



The MPN Research Foundation

Financial Statements

December 31, 2020



Sassetti

CERTIFIED PUBLIC ACCOUNTANTS



THE MPN RESEARCH FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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Board of Directors
The MPN Research Foundation
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **THE MPN RESEARCH FOUNDATION** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **THE MPN RESEARCH FOUNDATION** as of December 31, 2020, 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.

Oak Park, Illinois

June 29, 2021

THE MPN RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash	\$ 942,072
Certificate of deposit	99,581
Investments	6,252,107
Accounts receivable	55,000
Pledges receivable	70,000
Prepaid expenses	14,862
Security deposits	5,450
Property and equipment, net of accumulated depreciation of \$40,246	<u>2,337</u>
Total Assets	<u><u>\$ 7,441,409</u></u>

LIABILITIES

Accounts payable	\$ 79,392
Grants payable	<u>1,215,001</u>
Total Liabilities	<u>1,294,393</u>

NET ASSETS

Without donor restrictions	2,228,265
With donor restrictions	<u>3,918,751</u>
Total Net Assets	<u>6,147,016</u>
Total Liabilities and Net Assets	<u><u>\$ 7,441,409</u></u>

The accompanying notes are an integral part
of the financial statements.

THE MPN RESEARCH FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT			
Contributions	\$ 1,442,534	\$ 4,949,860	\$ 6,392,394
Investment income	385,673	-	385,673
Government grant	108,700	-	108,700
In-kind	82,625	-	82,625
Net assets released from restrictions	1,642,014	(1,642,014)	-
Total Revenues and Other Support	3,661,546	3,307,846	6,969,392
EXPENSES			
Program	2,080,608	-	2,080,608
General and administrative	355,830	-	355,830
Fundraising	356,768	-	356,768
Total Expenses	2,793,206	-	2,793,206
CHANGE IN NET ASSETS	868,340	3,307,846	4,176,186
NET ASSETS			
Beginning of year	1,359,925	610,905	1,970,830
End of year	<u>\$ 2,228,265</u>	<u>\$ 3,918,751</u>	<u>\$ 6,147,016</u>

The accompanying notes are an integral part of the financial statements.

THE MPN RESEARCH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program	General and Administrative	Fundraising	Totals
Grants	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Research advocacy	48,967	-	-	48,967
Salaries, taxes, and benefits	258,014	150,053	189,322	597,389
Outreach	241,302	11,225	93,631	346,158
Professional fees	77,212	127,178	-	204,390
Administration	142,311	48,674	42,773	233,758
Rent	28,636	17,193	28,635	74,464
Travel	4,166	1,507	2,407	8,080
	<u>\$ 2,080,608</u>	<u>\$ 355,830</u>	<u>\$ 356,768</u>	<u>\$ 2,793,206</u>

The accompanying notes are an integral part
of the financial statements.

THE MPN RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,176,186
Adjustment to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	2,589
Unrealized gains on securities	(338,736)
Donated stocks	(23,962)
Changes in operating assets and liabilities -	
Decrease in prepaid expenses	10,441
Decrease in accounts receivable	95,000
Decrease in pledges receivable	35,000
Decrease in accounts payable	(26,301)
Increase in grants payable	11,250
Net Cash Provided By Operating Activities	3,941,467

CASH FLOWS FROM INVESTING ACTIVITIES

Investments in certificate of deposit	(349)
Purchases of investments	(4,536,139)
Sales of investments	850,000
Net Cash Used In Investing Activities	(3,686,488)

**NET INCREASE IN CASH AND CASH
EQUIVALENTS**

254,979

CASH AND CASH EQUIVALENTS

Beginning of year	687,093
End of year	\$ 942,072

The accompanying notes are an integral part
of the financial statements.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation - The MPN Research Foundation (Foundation), a not-for-profit corporation, supports innovative efforts to advance scientific understanding and potential treatments for Myeloproliferative Neoplasms (MPNs). The primary mission of MPN Research Foundation is to promote, fund and support the most innovative and effective research into the causes, treatments, and potentially the cure for 3 specific MPNs; essential thrombocythemia, polycythemia vera, and primary myelofibrosis.

Change in Fiscal Year - The Board of Directors elected to change the fiscal year end of the Foundation from November 30 to December 31.

Basis of Presentation - As required by the generally accepted accounting principles for Not-for-Profit accounting, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions are for the use at the discretion of the Board of Directors and/or management as general operating purposes.
- Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Accounts and Pledges Receivable – Receivables are stated at the amount management expects to collect from outstanding balances. Unconditional promises/pledges to give are recognized as revenue in the period pledged. The Foundation reviews receivables and determines the need for an allowance for doubtful accounts based on management's experience and information. As of December 31, 2020, no allowance for uncollectible accounts was considered necessary.

Property and Equipment - Property and equipment are valued at cost, or if donated, at the fair market value at the date of donation. The Foundation capitalizes equipment and other fixed assets with a cost greater than \$2,500.

Depreciation - Property and equipment are being depreciated over their estimated useful lives, from their date of acquisition, using straight-line depreciation. Useful lives are estimated to be 5 years for equipment and 7 years for furniture and fixtures. Depreciation expense totaled \$2,589 for the year ended December 31, 2020.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation – In the statements of functional expenses, the costs which are directly associated with a particular program or supportive service are allocated directly to that functional category. Additionally, certain costs have been allocated among the programs and support services benefited based on staff time devoted to the functional area. Allocated expenses include salaries, insurance, rent, and utilities.

Income Taxes - The Foundation is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code; thus, no provision for income tax has been provided for in the financial statements. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending November 30, 2017, 2018 and 2019, and one month period ended December 31, 2019 are subject to examination by the IRS, generally for three years after they were filed.

