



The MPN Research Foundation

Financial Statements

December 31, 2021 and 2020



Sassetti

CERTIFIED PUBLIC ACCOUNTANTS



THE MPN RESEARCH FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13

Board of Directors
The MPN Research Foundation
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of The MPN Research Foundation (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of The MPN Research Foundation as of December 31, 2021 and 2020, 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. 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 The MPN Research Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 The MPN Research Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 The MPN 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 The MPN 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.

Sassetti LLC

Oak Brook, Illinois
June 24, 2022

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Cash	\$ 910,577	\$ 942,072
Certificate of deposit	-	99,581
Investments	6,517,590	6,252,107
Accounts receivable	292,455	55,000
Pledges receivable	35,000	70,000
Prepaid expenses	2,479	14,862
Security deposits	5,450	5,450
Property and equipment, net of accumulated depreciation of \$41,143 and \$39,622, respectively	<u>816</u>	<u>2,337</u>
Total Assets	<u>\$ 7,764,367</u>	<u>\$ 7,441,409</u>
 LIABILITIES		
Accounts payable	\$ 170,380	\$ 79,392
Grants payable	<u>450,000</u>	<u>1,215,001</u>
Total Liabilities	<u>620,380</u>	<u>1,294,393</u>
 NET ASSETS		
Without donor restrictions	3,079,301	2,228,265
With donor restrictions	<u>4,064,686</u>	<u>3,918,751</u>
Total Net Assets	<u>7,143,987</u>	<u>6,147,016</u>
Total Liabilities and Net Assets	<u>\$ 7,764,367</u>	<u>\$ 7,441,409</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,385,929	\$ 1,063,896	\$ 2,449,825	\$ 1,442,534	\$ 4,949,860	\$ 6,392,394
Investment income	556,255	-	556,255	385,673	-	385,673
Government grant	-	-	-	108,700	-	108,700
In-kind	379,481	-	379,481	82,625	-	82,625
Net assets released from restrictions	917,961	(917,961)	-	1,642,014	(1,642,014)	-
Total Revenues and Other Support	3,239,626	145,935	3,385,561	3,661,546	3,307,846	6,969,392
EXPENSES						
Program	1,672,580	-	1,672,580	2,080,608	-	2,080,608
General and administrative	279,965	-	279,965	355,830	-	355,830
Fundraising	436,045	-	436,045	356,768	-	356,768
Total Expenses	2,388,590	-	2,388,590	2,793,206	-	2,793,206
CHANGE IN NET ASSETS	851,036	145,935	996,971	868,340	3,307,846	4,176,186
NET ASSETS						
Beginning of year	2,228,265	3,918,751	6,147,016	1,359,925	610,905	1,970,830
End of year	<u>\$ 3,079,301</u>	<u>\$ 4,064,686</u>	<u>\$ 7,143,987</u>	<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
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 493,518	\$ -	\$ -	\$ 493,518	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Research advocacy	74,653	-	-	74,653	48,967	-	-	48,967
Salaries, taxes, and benefits	491,074	112,871	216,237	820,182	258,014	150,053	189,322	597,389
Outreach	72,462	145	78,702	151,309	241,302	11,225	93,631	346,158
Professional fees	487,629	137,772	87,254	712,655	77,212	127,178	-	204,390
Administration	19,964	13,021	23,110	56,095	142,311	48,674	42,773	233,758
Rent	30,135	15,067	30,135	75,337	28,636	17,193	28,635	74,464
Travel	3,145	1,089	607	4,841	4,166	1,507	2,407	8,080
	<u>\$ 1,672,580</u>	<u>\$ 279,965</u>	<u>\$ 436,045</u>	<u>\$ 2,388,590</u>	<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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 996,971	\$ 4,176,186
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities -		
Depreciation	1,521	2,589
Unrealized gains on securities	(435,195)	(338,736)
Donated stocks	(59,364)	(23,962)
Changes in operating assets and liabilities -		
Decrease in prepaid expenses	12,383	10,441
(Increase) decrease in accounts receivable	(237,455)	95,000
Decrease in pledges receivable	35,000	35,000
Increase (decrease) in accounts payable	90,988	(26,301)
(Decrease) increase in grants payable	<u>(765,001)</u>	<u>11,250</u>
Net Cash (Used in) Provided By Operating Activities	<u>(360,152)</u>	<u>3,941,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in certificate of deposit	-	(349)
Purchases of investments	(1,751,651)	(4,536,139)
Sale of investments and maturity of certificate of deposit	<u>2,080,308</u>	<u>850,000</u>
Net Cash Provided by (Used In) Investing Activities	<u>328,657</u>	<u>(3,686,488)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(31,495)	254,979
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>942,072</u>	<u>687,093</u>
End of year	<u>\$ 910,577</u>	<u>\$ 942,072</u>

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

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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 three specific MPNs: essential thrombocythemia, polycythemia vera, and primary myelofibrosis.

