



Leukemia Research Foundation

Financial Statements

Years Ended June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Leukemia Research Foundation has adopted Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

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, 2023

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,664,806	\$ 1,636,450
Contributions receivable - Note 4	973,939	385,386
Prepaid expenses	<u>10,131</u>	<u>9,616</u>
Total Current Assets	<u>3,648,876</u>	<u>2,031,452</u>
Other Assets		
Investments - Note 3	2,611,759	2,533,606
Certificate of deposit, unrestricted portion	4,776	4,646
Certificates of deposit, restricted - Note 8	86,084	85,526
Security deposit	4,663	4,663
Operating right-of-use assets - Note 6	110,514	
Property and equipment, net - Note 5	325	593
Beneficial interest in trust - Notes 7 and 11	<u>397,751</u>	<u>374,588</u>
Total Other Assets	<u>3,215,872</u>	<u>3,003,622</u>
Total Assets	<u><u>\$ 6,864,748</u></u>	<u><u>\$ 5,035,074</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Operating lease liabilities - Note 6	\$ 21,191	\$ -
Accounts payable and accrued expenses	87,665	77,850
Grants payable, new investigator research - Note 10	1,392,102	1,429,595
Grants payable, other research	<u>75,000</u>	<u>75,000</u>
Total Current Liabilities	<u>1,500,958</u>	<u>1,582,445</u>
Noncurrent Liabilities		
Operating lease liabilities - Note 6	89,897	
Grants payable, new investigator research - Note 10	<u>1,125,433</u>	
Total Noncurrent Liabilities	<u>1,215,330</u>	
Total Liabilities	<u>2,716,288</u>	<u>1,582,445</u>
Net Assets		
Without donor restrictions	3,016,247	2,992,515
With donor restrictions - Notes 7, 8, and 11	<u>1,132,213</u>	<u>460,114</u>
Total Net Assets	<u>4,148,460</u>	<u>3,452,629</u>
Total Liabilities and Net Assets	<u><u>\$ 6,864,748</u></u>	<u><u>\$ 5,035,074</u></u>

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions of cash and other financial assets						
Chapter remittances, net of direct benefits to donors of \$71,064 and \$82,452 in 2023 and 2022, respectively - Note 14	\$ 632,920	\$ -	\$ 632,920	\$ 608,195	\$ -	\$ 608,195
Federal and state campaigns	17,825		17,825	58,076		58,076
Contributions	1,688,731	648,378	2,337,109	1,538,961		1,538,961
Corporation and foundation contributions	903,500		903,500	567,350		567,350
Contributions of nonfinancial assets - Note 9				8,190		8,190
Indirect fundraising, net of direct benefits to donors of \$27,137 and \$18,485 in 2023 and 2022, respectively	220,522		220,522	151,411		151,411
Return of grant funds - Note 10	34,847		34,847	44,915		44,915
Release of grant funding obligation - Note 10	27,063		27,063			
Miscellaneous	144		144			
Investment income - Note 3	80,666	558	81,224	1,451	166	1,617
Total Revenues and Gains	3,606,218	648,936	4,255,154	2,978,549	166	2,978,715
Net assets released from restrictions - Note 7				17,288	(17,288)	
Total Revenues, Gains and Other Support	3,606,218	648,936	4,255,154	2,995,837	(17,122)	2,978,715
Expenses						
Program services						
Patient outreach and education	279,178		279,178	256,960		256,960
Patient financial assistance	179,325		179,325	217,097		217,097
Medical research	2,455,594		2,455,594	1,483,118		1,483,118
Total Program Services	2,914,097		2,914,097	1,957,175		1,957,175
Supporting services						
Management and general	316,964		316,964	248,148		248,148
Fundraising	351,425		351,425	303,926		303,926
Total Supporting Services	668,389		668,389	552,074		552,074
Total Expenses	3,582,486		3,582,486	2,509,249		2,509,249
Change in Net Assets before Other Change	23,732	648,936	672,668	486,588	(17,122)	469,466
Other Change						
Change in value of beneficial interest in trust - Note 11		23,163	23,163		(91,144)	(91,144)
Change in Net Assets	23,732	672,099	695,831	486,588	(108,266)	378,322
Net Assets						
Beginning of the year	2,992,515	460,114	3,452,629	2,505,927	568,380	3,074,307
End of year	\$ 3,016,247	\$ 1,132,213	\$ 4,148,460	\$ 2,992,515	\$ 460,114	\$ 3,452,629

