,951	7,951	7,951
Bank and credit card fees					12,259		12,259	12,259
Computer expense	6,005	1,657	2,692	10,354	4,555	5,798	10,353	20,707
Consulting	4,782	1,319	2,144	8,245	3,628	4,617	8,245	16,490
Depreciation - Note 6	383	124	146	653	213	259	472	1,125
Direct mail						18,037	18,037	18,037
Dues and subscriptions	369	102	165	636	280	356	636	1,272
Federal/state campaigns						11,810	11,810	11,810
Financial assistance		147,478		147,478				147,478
Forums	4,635			4,635				4,635
Fundraising strategy expense						6,749	6,749	6,749
Grant expense			8,147	8,147				8,147
Grants - new investigator research - Note 12			1,289,595	1,289,595				1,289,595
Grants - other research			75,000	75,000				75,000
Employee benefits	22,380	6,415	10,514	39,309	20,903	25,512	46,415	85,724
Insurance	1,380	446	528	2,354	771	934	1,705	4,059
Meetings	210	58	94	362	159	203	362	724
Miscellaneous	574	158	257	989	437	554	991	1,980
Office supplies	617	170	277	1,064	468	596	1,064	2,128
Payroll taxes	12,546	3,596	5,894	22,036	11,718	14,301	26,019	48,055
Postage	616	170	276	1,062	468	595	1,063	2,125
Printing and stationery	1,232	340	552	2,124	934	1,189	2,123	4,247
Professional fees					21,291		21,291	21,291
Public relations	1,550			1,550	1,820		1,820	3,370
Rent and utilities - Note 11	21,500	6,955	8,221	36,676	12,014	14,544	26,558	63,234
Repairs	1,430	463	547	2,440	799	968	1,767	4,207
Salaries	162,478	46,574	76,328	285,380	151,756	185,203	336,959	622,339
Telephone	1,424	393	638	2,455	1,080	1,374	2,454	4,909
Town Hall meeting	4,809			4,809				4,809
Treatment options	5,579			5,579				5,579
Website maintenance	2,461	679	1,103	4,243	1,867	2,376	4,243	8,486
<b>Total Functional Expenses</b>	<b>\$ 256,960</b>	<b>\$ 217,097</b>	<b>\$ 1,483,118</b>	<b>\$ 1,957,175</b>	<b>\$ 248,148</b>	<b>\$ 303,926</b>	<b>\$ 552,074</b>	<b>\$ 2,509,249</b>

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 - new investigator research - Note 12			1,400,000	1,400,000				1,400,000
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 CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 378,322	\$ 305,798
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	1,125	1,302
Change in value of beneficial interest in trust	91,144	(78,123)
Net loss on investments	5,002	11
Forgiveness of Paycheck Protection Program Loan		(186,901)
Release of grant funding obligation		(100,000)
Net (increase) decrease in assets		
Annuities receivable	17,288	62,787
Contributions receivable	171,170	(431,227)
Prepaid expenses	(391)	9,473
Net increase (decrease) in liabilities		
Accounts payable and accrued expenses	53,509	(5,555)
Grants payable - new investigator research	5,314	257,650
Grants payable - other research	75,000	
	<u>797,483</u>	<u>(164,785)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	2,521,915	
Purchases of investments	<u>(2,528,512)</u>	<u>(13,577)</u>
	<u>(6,597)</u>	<u>(13,577)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan payable, Payroll Protection Program		<u>97,801</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	790,886	(80,561)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>845,564</u>	<u>926,125</u>
End of year	<u>\$ 1,636,450</u>	<u>\$ 845,564</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. 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, 2022 or June 30, 2021.

#### 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, 2022 and 2021, 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. 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 September 20, 2022, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,636,450	\$ 845,564
Investments	2,533,606	2,532,316
Annuities receivable, current portion		17,288
Contributions receivable	<u>385,386</u>	<u>556,556</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 4,555,442</u>	<u>\$ 3,951,724</u>

**3. INVESTMENTS**

Investments consist of the following at:

<u>Description</u>	<u>Total</u>	<u>June 30, 2022</u>		
		<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-term conservative income fund	\$ 2,332,112	\$ 2,332,112	\$ -	\$ -
Total Investments at Fair Value	2,332,112	<u>\$ 2,332,112</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market	<u>201,494</u>			
Total Investments	<u>\$ 2,533,606</u>			

<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	\$ 2,531,782	\$ 2,531,782	\$ -	\$ -
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>			

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**3. INVESTMENTS - Continued**

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

	<u>2022</u>	<u>2021</u>
Interest	\$ 6,292	\$ 12,356
Realized loss on investments	(20,438)	(30,707)
Unrealized gain on investments	15,436	30,696
Total Investment Income	<u>\$ 1,290</u>	<u>\$ 12,345</u>

**4. ANNUITIES RECEIVABLE**

Annuities receivable consisted 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 was 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, 2022 and 2021. 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	2022	2021
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	133,913	132,788
Net Property and Equipment	\$ 593	\$ 1,718

Depreciation expense is \$1,125 and \$1,302 for the years ended June 30, 2022 and 2021, 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 adopted the policy to record the PPP loan under the guidance of FASB ASB 470, *Debt*. The PPP loan in amount of \$89,100 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, had 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	2022	2021
Restricted for time or purpose		
Annuities receivable	\$ -	\$ 17,288
Restricted in perpetuity		
Endowment		
The Elizabeth Ferguson Patients' Assistance Fund	30,000	30,000
Leslie Ann Daniels Memorial Grant	55,526	55,360
Beneficial interest in Kenneth W. Thomas Memorial Trust	374,588	465,732
Total Net Assets with Donor Restrictions	\$ 460,114	\$ 568,380

During the years ended June 30, 2022 and 2021, net assets of \$17,288 and \$62,787, respectively, were released from donor restrictions for the passage of time.

