

THE MPN RESEARCH FOUNDATION

FINANCIAL STATEMENTS

NOVEMBER 30, 2013 AND 2012



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 statements of financial position as of November 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

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 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 November 30, 2013 and 2012, 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.

Sassetti LLC

Oak Park, Illinois
April 15, 2014

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2013 AND 2012

ASSETS	2013	2012
Cash and cash equivalents	\$ 397,868	\$ 252,760
Certificates of deposit	800,163	303,303
Accounts receivable	-	1,118
Prepaid expenses	6,630	3,645
Security deposits	3,200	3,200
Pledges receivable	125,894	205,780
Property and equipment	6,574	7,941
Total Assets	\$ 1,340,329	\$ 777,747
LIABILITIES		
Accounts payable	\$ 27,100	\$ 17,565
Rent abatement liability	2,750	4,524
Grants payable	300,000	468,750
Total Liabilities	329,850	490,839
NET ASSETS		
Unrestricted	702,517	46,874
Temporarily restricted	307,962	240,034
Total Net Assets	1,010,479	286,908
Total Liabilities and Net Assets	\$ 1,340,329	\$ 777,747

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 999,377	\$ 660,146	\$ 1,659,523	\$ 536,253	\$ 640,429	\$ 1,176,682
Investment income	3,652	-	3,652	4,647	-	4,647
In-kind	46,036	-	46,036	-	-	-
Net assets released from restrictions	592,218	(592,218)	-	820,443	(820,443)	-
Total Revenues and Other Support	1,641,283	67,928	1,709,211	1,361,343	(180,014)	1,181,329
EXPENSES						
Program	678,583	-	678,583	1,391,226	-	1,391,226
General and administrative	119,057	-	119,057	152,921	-	152,921
Fundraising	188,000	-	188,000	160,619	-	160,619
Total Expenses	985,640	-	985,640	1,704,766	-	1,704,766
CHANGE IN NET ASSETS	655,643	67,928	723,571	(343,423)	(180,014)	(523,437)
NET ASSETS -						
Beginning of year	46,874	240,034	286,908	390,297	420,048	810,345
End of year	\$ 702,517	\$ 307,962	\$ 1,010,479	\$ 46,874	\$ 240,034	\$ 286,908

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED NOVEMBER 30, 2013 AND 2012

	2013				2012			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 1,075,000	\$ -	\$ -	\$ 1,075,000
Salaries, taxes and benefits	43,379	47,175	69,921	160,475	95,107	69,967	86,318	251,392
Advertising	35,086	38	17,870	52,994	1,856	586	10,007	12,449
Professional fees	34,252	29,687	42,343	106,282	34,436	24,811	6,119	65,366
Administration	-	4,895	1,288	6,183	-	5,442	1,137	6,579
Depreciation	-	2,517	-	2,517	-	2,833	-	2,833
Dues and publications	2,579	1,370	2,000	5,949	2,000	1,174	972	4,146
Filing fees	-	15	8,351	8,366	-	43	4,960	5,003
Insurance	5,823	1,737	2,656	10,216	11,602	3,555	5,300	20,457
In-kind	46,036	-	-	46,036	-	-	-	-
Other	-	1,549	-	1,549	-	440	-	440
Postage and mailing	7,943	3,574	8,990	20,507	10,034	4,260	5,869	20,163
Meetings	15,284	1,321	3,355	19,960	15,476	585	5,610	21,671
Printing and production	18,619	2,729	9,579	30,927	18,072	4,786	14,892	37,750
Symposium	-	-	-	-	59,949	-	-	59,949
Supplies	419	4,609	673	5,701	-	2,294	-	2,294
Special projects	36,550	-	-	36,550	29,827	6,876	599	37,302
Rent	27,154	3,436	7,758	38,348	26,024	7,436	3,718	37,178
Travel	4,925	892	12,460	18,277	2,100	4,421	11,309	17,830
Utilities	534	13,513	756	14,803	143	13,412	1,409	14,964
Website	-	-	-	-	9,600	-	2,400	12,000
	<u>\$ 678,583</u>	<u>\$ 119,057</u>	<u>\$ 188,000</u>	<u>\$ 985,640</u>	<u>\$ 1,391,226</u>	<u>\$ 152,921</u>	<u>\$ 160,619</u>	<u>\$ 1,704,766</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
Change in net assets	\$ 723,571	\$ (523,437)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	2,517	2,833
Decrease in rent abatement liabilities	(1,774)	(1,774)
Changes in operating assets and liabilities -		
Decrease in accounts receivable	1,118	9,783
(Increase) Decrease in prepaid expense	(2,985)	9,597
Decrease in pledges receivable	79,886	69,110
Increase (Decrease) in accounts payable	9,535	(18,577)
(Decrease) Increase in grants payable	<u>(168,750)</u>	<u>300,000</u>
Net Cash Provided by (Used in) Operating Activities	<u>643,118</u>	<u>(152,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,150)	(1,798)
(Increase) Decrease in certificates of deposit	<u>(496,860)</u>	<u>341,821</u>
Net Cash (Used In) Provided by Investing Activities	<u>(498,010)</u>	<u>340,023</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,108	187,558
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>252,760</u>	<u>65,202</u>
End of year	<u>\$ 397,868</u>	<u>\$ 252,760</u>

