



Leukemia Research Foundation

Financial Statements

Years Ended June 30, 2024 and 2023

TABLE OF CONTENTS

	Page
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 - 24



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, 2024 and 2023, 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, 2024 and 2023, 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 18, 2024

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,200,497	\$ 2,664,806
Contributions receivable - Note 4	305,038	973,939
Accrued interest receivable	9,777	
Prepaid expenses	8,512	10,131
Total Current Assets	<u>3,523,824</u>	<u>3,648,876</u>
Other Assets		
Investments - Note 3	2,744,865	2,611,759
Certificate of deposit, unrestricted portion	5,475	4,776
Certificates of deposit, restricted - Note 8	86,899	86,084
Security deposit	4,663	4,663
Operating right-of-use assets - Note 6	90,625	110,514
Property and equipment, net - Note 5	1,655	325
Beneficial interest in trust - Notes 7 and 10	424,067	397,751
Total Other Assets	<u>3,358,249</u>	<u>3,215,872</u>
Total Assets	<u>\$ 6,882,073</u>	<u>\$ 6,864,748</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Operating lease liabilities - Note 6	\$ 36,005	\$ 21,191
Accounts payable and accrued expenses	14,300	87,665
Grants payable, new investigator research - Note 9	1,979,689	1,392,102
Total Current Liabilities	<u>2,029,994</u>	<u>1,500,958</u>
Noncurrent Liabilities		
Operating lease liabilities - Note 6	59,424	89,897
Grants payable, new investigator research - Note 9	705,993	1,125,433
Total Noncurrent Liabilities	<u>765,417</u>	<u>1,215,330</u>
Total Liabilities	<u>2,795,411</u>	<u>2,716,288</u>
Net Assets		
Without donor restrictions	3,555,696	3,016,247
With donor restrictions - Notes 7, 8, and 10	530,966	1,132,213
Total Net Assets	<u>4,086,662</u>	<u>4,148,460</u>
Total Liabilities and Net Assets	<u>\$ 6,882,073</u>	<u>\$ 6,864,748</u>

The accompanying notes are an integral part of this statement.

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	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 \$127,508 and \$71,064 in 2024 and 2023, respectively - Note 13	\$ 623,323	\$ -	\$ 623,323	\$ 632,920	\$ -	\$ 632,920
Federal and state campaigns	18,211		18,211	17,825		17,825
Contributions - Note 14	1,149,578	20,000	1,169,578	1,688,731	648,378	2,337,109
Corporation and foundation contributions	337,431		337,431	903,500		903,500
Indirect fundraising, net of direct benefits to donors of \$28,876 and \$27,137 in 2024 and 2023, respectively	201,008		201,008	220,522		220,522
Return of grant funds - Note 9	15,455		15,455	34,847		34,847
Release of grant funding obligation - Note 9				27,063		27,063
Miscellaneous	4,798		4,798	144		144
Investment income - Note 3	148,463	815	149,278	80,666	558	81,224
Total Revenues and Gains	2,498,267	20,815	2,519,082	3,606,218	648,936	4,255,154
Net assets released from restrictions - Note 7	648,378	(648,378)				
Total Revenues, Gains and Other Support	3,146,645	(627,563)	2,519,082	3,606,218	648,936	4,255,154
Expenses						
Program services						
Patient outreach and education	274,243		274,243	279,178		279,178
Patient financial assistance	195,176		195,176	179,325		179,325
Medical research	1,659,167		1,659,167	2,455,594		2,455,594
Total Program Services	2,128,586		2,128,586	2,914,097		2,914,097
Supporting services						
Management and general	242,999		242,999	316,964		316,964
Fundraising	235,611		235,611	351,425		351,425
Total Supporting Services	478,610		478,610	668,389		668,389
Total Expenses	2,607,196		2,607,196	3,582,486		3,582,486
Change in Net Assets before Other Change	539,449	(627,563)	(88,114)	23,732	648,936	672,668
Other Change						
Change in value of beneficial interest in trust - Note 10		26,316	26,316		23,163	23,163
Change in Net Assets	539,449	(601,247)	(61,798)	23,732	672,099	695,831
Net Assets						
Beginning of the year	3,016,247	1,132,213	4,148,460	2,992,515	460,114	3,452,629
End of year	\$ 3,555,696	\$ 530,966	\$ 4,086,662	\$ 3,016,247	\$ 1,132,213	\$ 4,148,460