**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, 2022 and 2021.

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	<u>Restricted for Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</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		85,360	85,360
Interest and dividends	139	166	305
Patient assistance	<u>(139)</u>		<u>(139)</u>
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 85,526</u>	<u>\$ 85,526</u>

**10. CONTRIBUTED NONFINANCIAL ASSETS**

The Foundation received contributed nonfinancial assets in the form of contributed services. Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. During the year ended June 30, 2022, the Foundation received contributed services for legal consultation in the amount of \$8,190 which is valued at the estimated fair value based on current rates for similar legal services. The contributed legal services were utilized by the Foundation's new investigator research grant program. The Foundation did not have any contributed nonfinancial assets during the year ended June 30, 2021.

**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. Future minimum rental payment to be made under this operating lease is \$56,250 for the year ended June 30, 2023. Rent expense for the years ended June 30, 2022 and 2021 was \$60,823 and \$57,875, respectively.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**12. NEW INVESTIGATOR 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, 2022, payable as of June 30, 2022, are as follows:

Hussein Abbas, MD, PhD, University of Texas MD Anderson Cancer Center	\$ 93,340
Timothy Barrow, PhD, University of Sunderland	96,255
Lina Benajiba, MD, PhD, INSERM Institute of Health and Medical Research	100,000
Xufeng Chen, PhD, New York University School of Medicine	100,000
Christian Hurtz, PhD, Temple University	100,000
Jo Ishizawa, MD, PhD, University of Texas MD Anderson Cancer Center	100,000
Max Jan, MD, PhD, Massachusetts General Hospital	100,000
Yoon-A Kang, PhD, Washington University in St. Louis	100,000
Anja Karlstaedt, MD, PhD, Cedars-Sinai Medical Center	100,000
David Kurtz, MD, PhD, Stanford University	100,000
Laura Mondragon Martinez, PhD, Josep Carreras Leukaemia Research Institute	100,000
Rui Su, PhD, Beckman Research Institute of the City of Hope	100,000
Terrence Wong, MD, PhD, University of Michigan	100,000
	<hr/>
Total New Investigator Research Grants Awarded and Payable	<u>\$ 1,289,595</u>

Grants awarded during the year ended June 30, 2021 in the amount of \$140,000 remain unpaid at June 30, 2022. Grant funds paid during the year ended June 30, 2021 were returned to the Foundation during the year ended June 30, 2022 in the amount of \$44,915.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**12. NEW INVESTIGATOR RESEARCH GRANTS - Continued**

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

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>

Grants awarded during the year ended June 30, 2020 in the amount of \$24,281 remained unpaid at June 30, 2021. 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, 2022 and 2021 was \$1,872,932 and \$2,328,657 respectively. \$374,588 and \$465,732 at June 30, 2022 and 2021, 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, 2022 and 2021 were \$30,636 and \$18,462, respectively, and were recorded as contribution revenue when received.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**13. BENEFICIAL INTEREST IN TRUST - Continued**

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, 2022 and 2021:

	<u>Total</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	465,732
Change in value of beneficial interest in trust	<u>(91,144)</u>
Balance at June 30, 2022	<u>\$ 374,588</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.

**15. EMPLOYEE RETIREMENT PLAN**

During the year ended June 30, 2022, the Foundation established a 403(b) plan (Plan) to provide retirement benefits to eligible employees, as defined in the Plan. The Foundation is required to make an annual 3% of compensation matching contribution to the Plan. The Foundation's matching contribution amounted to \$10,574 for the year ended June 30, 2022.

**LEUKEMIA RESEARCH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**16. 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>2022</u>	<u>2021</u>
Andy's Chapter of Hope	\$ 300	\$ 275
Barbara J. Timmer Memorial Chapter	52,658	35,112
Conquering Leukemia	38,618	25,000
Dad's Chapter	6,376	11,955
Dan Barton Memorial Chapter	500	500
Danny's Team	100	150
Davidson/Brin Chapter	240,000	270,000
Goland-Orenstein-Sherman Chapter	14,061	13,285
Jessica Shayne Magid "Chai"	14,350	12,374
Jim Gibbons Memorial Chapter	40,884	75,146
Joey's Angels Chapter	132,950	69,846
Jonathon Michael Schatz	600	500
Lipinski-Callahan-Daly Chapter	1,000	1,200
Nicholas Orjuela/Little Lefty	160	3,850
North Suburban Chapter	6,553	6,530
Penny's Angels	1,150	750
Phillip "Poppie" Gaston Chapter	7,986	11,380
Somebody's Hero	500	650
Steve "Grimey" Grimes Memorial	1,265	
Suzanne's Friends-for-Life Chapter	48,585	42,322
Other Chapter expense	<u>(401)</u>	
Net Chapter Remittances	<u>\$ 608,195</u>	<u>\$ 580,825</u>

**17. CONCENTRATIONS**

During the year ended June 30, 2022, the Foundation received a bequest in the amount of \$378,558 from one donor representing 17% of total contribution revenue. There was no such concentration during the year ended June 30, 2021.



111 Deer Lake Road, Suite 125, Deerfield, IL 60015  
Main:847.267.3400 Fax:847.267.3401 Web:mwa.cpa