Certificates of Deposit - Certificates of deposit are recorded at cost. Interest income is included in the statements of activities.

Cash Flow Information - For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. No cash was paid for income taxes or interest during the year ended December 31, 2020.

Grants Payable - Accounting for grants requires that promises to give be recognized as expenditures in the year of the commitment by donor.

In-kind Contributions - Contribution of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. It is the policy of the Foundation to record the estimated fair market value of certain in-kind contributions as an expense in its financial statements, and similarly increase donations by a like amount. During the year ended December 31, 2020, the Foundation received donated advertising and IT services valued at \$68,475 and \$14,150, respectively.

Advertising - Advertising costs were allocated to the following expense accounts on the Statements of Functional Expenses for the year ending December 31, 2020.

Outreach	\$	6,336
Administration		68,475
Total	\$	<u>74,811</u>

Subsequent Events – The Foundation has evaluated subsequent events through June 29, 2021, the date which the financial statements were available to be issued.

Adopted Accounting Pronouncement - During fiscal year-end December 31, 2020, The Foundation adopted Financial Accounting Standards Board's Accounting Standard Update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Received and Contributions Made. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Foundation adopted ASU 2018-08 using a modified prospective method effective January 1, 2020. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2020. There were no changes to the recognition of contribution revenue during 2020.

Recent Accounting Pronouncement - Effective February 25, 2017, FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require, among other things, that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Foundation's year ending December 31, 2022, with early application permitted. However, the full extent of the potential effects of the new standard, including disclosures, has not been fully determined.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2020:

Receivable in less than one year	\$	35,000
Receivable in one to five years		<u>35,000</u>
Total	\$	<u><u>70,000</u></u>

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 30, 2020, stated at cost:

Furniture and equipment	\$	41,959
Less accumulated depreciation		<u>(39,622)</u>
	\$	<u><u>2,337</u></u>

4. GRANTS PAYABLE

Grants payable consist of amounts pledged to both individuals and other organizations totaling \$1,215,001 as December 31, 2020.

Future grant liabilities are contingent upon the approval of the Scientific Steering Committee. At December 31, 2020, there were no contingent liabilities that could be estimated.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following components as of December 31, 2020:

Research fund	\$	3,713,230
Research advocacy		135,521
Time restricted		<u>70,000</u>
	\$	<u>3,918,751</u>

6. LEASE

The Foundation signed a lease with an independent party from June 11, 2020 through September 30, 2021. Rent expense was \$74,464 for the year ended December 31, 2020. Future minimum lease payments are \$53,559 for the year ended December 31, 2021.

7. CONCENTRATIONS

The Foundation deposits its cash funds at various financial institutions. At various times, the balances may exceed federally insured limits.

During the year ended December 31, 2020, contributions from the Foundation's three largest donors amounted to approximately 65% of total contributions and support, which included a nonrecurring, one-time bequest of \$4,008,410 made by its largest donor.

8. BENEFIT PLAN

The Foundation contributes up to 3% of each employee's salary to the defined contribution plan for its employee's. All full-time employees are eligible for these benefits. Plan expenses totaled \$10,695 and for the year ended December 31, 2020.

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investment income consists of the following components for the year ended December 31, 2020:

Interest income	\$	14,437
Dividend income		32,500
Unrealized gains on securities		<u>338,736</u>
	\$	<u>385,673</u>

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles also establish a fair value hierarchy that requires the Foundation to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Level 1	quoted prices in active markets for identical assets or liabilities;
Level 2	inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
Level 3	unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables summarize the classification of these investments by classification and method of valuation in accordance with the requirements of generally accepted accounting principles at December 31, 2020:

	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,728,149	-	-	\$ 1,728,149
Equity securities	1,829,369	-	-	1,829,369
U.S. government securities	280,252	-	-	280,252
Total investments in fair value hierarchy	<u>\$ 3,837,770</u>	<u>\$ -</u>	<u>\$ -</u>	3,837,770
Cash held for investments				2,414,337
Total investments				<u>\$ 6,252,107</u>

10. LIQUIDITY AND AVAILABLE RESOURCES

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditure over the next twelve-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. General expenditures include payroll and related benefits, occupancy, grant expenses and professional services.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date of December 31, 2020, are as follows:

Cash and cash equivalents	\$ 942,072
Certificate of deposit	99,581
Investments	6,252,107
Pledges receivable within one year	35,000
Total financial assets available within one year	<u>7,328,760</u>
Less: Amounts unavailable for general expenditure within one year, due to:	
Grant awards	(1,215,001)
Net assets with donor restrictions	<u>(3,918,751)</u>
Total amounts unavailable for general expenditure within one year	<u>(5,133,752)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,195,008</u>

11. UNCERTAINTIES

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response. Programs and special events of the foundation have been impacted by the pandemic. The Foundation cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to affect operations in 2021. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

12. PAYCHECK PROTECTION PROGRAM

On April 27, 2020, the Foundation received loan proceeds in the amount of \$108,700 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying entities. The loans and accrued interest are forgivable after twenty-four weeks, provided the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains specific payroll levels. The amount of the loan eligible for forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an annual interest rate of 1%, with a deferral of payments for the first six months. The Foundation elected to follow Accounting Standards Codification 958-605 and recorded the loan as a refundable advance. Under this election, the Foundation reduced the refundable advance and recorded a corresponding federal grant income when conditions for forgiveness were substantially met or explicitly waived. During the year ended December 31, 2020, the Foundation utilized \$108,700 for purposes consistent with the PPP. There is no remaining advance at December 31, 2020.