

THE MPN RESEARCH FOUNDATION

FINANCIAL STATEMENTS

NOVEMBER 30, 2012 AND 2011



Board of Directors
The MPN Research Foundation
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of **THE MPN RESEARCH FOUNDATION** (a nonprofit organization) as of November 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 November 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Sassetti LLC". The signature is written in a cursive, flowing style.

May 31, 2013
Oak Park, Illinois

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 252,760	\$ 65,202
Certificates of deposit	303,303	645,124
Accounts receivable	1,118	10,901
Prepaid expenses	3,645	13,242
Security deposits	3,200	3,200
Pledges receivable	205,780	274,890
Property and equipment	7,941	8,977
Total Assets	\$ 777,747	\$ 1,021,536
LIABILITIES		
Accounts payable	\$ 17,565	\$ 36,142
Rent abatement liability	4,524	6,299
Grants payable	468,750	168,750
Total Liabilities	490,839	211,191
NET ASSETS		
Unrestricted	46,874	390,297
Temporarily restricted	240,034	420,048
Total Net Assets	286,908	810,345
Total Liabilities and Net Assets	\$ 777,747	\$ 1,021,536

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 536,253	\$ 640,429	\$ 1,176,682	\$ 1,024,773	\$ 283,550	\$ 1,308,323
Investment income	4,647	-	4,647	7,452	-	7,452
Net assets released from restrictions	820,443	(820,443)	-	314,421	(314,421)	-
Total Revenues and Other Support	1,361,343	(180,014)	1,181,329	1,346,646	(30,871)	1,315,775
EXPENSES						
Program	1,391,226	-	1,391,226	1,081,636	-	1,081,636
General and administrative	152,921	-	152,921	140,307	-	140,307
Fundraising	160,619	-	160,619	153,269	-	153,269
Total Expenses	1,704,766	-	1,704,766	1,375,212	-	1,375,212
CHANGE IN NET ASSETS	(343,423)	(180,014)	(523,437)	(28,566)	(30,871)	(59,437)
NET ASSETS -						
Beginning of year	390,297	420,048	810,345	418,863	450,919	869,782
End of year	\$ 46,874	\$ 240,034	\$ 286,908	\$ 390,297	\$ 420,048	\$ 810,345

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED NOVEMBER 30, 2012 AND 2011

	2012				2011			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 1,075,000	\$ -	\$ -	\$ 1,075,000	\$ 775,000	\$ -	\$ -	\$ 775,000
Salaries, taxes and benefits	95,107	69,967	86,318	251,392	94,678	55,251	83,605	233,534
Advertising	1,856	586	10,007	12,449	5,613	-	2,409	8,022
Professional fees	34,436	24,811	6,119	65,366	34,540	27,303	-	61,843
Administration	-	5,442	1,137	6,579	-	-	-	-
Depreciation	-	2,833	-	2,833	-	2,876	-	2,876
Dues and publications	2,000	1,174	972	4,146	2,079	912	3,265	6,256
Filing fees	-	43	4,960	5,003	-	-	-	-
Insurance	11,602	3,555	5,300	20,457	8,828	8,720	5,494	23,042
Other	-	440	-	440	7,500	5,567	5,914	18,981
Postage and mailing	10,034	4,260	5,869	20,163	6,811	5,433	7,907	20,151
Meetings	15,476	585	5,610	21,671	22,009	1,718	9,891	33,618
Printing and production	18,072	4,786	14,892	37,750	20,456	7,742	13,447	41,645
Program expenses	-	-	-	-	18,953	-	29	18,982
Symposium	59,949	-	-	59,949	28,585	-	28	28,613
Supplies	-	2,294	-	2,294	-	5,433	-	5,433
Special projects	29,827	6,876	599	37,302	-	-	-	-
Rent	26,024	7,436	3,718	37,178	25,231	7,209	3,604	36,044
Telephone	-	-	-	-	5,151	2,048	2,715	9,914
Travel	2,100	4,421	11,309	17,830	6,455	3,571	12,868	22,894
Utilities	143	13,412	1,409	14,964	747	5,524	93	6,364
Website	9,600	-	2,400	12,000	19,000	1,000	2,000	22,000
	<u>\$ 1,391,226</u>	<u>\$ 152,921</u>	<u>\$ 160,619</u>	<u>\$ 1,704,766</u>	<u>\$ 1,081,636</u>	<u>\$ 140,307</u>	<u>\$ 153,269</u>	<u>\$ 1,375,212</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2012 AND 2011