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services			Total
	Patient Outreach and Education	Patient Financial Assistance	Medical Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 10,968	\$ -	\$ 10,968	\$ 10,968
Affiliate board						4,650	4,650	4,650
Bank and credit card fees					14,461		14,461	14,461
Computer expense	5,173	1,605	2,854	9,632	3,567	4,637	8,204	17,836
Depreciation - Note 5	96	30	53	179	67	86	153	332
Direct mail	6,668			6,668		10,002	10,002	16,670
Dues and subscriptions	690	214	381	1,285	476	619	1,095	2,380
Federal/state campaigns						16,900	16,900	16,900
Financial assistance		126,123		126,123				126,123
Forums	303	94	167	564	209	272	481	1,045
Fundraising strategy expense						4,499	4,499	4,499
Grant expense			5,793	5,793				5,793
Grants - new investigator research - Note 9			1,530,888	1,530,888				1,530,888
Employee benefits	21,978	6,820	12,126	40,924	15,157	19,704	34,861	75,785
Insurance	1,074	341	582	1,997	4,066	991	5,057	7,054
Meetings	75	23	41	139	52	67	119	258
Miscellaneous	841	261	464	1,566	576	754	1,330	2,896
Office supplies - Note 6	1,552	482	856	2,890	1,070	1,391	2,461	5,351
Payroll taxes	12,124	3,763	6,689	22,576	8,361	10,870	19,231	41,807
Printing and stationery	2,669			2,669	1,780		1,780	4,449
Professional fees					24,672		24,672	24,672
Public relations	1,289	409	698	2,396	4,876	1,189	6,065	8,461
Rent and utilities - Note 6	10,513	3,329	5,696	19,538	37,793	9,677	47,470	67,008
Salaries	163,858	50,853	90,405	305,116	113,006	146,908	259,914	565,030
Telephone	1,600	496	883	2,979	1,103	1,434	2,537	5,516
Leukemia Q+A	9,420			9,420				9,420
Clinical trials hub	30,157			30,157				30,157
Outreach	1,375			1,375				1,375
New + Emerging	1,715			1,715				1,715
Website maintenance	1,073	333	591	1,997	739	961	1,700	3,697
Total Functional Expenses	\$ 274,243	\$ 195,176	\$ 1,659,167	\$ 2,128,586	\$ 242,999	\$ 235,611	\$ 478,610	\$ 2,607,196

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 9			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 - Note 6	3,501	879	1,652	6,032	5,159	3,954	9,113	15,145
Payroll taxes	12,590	3,264	6,062	21,916	10,725	13,989	24,714	46,630
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
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 CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (61,798)	\$ 695,831
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	332	268
Change in value of beneficial interest in trust	(26,316)	(23,163)
Operating lease cost	60,679	60,568
Net (gain) loss on investments	(9,706)	9,703
Release of grant funding obligation		(27,063)
Discount on grants payable	30,339	(74,346)
Net (increase) decrease in assets		
Contributions receivable	668,901	(588,553)
Accrued interest receivable	(9,777)	
Prepaid expenses	1,619	(515)
Net increase (decrease) in liabilities		
Operating lease liabilities	(56,449)	(59,994)
Accounts payable and accrued expenses	(73,365)	9,815
Grants payable - new investigator research	137,808	1,189,349
Grants payable - other research		(75,000)
	<u>662,267</u>	<u>1,116,900</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,662)	
Proceeds from sales of investments	520,548	2,332,112
Purchases of investments	(645,462)	(2,420,656)
	<u>(126,576)</u>	<u>(88,544)</u>
Net Cash Provided By (Used for) Investing Activities		
	<u>(126,576)</u>	<u>(88,544)</u>
Net Increase in Cash and Cash Equivalents	535,691	1,028,356
Cash and Cash Equivalents		
Beginning of year	<u>2,664,806</u>	<u>1,636,450</u>
End of year	<u>\$ 3,200,497</u>	<u>\$ 2,664,806</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 17 active chapters 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.

Investments

Investments are carried at fair value in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest income, realized and unrealized gains and losses, less investment management fees.

The Foundation invests in various investment products. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and any such changes could materially affect the amount reported in the statement of financial position.

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.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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

Fair Value Measurements - continued

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.

Government securities and corporate bonds are classified within level 2 as they are valued using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters.

The beneficial interest in trust, as more fully described in Note 10, 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.

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.

**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

Right of use (ROU) assets represent the Foundation's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Foundation's obligation to make payments arising from the leases. Operating lease right-of-use 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.

The Foundation leases office space and equipment, which are all considered operating leases. The determination of whether an arrangement is a lease is made at the lease's inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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.