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

THE MPN RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2013 AND 2012

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, 2013 and 2012.

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, 2013 and 2012, 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 \$2,517 and \$2,833 for the years ended November 30, 2013 and 2012, 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 April 15, 2014, the date which the financial statements were available to be issued.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2010, 2011 and 2012 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 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, 2013 and 2012.

Donated Services - No amounts have been reflected in the financial statements for volunteered time. 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.

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 purchases 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 donation by a like amount. During the year ended November 30, 2013, the Foundation received donated advertising valued at \$46,036.

Advertising - The Foundation's policy is to expense advertising costs as they are incurred. Total advertising costs included in expenses were \$52,994 and \$12,449, for the years ended November 30, 2013 and 2012, respectively.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2013 AND 2012

3. PLEDGES RECEIVABLE

Pledges receivable consist of the following at November 30, 2013 and 2012, respectively.

	2013	2012
Amounts receivable in less than one year	\$ 79,392	\$ 88,112
Amounts receivable in greater than one year	50,000	125,000
Total receivable	129,392	213,112
Less: Unamortized discount	(3,498)	(7,332)
	\$ 125,894	\$ 205,780

The Foundation used a discount rate of approximately 2% for the years ended November 30, 2013 and 2012, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at November 30, 2013 and 2012, stated at cost:

	2013	2012
Furniture and equipment	\$ 22,856	\$ 21,706
Less accumulated depreciation	(16,282)	(13,765)
	\$ 6,574	\$ 7,941

5. GRANTS PAYABLE

Grants payable consist of amounts owed to both individuals and other Organizations totaling \$300,000 and \$468,750 as November 30, 2013 and 2012, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Advisory Board. At November 30, 2013 there were no contingent liabilities that could be estimated.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following components as of November 30, 2013 and 2012:

	2013	2012
Purpose restricted	\$ 180,372	\$ 39,239
Time restricted	127,590	200,795
	\$ 307,962	\$ 240,034

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2013 AND 2012

7. 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, and an additional month will be added to 2015 contingent upon renewal of the lease in 2015. Rent expense was \$38,348 and \$37,178 for the years ended November 30, 2013 and 2012, respectively.

Future base rental minimum lease payments under the current lease are as follows:

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

8. CONCENTRATIONS

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

During each of 2013 and 2012, contributions from the Foundation's three largest donors amounted to approximately forty-two percent of total contributions and support. During 2013 and 2012, receivables from the same three donors amounted to approximately ninety-three percent and ninety-six percent, respectively, of total receivables.

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 \$3,514 and \$3,434 for the years ended November 30, 2013 and 2012, respectively.