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2012</u>	<u>2011</u>
Change in net assets	\$ (523,437)	\$ (59,437)
Adjustment to reconcile change in net assets to net cash used in operating activities -		
Depreciation	2,833	2,876
Decrease in rent abatement liabilities	(1,774)	(1,774)
Changes in operating assets and liabilities -		
Decrease (increase) in accounts receivable	9,783	(9,358)
Decrease in prepaid expense	9,597	4,481
Decrease (increase) in pledges receivable	69,110	(10,082)
(Decrease) increase in accounts payable	(18,577)	22,933
Increase (decrease) in grants payable	<u>300,000</u>	<u>(74,000)</u>
 Net Cash Used in Operating Activities	 <u>(152,465)</u>	 <u>(124,361)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,798)	-
Decrease (increase) in certificates of deposit	<u>341,821</u>	<u>(102,399)</u>
 Net Cash Provided by (Used In) Investing Activities	 <u>340,023</u>	 <u>(102,399)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 187,558	 (226,760)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>65,202</u>	<u>291,962</u>
 End of year	 <u>\$ 252,760</u>	 <u>\$ 65,202</u>

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

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation - The MPN Research Foundation, a not-for-profit corporation, supports innovative efforts to advance scientific understanding and potential treatments for Myeloproliferative Neoplasms (MPN). 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.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at November 30, 2012 and 2011.

Pledges Receivable - Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value.

Accounts and Pledges Receivable - The Foundation reviews receivables and determines the need for an allowance for doubtful accounts based on management's experience and information. As of November 30, 2012 and 2011, 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 \$500.

Depreciation - Property and equipment are being depreciated over their estimated useful lives, from their date of acquisition, using accelerated methods. Useful lives are estimated to be 5 years for equipment and 7 years for furniture and fixtures. Depreciation charges totaled \$2,833 and \$2,876 for the years ended November 31, 2012 and 2011, respectively.

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

Subsequent Events - The Foundation has evaluated subsequent events through May 31, 2013, the date which the financial statements were available to be issued.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Certificate of Deposit - Certificates of deposit are recorded at cost. Interest income is included in the consolidated 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 years ended November 30, 2012 and 2011.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs and various committee assignments.

Grants Payable - Accounting for Contributions Received and Contributions Made, requires that promises to give be recognized as expenditures in the year of the commitment by donor.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at November 30, 2012 and 2011, respectively.

	2012	2011
Amounts receivable in less than one year	\$ 88,112	\$ 85,936
Amounts receivable in greater than one year	125,000	201,969
Total receivable	213,112	287,905
Less: Unamortized discount	(7,332)	(13,015)
	\$ 205,780	\$ 274,890

The Foundation used a discount rate of approximately 2% for the years ended November 30, 2012 and 2011, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at November 30, 2012 and 2011, stated at cost:

	2012	2011
Furniture and equipment	\$ 21,706	\$ 19,909
Less accumulated depreciation	(13,765)	(10,932)
	\$ 7,941	\$ 8,977

4. GRANTS PAYABLE

Grants payable consist of amounts owed to both individuals and other Organizations totaling \$468,750 and \$168,750 as November 30, 2012 and 2011, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Advisory Board. At November 30, 2012 there were no contingent liabilities that could be estimated.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following components as of November 30, 2012 and 2011:

	2012	2011
Purpose restricted	\$ 39,239	\$ 132,143
Time restricted	200,795	287,905
	\$ 240,034	\$ 420,048

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011

6. LEASE

The Foundation signed a lease with an independent party from June 1, 2010 through August 31, 2015. Rent was abated for the first 3 months. The rent abatement is being amortized ratably over the non-cancellable lease term period. The lease is cancellable by the Foundation on February 2013 for a fee of \$25,000. If not cancelled, an additional 1 month abatement is granted. Rent expense was \$37,178 and \$36,044 for the years ended November 30, 2012 and 2011, respectively.

Future base rental minimum lease payments for the next five years are as follows:

<u>Years ending November 30,</u>	
2013	\$ 40,122
2014	41,328
2015	31,770

7. CONCENTRATIONS

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

During 2012 and 2011, contributions from the Foundation's three largest donors amounted to approximately forty-two and thirty-eight, respectively, of total contributions and support.

9. BENEFIT PLAN

In November 2008 the Foundation created a defined contribution plan. The Foundation contributes up to 3% of each employees salary to the defined contribution plan for its employees. All full time employees are eligible for these benefits. Plan expense totaled \$3,434 and \$3,146 for the years ended November 30, 2012 and 2011, respectively.