LEUKEMIA RESEARCH FOUNDATION NOTES TO FINANCIAL STATEMENTS

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

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 are allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses were allocated 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

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, 2024 or June 30, 2023.

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, 2024 and 2023, 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.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through September 18, 2024, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,200,497	\$ 2,664,806
Investments	2,744,865	2,611,759
Contributions receivable	305,038	973,939
Accrued interest receivable	<u>9,777</u>	
Total Financial Assets	6,260,177	6,250,504
Less: Amounts not available for general expenditures within one year		
Net assets with donor purpose restrictions		<u>21,305</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 6,260,177</u>	<u>\$ 6,229,199</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

3. INVESTMENTS

Investments consist of the following at:

<u>Description</u>	<u>June 30, 2024</u>			
	<u>Total</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 395,463	\$ -	\$ 395,463	\$ -
US Treasury notes	911,343		911,343	
Total Investments at Fair Value	1,306,806	\$ -	\$ 1,306,806	\$ -
Bank deposits	1,438,060			
Total Investments	<u>\$ 2,744,866</u>			

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

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

	<u>2024</u>	<u>2023</u>
Interest - cash equivalents	\$ 15,890	\$ 3,071
Interest - investments	126,557	87,856
Realized and unrealized gain (loss) on investments	9,706	(9,703)
Fees	(2,875)	
Total Investment Income	<u>\$ 149,278</u>	<u>\$ 81,224</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, 2024 and 2023. 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	2024	2023
Computer and office equipment	\$ 45,993	\$ 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
	136,168	134,506
Less: Accumulated depreciation	134,513	134,181
Net Property and Equipment	\$ 1,655	\$ 325

Depreciation expense is \$332 and \$268 for the years ended June 30, 2024 and 2023, respectively.

6. LEASES

The Foundation has an office lease through July, 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 \$307, expiring March, 2027.

The Foundation has a postage meter lease with a monthly lease payment of \$42, expiring December, 2025.

As of June 30, 2024 and 2023, the operating right-of-use assets have a balance of \$90,625 and \$110,514, respectively, as shown in other assets on the statement of financial position. Operating lease liabilities total \$95,429 and \$111,088, respectively, of which \$36,005 and \$21,191, respectively, is current and \$59,424 and \$89,897, respectively, is noncurrent, in the statement of financial position.

Lease cost for the office space for the years ended June 30, 2024 and 2023 amounted to \$56,824 each year. Occupancy expense, including operating expenses and a proportionate share of real estate taxes, for the years ended June 30, 2024 and 2023 amounted to \$64,804 and \$63,718, respectively.

Lease cost for the copy machine, which is included in the office supplies, amounted to \$3,561 and \$3,240 for the years ended June 30, 2024 and 2023, respectively. Lease cost for the postage meter, which is included in the office supplies, amounted to \$504 each year for the years ended June 30, 2024 and 2023.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

6. LEASES - Continued

The remaining weighted average remaining lease term for operating leases is 2.11 years and 3.1 years, as of June 30, 2024 and 2023, respectively.

The weighted average discount rate for operating leases is 2.99% and 2.88%, as of June 30, 2024 and 2023, respectively.

Future minimum operating lease payments and reconciliation to the statement of financial position as of June 30, 2024 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 62,688
2026	63,561
2027	<u>7,825</u>
Total future undiscounted lease payments	134,074
Less present value discount	<u>38,645</u>
Lease liabilities	<u><u>\$ 95,429</u></u>

The following summarizes cash flow information related to the leases for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 56,449	\$ 59,994
	<u>2024</u>	
Lease assets obtained in exchange for lease obligations		
Operating leases	\$ 5,746	

**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>2024</u>	<u>2023</u>
Restricted for time or purpose		
Bequests receivable	\$ 20,000	\$ 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	56,899	56,084
Beneficial interest in Kenneth W. Thomas Memorial Trust	<u>424,067</u>	<u>397,751</u>
Total Net Assets with Donor Restrictions	<u>\$ 530,966</u>	<u>\$ 1,132,213</u>

During the year ended June 30, 2024, net assets of \$648,378, were released from time or donor restrictions. There were no net assets released from time or 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. 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, 2024 and 2023.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

8. ENDOWMENT – Continued

Changes in endowment net assets for the years ended June 30, 2024 and 2023, are as follows:

	<u>Restricted for Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Balance at June 30, 2022	\$ -	\$ 85,526	\$ 85,526
Interest and dividends	130	558	688
Patient assistance	<u>(130)</u>		<u>(130)</u>
Balance at June 30, 2023		86,084	86,084
Interest and dividends	699	815	1,514
Patient assistance	<u>(699)</u>		<u>(699)</u>
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 86,899</u>	<u>\$ 86,899</u>

9. 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 \$150,000 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 the years ended June 30, 2024 and 2023 are payable over a two-year period.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

9. NEW INVESTIGATOR RESEARCH GRANTS - Continued

New investigator research grants awarded under the Program during the year ended June 30, 2024, payable as of June 30, 2024, are as follows:

Shruti Bhatt, PhD, Emory University	\$ 150,000
Eric Wang, PhD, The Jackson Laboratory for Genomic Medicine	150,000
Ioanna Mosialou, PhD, Columbia University Medical Center	150,000
Santhosh Kumar Pasupuleti, PhD, Indiana University	150,000
Shan Lin, PhD, Seattle Children's Hospital	150,000
Alejandro Villarino, PhD, University of Miami Health Systems	150,000
Nadia Kershaw, D.Phil., Walter and Eliza Hall Institute of Medical Research	150,000
Franco Izzo, PhD, Icahn School of Medicine at Mount Sinai	150,000
Elisa ten Hacken, PhD, Weill Medical College of Cornell University	150,000
Victor Tkachev, PhD, Massachusetts General Hospital	<u>150,000</u>
Total New Investigator Research Grants Awarded during the year ended June 30, 2024	1,500,000
Discount to present value using a discount rate of 4.71% at June 30, 2024	<u>(44,007)</u>
Net New Investigator Research Grants Awarded during the year ended June 30, 2024	<u>\$ 1,455,993</u>
Current portion of grants awarded during the year ended June 30, 2024	\$ 750,000
Noncurrent portion of grants awarded during the year ended June 30, 2024	<u>705,993</u>
	1,455,993
Balance remaining unpaid from June 30, 2023	<u>1,229,689</u>
Grants payable, New Investigator Research at June 30, 2024	<u>\$ 2,685,682</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

9. NEW INVESTIGATOR RESEARCH GRANTS - Continued

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>

Grants awarded during the years ended June 30, 2023 and 2022 in the amounts of \$1,229,689 and \$192,102 remain unpaid at June 30, 2024 and 2023, respectively.

Grant funds that were returned to the Foundation during the years ended June 30, 2024 and 2023 totaled \$15,455 and \$34,847, 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, 2024.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

10. 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, 2024 and 2023 was \$2,120,323 and \$1,988,745, respectively. \$424,067 and \$397,751 at June 30, 2024 and 2023, 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, 2024 and 2023 were \$20,402 and \$7,168, 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, 2024 and 2023:

	<u>Total</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	397,751
Change in value of beneficial interest in trust	<u>26,316</u>
Balance at June 30, 2024	<u><u>\$ 424,067</u></u>

11. 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.

12. 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 \$18,403 and \$18,051 for the years ended June 30, 2024 and 2023, respectively.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

13. 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>2024</u>	<u>2023</u>
Andy's Chapter of Hope	\$ 500	\$ 200
Barbara J. Timmer Memorial Chapter	25,000	50,000
Conquering Leukemia	55,000	31,775
Dad's Chapter	2,961	5,220
Dan Barton Memorial Chapter		396
Davidson/Brin Chapter	219,596	270,036
Goland-Orenstein-Sherman Chapter	8,268	8,906
Jessica Shayne Magid "Chai"	15,067	17,624
Jim Gibbons Memorial Chapter	43,233	52,847
Joey's Angels Chapter	190,739	115,017
Jonathon Michael Schatz	1,000	600
Lipinski-Callahan-Daly Chapter	2,131	31,497
Nicholas Orjuela/Little Lefty	5,000	160
Nick Madrid "Life is Worth Fighting For"		750
North Suburban Chapter	9,190	5,422
Penny's Angels	1,000	1,200
Phillip "Poppie" Gaston Chapter	2,707	6,259
Steve "Grimey" Grimes Memorial	11,100	
Suzanne's Friends-for-Life Chapter	30,831	35,020
Other Chapter expense		(9)
Net Chapter Remittances	<u>\$ 623,323</u>	<u>\$ 632,920</u>

14. 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. The Foundation did not receive such concentrations in donations during the year ended June 30, 2024.

570 Lake Cook Road, Suite 330, Deerfield, IL 60015
Tel: 847.267.3400 Fax 847.267.3401 Web: mwa.cpa