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Total Program Services	Supporting Services		Total	
	Patient Outreach and Education	Patient Financial Assistance	Medical Research		Management and General	Fundraising		Total Supporting Services
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 11,050	\$ -	\$ 11,050	\$ 11,050
Affiliate board						13,015	13,015	13,015
Bad debt					9,702		9,702	9,702
Bank and credit card fees					14,847		14,847	14,847
Computer expense	8,102	2,101	3,901	14,104	6,902	9,003	15,905	30,009
Consulting	23,436	6,076	11,284	40,796	19,964	26,040	46,004	86,800
Depreciation - Note 5	38	7	16	61	161	46	207	268
Direct mail						23,927	23,927	23,927
Dues and subscriptions	1,063	276	512	1,851	905	1,181	2,086	3,937
Federal/state campaigns						16,392	16,392	16,392
Financial assistance		114,983		114,983				114,983
Forums	167	43	80	290	142	185	327	617
Fundraising strategy expense						18,499	18,499	18,499
Grant expense			10,269	10,269				10,269
Grants - new investigator research - Note 10			2,325,433	2,325,433				2,325,433
Employee benefits	23,217	6,019	11,178	40,414	19,777	25,796	45,573	85,987
Insurance	933	200	400	1,533	3,998	1,133	5,131	6,664
Meetings	101	26	49	176	86	112	198	374
Miscellaneous	1,749	453	842	3,044	1,486	1,943	3,429	6,473
Office supplies	1,101	285	530	1,916	937	1,223	2,160	4,076
Payroll taxes	12,590	3,264	6,062	21,916	10,725	13,989	24,714	46,630
Postage - Note 6	1,765	458	850	3,073	1,503	1,961	3,464	6,537
Printing and stationery	2,473			2,473	1,649		1,649	4,122
Professional fees					21,867		21,867	21,867
Public relations	2,137	458	916	3,511	9,158	2,595	11,753	15,264
Rent and utilities - Note 6	9,226	1,977	3,954	15,157	39,536	11,202	50,738	65,895
Repairs - Note 6	635	136	272	1,043	2,719	770	3,489	4,532
Salaries	161,344	41,830	77,684	280,858	137,441	179,271	316,712	597,570
Telephone	1,373	356	661	2,390	1,169	1,525	2,694	5,084
Leukemia Q+A	3,858			3,858				3,858
Clinical trials hub	13,695			13,695				13,695
Outreach	2,000			2,000				2,000
New + Emerging	6,719			6,719				6,719
Website maintenance	1,456	377	701	2,534	1,240	1,617	2,857	5,391
Total Functional Expenses	\$ 279,178	\$ 179,325	\$ 2,455,594	\$ 2,914,097	\$ 316,964	\$ 351,425	\$ 668,389	\$ 3,582,486

The accompanying notes are an integral part of this statement.

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

	Program Services			Total Program Services	Supporting Services		Total	
	Patient Outreach and Education	Patient Financial Assistance	Medical Research		Management and General	Fundraising		Total Supporting Services
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 5	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 10			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 - Note 6	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 6	21,500	6,955	8,221	36,676	12,014	14,544	26,558	63,234
Repairs - Note 6	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
Total Functional Expenses	\$ 256,960	\$ 217,097	\$ 1,483,118	\$ 1,957,175	\$ 248,148	\$ 303,926	\$ 552,074	\$ 2,509,249

The accompanying notes are an integral part of this statement.