Basis of Presentation - As required by the generally accepted accounting principles in the United States (U.S. GAAP) 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, 2021 and 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 \$1,521 and \$2,589 for the years ended December 31, 2021 and 2020, respectively.

Use of Accounting Estimates - The preparation of financial statements in conformity with U.S. GAAP 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 date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 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, 2021 and 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.

In-kind contributions received consists of the following components during the years ended December 31, 2021 and 2020:

	2021	2020
Professional fees:		
Consulting	\$ 189,295	\$ -
IT services	88,465	14,150
Advertising	97,673	68,475
Legal	4,048	-
Total	<u>\$ 379,481</u>	<u>\$ 82,625</u>

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Advertising - Advertising costs were allocated to the following expense accounts on the statements of functional expenses for the years ending December 31, 2021 and 2020.

	2021	2020
Professional fees	\$ 97,673	\$ -
Outreach	38,388	6,336
Administration	22,431	68,475
Total	<u>\$ 158,492</u>	<u>\$ 74,811</u>

Subsequent Events – The Foundation has evaluated subsequent events through June 24, 2022, the date which the financial statements were available to be issued.

Recent Accounting Pronouncements - Effective February 25, 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 U.S. 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.

FASB has also issued ASU 2020-07, Not-for-Profit Entities (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities, disaggregated by category that depicts the type of nonfinancial assets. The standard also requires additional disclosures. The standard is effective for the Foundation's year ending December 31, 2022.

The full extent of the potential effects of the new standards, including disclosures, has not been fully determined.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2021 and 2020:

	2021	2020
Receivable in less than one year	\$ 35,000	\$ 35,000
Receivable in one to five years	-	35,000
Total	<u>\$ 35,000</u>	<u>\$ 70,000</u>

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 30, 2021 and 2020, stated at cost:

	2021	2020
Furniture and equipment	\$ 41,959	\$ 41,959
Less accumulated depreciation	(41,143)	(39,622)
	<u>\$ 816</u>	<u>\$ 2,337</u>

4. GRANTS PAYABLE

Grants payable consist of amounts pledged to both individuals and other organizations, totaling \$450,000 and \$1,215,001 at December 31, 2021 and 2020, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Steering Committee. On December 31, 2021 and 2020, there were no contingent liabilities that could be estimated.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following components as of December 31, 2021 and 2020:

	2021	2020
Research fund	\$ 3,371,462	\$ 3,713,230
Research advocacy	658,224	135,521
Time restricted	35,000	70,000
	<u>\$ 4,064,686</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, and during 2021 agreed to an extension through December 31, 2022. Rent expense was \$75,337 and \$74,464 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments are \$55,896 for the year ended December 31, 2022.

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 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.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$15,812 and \$10,695 and for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020:

	2021	2020
Interest income	\$ 504	\$ 14,437
Dividend income	120,556	32,500
Unrealized gains on securities	435,195	338,736
	<u>\$ 556,255</u>	<u>\$ 385,673</u>

U.S. GAAP defines 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 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 MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020:

2021	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,330,784	-	-	\$ 2,330,784
Equity securities	3,316,431	-	-	3,316,431
Total investments in fair value hierarchy	<u>\$ 5,647,215</u>	<u>\$ -</u>	<u>\$ -</u>	5,647,215
Cash held for investments				870,375
Total investments				<u>\$ 6,517,590</u>

2020	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,728,149	-	-	\$ 1,728,149
Equity securities	2,109,621	-	-	2,109,621
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, 2021 AND 2020

The Foundation's financial assets available for general expenditure within one year of the statements of financial position as of December 31, 2021 and 2020, respectively, are as follows:

	2021	2020
Cash and cash equivalents	\$ 910,577	\$ 942,072
Certificate of deposit	-	99,581
Investments	6,517,590	6,252,107
Accounts receivable	292,455	55,000
Pledges receivable within one year	35,000	35,000
Total financial assets available within one year	<u>7,755,622</u>	<u>7,383,760</u>
Less: Amounts unavailable for general expenditure within one year, due to:		
Grant awards	(450,000)	(1,215,001)
Net assets with donor restrictions	<u>(4,064,686)</u>	<u>(3,918,751)</u>
Total amounts unavailable for general expenditure within one year	<u>(4,514,686)</u>	<u>(5,133,752)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,240,936</u>	<u>\$ 2,250,008</u>

11. 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 was 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. During March 2021, the Organization received notification from the Small Business Administration and lender that the PPP loan and all related interest have been forgiven.

