



Leukemia Research Foundation

Financial Statements

Year Ended June 30, 2025

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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, 2025, and the related statements of activities, functional expenses and cash flows for the year 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 25, 2025

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,797,537
Contributions receivable - Note 4	792,095
Inventory	13,454
Accrued interest receivable	29,437
Prepaid expenses	27,480
	<hr/>
Total Current Assets	3,660,003

Other Assets

Investments - Note 3	5,987,338
Certificate of deposit, unrestricted portion	5,986
Certificates of deposit, restricted - Note 8	87,753
Security deposit	4,663
Operating right-of-use assets - Note 6	56,296
Property and equipment, net - Note 5	997
Beneficial interest in trust - Notes 7 and 11	462,175
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Total Other Assets	6,605,208
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Total Assets	<u><u>\$ 10,265,211</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Operating lease liabilities - Note 6	\$ 52,021
Accounts payable and accrued expenses	14,326
Deferred event revenue	152,460
Grants payable, new investigator research - Note 10	1,884,779
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Total Current Liabilities	2,103,586
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Noncurrent Liabilities

Operating lease liabilities - Note 6	7,403
Grants payable, new investigator research - Note 10	929,298
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Total Noncurrent Liabilities	936,701
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Total Liabilities	<hr/> 3,040,287
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Net Assets

Without donor restrictions	
Undesignated, operations	3,575,830
Board-designated quasi-endowment - Note 9	3,099,166
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Total Without Donor Restrictions	6,674,996
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With donor restrictions - Notes 7, 8, and 11	549,928
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Total Net Assets	7,224,924
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Total Liabilities and Net Assets	<u><u>\$ 10,265,211</u></u>
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The accompanying notes are an integral part of this statement.

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions - Note 14			
Federal and state campaigns	\$ 16,548	\$ -	\$ 16,548
Contributions	5,193,451		5,193,451
Corporation and foundation contributions	380,450		380,450
Special events - Chapter fundraising, net of direct benefit to donors of \$285,125	54,776		54,776
Indirect fundraising, net of direct benefits to donors of \$22,893	198,223		198,223
Return of grant funds - Note 10	61,761		61,761
Miscellaneous	12,921		12,921
Investment income - Note 3	268,138	854	268,992
Total Revenues and Gains	6,186,268	854	6,187,122
Net assets released from restrictions - Note 7	20,000	(20,000)	
Total Revenues, Gains and Other Support	6,206,268	(19,146)	6,187,122
Expenses			
Program services			
Patient outreach and education	307,925		307,925
Patient financial assistance	217,956		217,956
Medical research	2,083,182		2,083,182
Total Program Services	2,609,063		2,609,063
Supporting services			
Management and general	271,700		271,700
Fundraising	324,885		324,885
Total Supporting Services	596,585		596,585
Total Expenses	3,205,648		3,205,648
Change in Net Assets before Other Change	3,000,620	(19,146)	2,981,474
Other Change			
Change in value of beneficial interest in trust - Note 11		38,108	38,108
Change in Net Assets	3,000,620	18,962	3,019,582
Net Assets			
Beginning of the year, as originally stated	3,555,696	530,966	4,086,662
Prior period adjustment - Note 15	118,680		118,680
Beginning of the year, as restated	3,674,376	530,966	4,205,342
End of year	\$ 6,674,996	\$ 549,928	\$ 7,224,924