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 695,831	\$ 378,322
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	268	1,125
Change in value of beneficial interest in trust	(23,163)	91,144
Net loss on investments	9,703	5,002
Release of grant funding obligation	(27,063)	
Discount on grants payable	(74,346)	
Net (increase) decrease in assets		
Annuities receivable		17,288
Contributions receivable	(588,553)	171,170
Prepaid expenses	(515)	(391)
Operating right-of-use assets	(110,514)	
Net increase (decrease) in liabilities		
Operating lease liabilities	111,088	
Accounts payable and accrued expenses	9,815	53,509
Grants payable - new investigator research	1,189,349	5,314
Grants payable - other research	(75,000)	75,000
	<u>1,116,900</u>	<u>797,483</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Proceeds from sales of investments	2,332,112	2,521,915
Purchases of investments	<u>(2,420,656)</u>	<u>(2,528,512)</u>
Net Cash Used for Investing Activities	<u>(88,544)</u>	<u>(6,597)</u>
Net Increase in Cash and Cash Equivalents	1,028,356	790,886
Cash and Cash Equivalents		
Beginning of year	<u>1,636,450</u>	<u>845,564</u>
End of year	<u>\$ 2,664,806</u>	<u>\$ 1,636,450</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 leukemia by funding research into causes and cures, and enriching the quality of life of those touched by this disease. 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 leukemia. A secondary function of the Foundation is to provide funds for hospitalization, medication, treatment, and other support for patients with this disease. Third, the Foundation provides educational and emotional support by producing a number of complimentary, patient-focused online webinars.

The Foundation, located in Northfield, Illinois, has 20 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.

Contributions Receivable

Unconditional promises to give are recorded as contributions receivable at net realizable value. The Foundation considers its contributions receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. This direct write-off method does not result in amounts that differ materially from the allowance method required by accounting principles generally accepted in the United States of America. All contributions receivable are expected to be collected within one year.

Property and Equipment

Property and equipment is recorded at historical cost. The Foundation capitalizes fixed asset additions over \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets 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.

Right-of-Use Assets and Lease Liabilities

Operating lease right-of-use (ROU) assets and operating lease obligations are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation uses the risk free rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Variable lease payments are excluded for purposes of calculating the operating ROU assets and operating lease obligation. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related ROU assets, is recognized as lease cost. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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

Right-of-Use Assets and Lease Liabilities - continued

Additionally, the Foundation has elected the short-term lease recognition exemption for all existing and future leases with a term of one year or less for all classes of underlying assets.

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.

Contributed Nonfinancial Assets

The Foundation recognizes contributions of specialized services received if such services: create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

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 program services and supporting activities 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 identifiable and directly associated with a particular program or supporting service are recorded directly to that functional category. Certain costs and overhead have been allocated among the program and supporting services benefited using 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

LEUKEMIA RESEARCH FOUNDATION NOTES TO FINANCIAL STATEMENTS

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

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.

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 11, 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.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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

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, 2023 or June 30, 2022.

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, 2023 and 2022, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

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.

Adoption 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. The Foundation has adopted the requirements of this guidance effective July 1, 2022, using the modified retrospective approach. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Foundation has elected to adopt the package of practical expedients available in the year of adoption, which permit the carryforward of historical conclusions on whether existing contracts are or contain leases, the lease classification for any expired or existing leases, and the treatment of initial direct costs.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through September 20, 2023, the date the financial statements were available to be issued.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,664,806	\$ 1,636,450
Investments	2,611,759	2,533,606
Contributions receivable	<u>973,939</u>	<u>385,386</u>
Total Financial Assets	6,250,504	4,555,442
Less: Amounts not available for general expenditures within one year		
Net assets with donor purpose restrictions	<u>21,305</u>	<u> </u>
Financial Assets Available to Meet Cash		
Needs for General Expenditures within One Year	<u>\$ 6,229,199</u>	<u>\$ 4,555,442</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

3. INVESTMENTS

Investments consist of the following at:

<u>Description</u>	<u>June 30, 2023</u> <u>Total</u>
Money Market	<u>\$ 2,611,759</u>
Total Investments	<u>\$ 2,611,759</u>

<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	<u>\$ 2,332,112</u>	<u>\$ 2,332,112</u>	<u>\$ -</u>	<u>\$ -</u>
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>			

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

	<u>2023</u>	<u>2022</u>
Interest	\$ 87,856	\$ 6,292
Realized and unrealized loss on investments	<u>(9,703)</u>	<u>(5,002)</u>
Total Investment Income	<u>\$ 78,153</u>	<u>\$ 1,290</u>

4. 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, 2023 and 2022. 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**

5. PROPERTY AND EQUIPMENT

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

Description	2023	2022
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	134,181	133,913
Net Property and Equipment	\$ 325	\$ 593

Depreciation expense is \$268 and \$1,125 for the years ended June 30, 2023 and 2022, respectively.

6. LEASES

The Foundation has an office lease through July 31, 2026 with monthly payments ranging from \$4,781 to \$5,063 plus a proportionate share of real estate taxes and operating expenses. The lease allowed for one month rent abatement.

The Foundation has a copier machine lease with a monthly lease payment of \$270, expiring March 31, 2024.

The Foundation has a postage meter lease with a monthly lease payment of \$41, expiring December 31, 2025.

As disclosed in Note 1, the Center adopted FASB ASC 842 as of July 1, 2022. As of June 30, 2023, the operating right-of-use assets have a balance of \$110,514, as shown in other assets on the statement of financial position. Operating lease liabilities total \$111,088, of which \$21,191 is current and \$89,897 is noncurrent, in the statement of financial position.

Lease cost for the office space for the year ended June 30, 2023 amounted to \$56,824. Occupancy expense, including operating expenses and a proportionate share of real estate taxes, for the years ended June 30, 2023 and 2022 amounted to \$63,718 and \$65,654, respectively.

Lease cost for the copy machine, which is included in the repairs expense, amounted to \$3,240 and \$4,532 for the years ended June 30, 2023 and 2022, respectively.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

6. LEASES - Continued

Lease cost for the postage meter, which is included in the postage expense, amounted to \$504 and \$492 for the years ended June 30, 2023 and 2022, respectively.

The remaining weighted average lease term and weighted average discount rate for the operating leases noted above is 3.1 years and 2.88%, respectively, as of June 30, 2023.

Future minimum operating lease payments and reconciliation to the statement of financial position as of June 30, 2023 are as follows:

<u>Year Ended May 31,</u>	<u>Amount</u>
2024	\$ 55,528
2025	59,004
2026	59,877
2027	<u>5,063</u>
Total future undiscounted lease payments	179,472
Less present value discount	<u>68,384</u>
Lease liabilities	<u><u>\$ 111,088</u></u>

The following summarizes cash flow information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 59,994

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

7. NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Description</u>	<u>2023</u>	<u>2022</u>
Restricted for time or purpose		
Bequests receivable	\$ 627,073	\$ -
Clinical trials hub	21,305	
Restricted in perpetuity		
Endowment		
The Elizabeth Ferguson Patients' Assistance Fund	30,000	30,000
Leslie Ann Daniels Memorial Grant	56,084	55,526
Beneficial interest in Kenneth W. Thomas Memorial Trust	<u>397,751</u>	<u>374,588</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,132,213</u>	<u>\$ 460,114</u>

During the year ended June 30, 2022, net assets of \$17,288, were released from donor restrictions for the passage of time. There were no net assets released from donor restrictions during the year ended June 30, 2023.

8. 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

8. 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).

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, 2023 and 2022.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

8. ENDOWMENT – Continued

Changes in endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	<u>Restricted for Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Balance at June 30, 2020	\$ -	\$ 85,360	\$ 85,360
Interest and dividends	139	166	305
Patient assistance	<u>(139)</u>		<u>(139)</u>
Balance at June 30, 2021		85,526	85,526
Interest and dividends	130	558	688
Patient assistance	<u>(130)</u>		<u>(130)</u>
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 86,084</u>	<u>\$ 86,084</u>

9. 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 were valued using 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, 2023.

10. 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.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

10. NEW INVESTIGATOR RESEARCH GRANTS - Continued

The Foundation's Hollis Brownstein Research Grants Program (Program) offers grant funding to new investigator applicants in the amount of up to \$150,000 (\$100,000 during the year ended June 30, 2022) 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 the year ended June 30, 2023 are payable over a two-year period. The research grants awarded during the year ended June 30, 2022 were payable over a one-year period.

New investigator research grants awarded under the Program during the year ended June 30, 2023, payable as of June 30, 2023, are as follows:

Robert Bowman, PhD, University of Pennsylvania, Perelman School of Medicine	\$ 150,000
Yu-Chiao Chiu, PhD, University of Pittsburgh	150,000
Marta Derecka, PhD, St. Jude Children's Research Hospital, Inc.	150,000
Francesca Ferraro, MD, PhD, Washington University in St. Louis	150,000
Zhaohui Gu, PhD, Beckman Research Institute of the City of Hope	150,000
Xue Han, PhD, The Ohio State University	149,779
Tania Jain, MBBS, Johns Hopkins University School of Medicine	150,000
Qingfei Jiang, PhD, University of California, San Diego	150,000
Theodoros Karantanos, MD, PhD, Johns Hopkins University School of Medicine	150,000
Linde Miles, PhD, Cincinnati Children's Hospital Medical Center	150,000
Joshua Riback, PhD, Baylor College of Medicine	150,000
Reona Sakemura, PhD, Mayo Clinic Rochester	150,000
Christian Schuerch, PhD, University of Tübingen	150,000
Alan, Shih, MD, PhD, Icahn School of Medicine at Mount Sinai	150,000
Srividya Swaminathan, PhD, Beckman Research Institute of the City of Hope	150,000
Daniel Utzschneider, PhD, Peter Doherty Institute at the University of Melbourne	<u>150,000</u>
Total New Investigator Research Grants Awarded during the year ended June 30, 2023	2,399,779
Discount to present value using a discount rate of 4.87% at June 30, 2023	<u>(74,346)</u>
Net New Investigator Research Grants Awarded during the year ended June 30, 2023	<u>\$ 2,325,433</u>
Current portion of grants awarded during the year ended June 30, 2023	1,200,000
Noncurrent portion of grants awarded during the year ended June 30, 2023	<u>1,125,433</u>
	2,325,433
Balance remaining unpaid from June 30, 2022	<u>192,102</u>
Grants payable, New Investigator Research at June 30, 2023	<u>\$ 2,517,535</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

10. NEW INVESTIGATOR RESEARCH GRANTS - Continued

New investigator research grants awarded under the Program during the year ended 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	<u>100,000</u>
Total New Investigator Research Grants Awarded during the year ended June 30, 2022	1,289,595
Balance remaining unpaid from June 30, 2021	<u>140,000</u>
Grants payable, New Investigator Research at June 30, 2022	<u><u>\$ 1,429,595</u></u>

Grants awarded during the years ended June 30, 2022 and 2021 in the amounts of \$192,102 and \$140,000 remain unpaid at June 30, 2023 and 2022, respectively. Grant funds that were returned to the Foundation during the years ended June 30, 2023 and 2022 are in the amounts of \$34,847 and \$44,915, respectively.

During the year ended June 30, 2023, grants forfeited amounted to \$27,063. There were no grants forfeited during the year ended June 30, 2022.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

11. 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, 2023 and 2022 was \$1,988,745 and \$1,872,932 respectively. \$397,751 and \$374,588 at June 30, 2023 and 2022, 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, 2023 and 2022 were \$7,168 and \$30,636, 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, 2023 and 2022:

	<u>Total</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	374,588
Change in value of beneficial interest in trust	<u>23,163</u>
Balance at June 30, 2023	<u>\$ 397,751</u>

12. 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.

13. 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 \$17,028 and \$10,574 for the years ended June 30, 2023 and 2022, respectively.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

14. 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>2023</u>	<u>2022</u>
Andy's Chapter of Hope	\$ 200	\$ 300
Barbara J. Timmer Memorial Chapter	50,000	52,658
Conquering Leukemia	31,775	38,618
Dad's Chapter	5,218	6,376
Dan Barton Memorial Chapter	396	500
Danny's Team		100
Davidson/Brin Chapter	270,036	240,000
Goland-Orenstein-Sherman Chapter	8,906	14,061
Jessica Shayne Magid "Chai"	17,626	14,350
Jim Gibbons Memorial Chapter	52,847	40,884
Joey's Angels Chapter	115,017	132,950
Jonathon Michael Schatz	600	600
Lipinski-Callahan-Daly Chapter	31,497	1,000
Nicholas Orjuela/Little Lefty	160	160
Nick Madrid "Life is Worth Fighting For"	750	
North Suburban Chapter	5,422	6,553
Penny's Angels	1,200	1,150
Phillip "Poppie" Gaston Chapter	6,259	7,986
Somebody's Hero		500
Steve "Grimey" Grimes Memorial		1,265
Suzanne's Friends-for-Life Chapter	35,020	48,585
Other Chapter expense	(9)	(401)
Net Chapter Remittances	<u>\$ 632,920</u>	<u>\$ 608,195</u>

15. CONCENTRATIONS

During the year ended June 30, 2023, the Foundation received a bequest in the amount of \$1,084,046 from one donor representing 30% of total contribution revenue. 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.

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