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services				Total
	Patient Outreach and Education	Patient Financial Assistance	Medical Research	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total Supporting Services	
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 2,214	\$ -		\$ 2,214	\$ 2,214
Affiliate board						5,499		5,499	5,499
Bank and credit card fees					17,417			17,417	17,417
Computer expense	2,930	735	1,409	5,074	1,892	2,391		4,283	9,357
Depreciation - Note 5	206	52	99	357	133	168		301	658
Direct mail	12,882			12,882		19,323		19,323	32,205
Dues and subscriptions	553	139	266	958	358	451		809	1,767
Federal/state campaigns						17,523		17,523	17,523
Financial assistance		150,083		150,083					150,083
Forums	617	155	297	1,069	398	504		902	1,971
Fundraising strategy expense						7,299		7,299	7,299
Grant expense			10,205	10,205					10,205
Grants - new investigator research - Note 9			1,948,331	1,948,331					1,948,331
Employee benefits	26,713	6,436	11,787	44,936	14,795	22,464		37,259	82,195
Insurance	1,488	373	686	2,547	5,167	6,789		11,956	14,503
Meetings	310	78	149	537	201	253		454	991
Meals and entertainment							13,189	13,189	13,189
Miscellaneous	883	221	425	1,529	4,747	720		5,467	6,996
Office supplies - Note 6	2,596	651	1,249	4,496	1,678	10,345	216	12,239	16,735
Payroll taxes	14,864	3,581	6,559	25,004	8,232	12,500		20,732	45,736
Printing and stationery	3,152			3,152	2,101	3,411		5,512	8,664
Professional fees					24,855			24,855	24,855
Promotional materials							63,498	63,498	63,498
Public relations	9,899	2,479	4,566	16,944	34,369	9,159		43,528	60,472
Rent and utilities - Note 6	11,507	2,882	5,324	19,713	37,696	14,384		52,080	71,793
Salaries	203,498	49,027	89,790	342,315	112,707	171,126		283,833	626,148
Event supplies						15,851	3,364	19,215	19,215
Telephone	1,843	462	886	3,191	1,190	1,504		2,694	5,885
Travel						1,263	1,608	2,871	2,871
Event venues and facilities							226,143	226,143	226,143
Leukemia Q+A	2,161			2,161					2,161
Outreach	6,967			6,967					6,967
New + Emerging	2,456			2,456					2,456
Website maintenance	2,400	602	1,154	4,156	1,550	1,958		3,508	7,664
Total Expenses	307,925	217,956	2,083,182	2,609,063	271,700	324,885	308,018	904,603	3,513,666
Less: expenses included with revenues on the statement of activities									
Cost of direct benefit to donors							(308,018)	(308,018)	(308,018)
Total Functional Expenses	\$ 307,925	\$ 217,956	\$ 2,083,182	\$ 2,609,063	\$ 271,700	\$ 324,885	\$ -	\$ 596,585	\$ 3,205,648

The accompanying notes are an integral part of this statement.

**LEUKEMIA RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

Cash Flows from Operating Activities	
Change in net assets	\$ 3,019,582
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	658
Change in value of beneficial interest in trust	(38,108)
Operating lease cost	61,012
Net gain on investments	(115,158)
Change in discount on grants payable	1,695
Net (increase) decrease in assets	
Contributions receivable	(487,057)
Accrued interest receivable	(19,660)
Inventory	(13,454)
Prepaid expenses	(18,968)
Net increase (decrease) in liabilities	
Operating lease liabilities	(62,688)
Accounts payable and accrued expenses	26
Deferred event revenue	152,460
Grants payable - new investigator research	<u>126,700</u>
Net Cash Provided by Operating Activities	<u>2,607,040</u>
Cash Flows from Investing Activities	
Proceeds from sales of investments	3,824,196
Purchases of investments	<u>(6,952,876)</u>
Net Cash Used for Investing Activities	<u>(3,128,680)</u>
Net Decrease in Cash and Cash Equivalents	<u>(521,640)</u>
Cash and Cash Equivalents	
Beginning of year, as originally stated	3,200,497
Prior period adjustment - Chapter cash balances	<u>118,680</u>
Beginning of year, as restated	<u>3,319,177</u>
End of year	<u><u>\$ 2,797,537</u></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 is located in Northfield, Illinois.

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 are subject to board designations. They include all activities of the Foundation, except for those amounts that are restricted by external donors. The Organization presents this category of net assets as undesignated and board-designated on the statement of financial position.
- 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.

Cash Equivalents

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

Concentration of Credit Risk

The Foundation maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, balances in these accounts may exceed the insured limits. However, the Foundation has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on its cash accounts. At June 30, 2025, the Foundation's cash balances exceed federal insured limits by approximately \$1,960,000.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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

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 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.

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 year ended June 30, 2025.

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, 2025, 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 25, 2025, 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, 2025. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, when donor restricted for purpose or time and/or when designated by the board.

Cash and cash equivalents	\$ 2,797,537
Investments	5,987,338
Contributions receivable	792,095
Accrued interest receivable	<u>29,437</u>
Total Financial Assets	9,606,407
Less amounts not available to be used for general expenditures:	
Board -designated quasi-endowment	<u>(3,099,166)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 6,507,241</u></u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

3. INVESTMENTS

Investments consist of the following at June 30, 2025:

Description	Total	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 3,066,021	\$ -	\$ 3,068,129	\$ -
Equity mutual funds - US	762,961		760,853	
Equity mutual funds - non-US	170,171		170,171	
Total Investments at Fair Value	3,999,153	\$ -	\$ 3,999,153	\$ -
Bank deposits	1,988,185			
Total Investments	\$ 5,987,338			

Investment earnings consist of the following for the year ended June 30, 2025:

Interest - cash equivalents	\$ 25,154
Interest and dividends - investments	135,518
Net gain on investments	115,158
Fees	(6,838)
Total Investment Income	\$ 268,992

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, 2025. 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, 2025:

<u>Description</u>	<u>Amount</u>
Computer and office equipment	\$ 45,993
Furniture and fixtures	48,365
Office equipment	5,000
Software	30,100
Website development	6,710
	<u>136,168</u>
Less: Accumulated depreciation	<u>135,171</u>
Net Property and Equipment	<u><u>\$ 997</u></u>

Depreciation expense is \$658 for the year ended June 30, 2025.

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, 2025, the operating right-of-use assets have a balance of \$56,296, as shown in other assets on the statement of financial position. Operating lease liabilities total \$59,424 of which \$52,021, is current and \$7,403, is noncurrent, in the statement of financial position.

Lease cost for the office space for the year ended June 30, 2025 amounted to \$56,824 each year. Occupancy expense, including operating expenses and a proportionate share of real estate taxes, for the year ended June 30, 2025 amounted to \$65,421.

Lease cost for the copy machine, which is included in the office supplies, amounted to \$3,684 for the year ended June 30, 2025. Lease cost for the postage meter, which is included in the office supplies, amounted to \$504 each year for the year ended June 30, 2025.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

6. LEASES - Continued

The remaining weighted average remaining lease term for operating leases is 1.11 years as of June 30, 2025.

The weighted average discount rate for operating leases is 3.02%, as of June 30, 2025.

Future minimum operating lease payments and reconciliation to the statement of financial position as of June 30, 2025 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ 63,561
2027	<u>7,826</u>
Total future undiscounted lease payments	71,386
Less present value discount	<u>11,962</u>
Lease liabilities	<u><u>\$ 59,424</u></u>

The following summarizes cash flow information related to the leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 62,688

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2025:

Restricted in perpetuity	
Endowment	
The Elizabeth Ferguson Patients' Assistance Fund	\$ 30,000
Leslie Ann Daniels Memorial Grant	57,753
Beneficial interest in Kenneth W. Thomas Memorial Trust	<u>462,175</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 549,928</u></u>

During the year ended June 30, 2025, net assets of \$20,000, were released from restriction due to passage of time.

LEUKEMIA RESEARCH FOUNDATION NOTES TO FINANCIAL STATEMENTS

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.

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

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

8. ENDOWMENT – Continued

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 year ended June 30, 2025.

Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	<u>Restricted for Purpose</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Balance at June 30, 2024	\$ -	\$ 86,899	\$ 86,899
Interest and dividends	511	854	1,365
Patient assistance	(511)		(511)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 87,753</u>	<u>\$ 87,753</u>

9. ANNETTE C. PANE BOARD-DESIGNATED QUASI-ENDOWMENT

The Annette C. Pane Board-Designated Quasi-Endowment was established in March 2025 from a bequest received in the amount of \$3,000,000. The corpus of this fund have been designated by the board as a quasi-endowment. The annual earnings will be used to fund the Annette C. Pane Leukemia Research Foundation Research Grant. Approximately \$2,750,000 of these funds have been deposited in a long-term investment account. Approximately \$300,000 of these funds were allocated to fund the 2025-2027 and 2026-2028 grant cycle. As required by accounting principles generally accepted in the United States of America, net assets associated with quasi-endowment funds are classified and reported as without donor restriction.

Balance at June 30, 2024	\$ -
Annette C. Pane Trust bequest	3,000,000
Investment earnings	99,166
Balance at June 30, 2025	<u>\$ 3,099,166</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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.

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 year ended June 30, 2025 are payable over a two-year period.

New investigator research grants awarded under the Program during the year ended June 30, 2025, payable as of June 30, 2025, are as follows:

Palaniraja Thandapani, The University of Texas MD Anderson Cancer Center	\$ 150,000
Shoubao Ma, Beckman Research Institute of the City of Hope	150,000
Caner Saygin, The University of Chicago	150,000
Christine Zhang, Northwestern University Feinberg School of Medicine	150,000
Martin Rivas, Miller School of Medicine of the University of Miami	150,000
Eric Lechman, University of Pittsburgh Cancer Institute (Hillman Cancer Center	150,000
Miriam Kim, Washington University School of Medicine	150,000
Darko Barisic, Weill Medical College of Cornell University	150,000
Johanna Melo-Cardenas, Northwestern University - Chicago	150,000
Mikolaj Slabicki, MGH Cancer Center	150,000
Jennifer Foltz, Washington University School of Medicine	150,000
Joan Beckman, Regents of the University of Minnesota - Twin Cities	150,000
Amanda Blackmon, City of Hope Comprehensive Cancer Center	<u>150,000</u>
Total New Investigator Research Grants Awarded during the year ended June 30, 2025	1,950,000
Discount to present value using a discount rate of 4.71% at June 30, 2025	<u>(45,702)</u>
Net New Investigator Research Grants Awarded during the year ended June 30, 2025	<u>\$ 1,904,298</u>
Current portion of grants awarded during the year ended June 30, 2025	\$ 975,000
Noncurrent portion of grants awarded during the year ended June 30, 2025	<u>929,298</u>
	1,904,298
Balance remaining unpaid from June 30, 2024	<u>909,779</u>
Grants payable, New Investigator Research at June 30, 2025	<u>\$ 2,814,077</u>

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

10. NEW INVESTIGATOR RESEARCH GRANTS - Continued

Grants awarded during the years ended June 30, 2024 and 2023 in the amounts of \$909,779 remain unpaid at June 30, 2025.

There were no grants forfeited during the year ended June 30, 2025, but grant funds were returned to the Foundation in the amount of \$61,761 during the year ended June 30, 2025.

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, 2025 was \$2,310,864. \$462,175 at June 30, 2025, 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 year ended June 30, 2025 were \$13,692, 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 year ended June 30, 2025:

	<u>Amount</u>
Balance at June 30, 2024	\$ 424,067
Change in value of beneficial interest in trust	<u>38,108</u>
Balance at June 30, 2025	<u>\$ 462,175</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 \$19,600 for the year ended June 30, 2025.

**LEUKEMIA RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

14. CONCENTRATIONS

During the year ended June 30, 2025, the Foundation received two bequests totaling \$3,585,877, representing 62% of total contribution revenue.

15. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2025, the Foundation determined that the Chapter cash balances should be included in cash and cash equivalents on the statement of financial position, thereby increasing net assets by \$118,680 at June 30 2024. Volunteer chapters maintain bank accounts to facilitate their fundraising efforts.

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