



The MPN Research Foundation
Financial Statements
November 30, 2019 and 2018

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

THE MPN RESEARCH FOUNDATION
FINANCIAL STATEMENTS
NOVEMBER 30, 2019 AND 2018

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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 November 30, 2019 and 2018, and the related statements of activities 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.

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 November 30, 2019 and 2018, 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 23, 2020

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2019 AND 2018

ASSETS	2019	2018
Cash and cash equivalents	\$ 286,405	\$ 332,093
Certificates of deposit	99,200	313,831
Investments	2,092,242	1,765,379
Pledges receivable	455,000	45,000
Prepaid expenses	19,393	16,443
Security deposits	5,450	5,450
Property and equipment, net of accumulated depreciation of \$36,727 and \$33,332, respectively	5,232	8,627
Total Assets	\$ 2,962,922	\$ 2,486,823
LIABILITIES		
Accounts payable	\$ 26,436	\$ 45,224
Grants payable	1,203,751	998,254
Total Liabilities	1,230,187	1,043,478
NET ASSETS		
Without donor restrictions	1,120,172	1,270,825
With donor restrictions	612,563	172,520
Total Net Assets	1,732,735	1,443,345
Total Liabilities and Net Assets	\$ 2,962,922	\$ 2,486,823

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,263,053	\$ 1,543,000	\$ 2,806,053	\$ 1,226,709	\$ 890,000	\$ 2,116,709
Investment income	54,823	-	54,823	24,860	-	24,860
In-kind	38,723	-	38,723	44,000	-	44,000
Net assets released from restrictions	1,102,957	(1,102,957)	-	984,221	(984,221)	-
Total Revenues and Other Support	2,459,556	440,043	2,899,599	2,279,790	(94,221)	2,185,569
EXPENSES						
Program	2,068,423	-	2,068,423	2,031,258	-	2,031,258
General and administrative	181,215	-	181,215	212,988	-	212,988
Fundraising	360,571	-	360,571	323,555	-	323,555
Total Expenses	2,610,209	-	2,610,209	2,567,801	-	2,567,801
CHANGE IN NET ASSETS	(150,653)	440,043	289,390	(288,011)	(94,221)	(382,232)
NET ASSETS						
Beginning of year	1,270,825	172,520	1,443,345	1,558,836	266,741	1,825,577
End of year	\$ 1,120,172	\$ 612,563	\$ 1,732,735	\$ 1,270,825	\$ 172,520	\$ 1,443,345

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED NOVEMBER 30, 2019 AND 2018

	2019				2018			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 1,325,000	\$ -	\$ -	\$ 1,325,000	\$ 1,053,960	\$ -	\$ -	\$ 1,053,960
Research advocacy	120,832	1,508	-	122,340	136,398	288	8,278	144,964
Salaries, taxes and benefits	235,948	104,149	191,730	531,827	231,970	108,577	165,061	505,608
Outreach	99,971	1,020	4,645	105,636	263,964	8,534	11,003	283,501
Professional fees	86,823	24,572	-	111,395	90,903	22,064	1,492	114,459
Administration	-	1,542	26,225	27,767	10	2,029	25,747	27,786
Depreciation	-	3,395	-	3,395	-	3,925	-	3,925
Dues and publications	1,699	15	-	1,714	750	35	4,155	4,940
Filing fees	-	10	10,039	10,049	-	5	15,967	15,972
Insurance	24,838	11,800	9,401	46,039	18,020	11,800	9,401	39,221
In-kind	38,723	-	-	38,723	44,000	-	-	44,000
Miscellaneous	133	1,163	-	1,296	1,228	1,595	1,464	4,287
Postage and mailing	4,465	2,083	4,426	10,974	11,221	12,886	6,402	30,509
Meetings	43,472	457	-	43,929	77,684	2,526	4,033	84,243
Printing and production	27,446	3,569	20,330	51,345	25,730	6,565	20,065	52,360
Supplies	1,503	1,425	1,296	4,224	195	7,805	64	8,064
Rent	32,542	16,847	26,626	76,015	33,604	15,274	27,494	76,372
Travel	11,661	64	10,213	21,938	22,351	1,543	9,613	33,507
Utilities	13,367	7,576	10,437	31,380	19,270	7,537	5,286	32,093
Fundraising Events	-	20	45,203	45,223	-	-	8,030	8,030
	<u>\$ 2,068,423</u>	<u>\$ 181,215</u>	<u>\$ 360,571</u>	<u>\$ 2,610,209</u>	<u>\$ 2,031,258</u>	<u>\$ 212,988</u>	<u>\$ 323,555</u>	<u>\$ 2,567,801</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2019 AND 2018

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 289,390	\$ (382,232)
Adjustment to reconcile change in net assets to net cash provided by (used in) by operating activities -		
Depreciation	3,395	3,925
Unrealized gains on securities	(8,335)	(10,239)
Changes in operating assets and liabilities -		
Increase in prepaid expense	(2,950)	(9,742)
(Increase) decrease in pledges receivable	(410,000)	195,000
Decrease in accounts payable	(18,788)	(43,164)
Increase in grants payable	205,497	108,627
	<u>58,209</u>	<u>(137,825)</u>
Net Cash Provided By (Used In) Operating Activities	<u>58,209</u>	<u>(137,825)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(1,498)
Purchases of investments	(600,000)	(1,388,847)
Sales of investments	281,472	132,147
Maturity of certificates of deposit	214,631	68,339
	<u>(103,897)</u>	<u>(1,189,859)</u>
Net Cash Used In Investing Activities	<u>(103,897)</u>	<u>(1,189,859)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (45,688)	 (1,327,684)
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>332,093</u>	<u>1,659,777</u>
End of year	<u>\$ 286,405</u>	<u>\$ 332,093</u>

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

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019 AND 2018

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.

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.

Pledges Receivable - Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value. 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, 2019 and 2018, 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 \$3,395 and \$3,925 for the years ended November 30, 2019 and 2018, 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.

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.

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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, 2016, 2017 and 2018 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 years ended November 30, 2019 and 2018.

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 years ended November 30, 2019 and 2018, the Foundation received donated advertising valued at \$38,723 and \$44,000, respectively.

Reclassification - Certain reclassifications have been made to the November 30, 2018 financial statements in order to conform to the current presentation.

Advertising - Advertising costs were allocated to the following expense accounts on the Statements of Functional Expenses.

	2019	2018
Outreach	\$ 21,944	\$ 36,845
In-kind	38,723	44,000
Travel	1,714	-
Postage and mailing	731	-
Printing and publication	47,763	36,488
Total	<u>\$ 110,875</u>	<u>\$ 117,333</u>

Adopted Accounting Pronouncement - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-14, Not-for-Profit Entities (Topic 958): Presentation of

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Financial Statements of Not-for-Profit Entities, in August 2017. This standard requires changes to the financial statement presentation of not-for-profit entities, including changing from three net asset classes to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will require changes in the way certain information is disclosed by the Foundation, including quantitative and qualitative disclosures about liquidity and the Foundation's ability to meet cash needs for general expenditures within one year of the balance sheet. The new standard was adopted for the Foundation's November 30, 2019 statements

Implementation of 2017-14 did not require restatement of any opening balances related to the periods presented. The Foundation's net assets previously reported as temporarily and permanently restricted are now reported as net assets with donor restrictions. Likewise, the Foundation's net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

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 November 30, 2022, with early application permitted. The Foundation has significant lease payments committed through August 2020. 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 November 30, 2019 and 2018, respectively.

	2019	2018
Receivable in less than one year	\$ 455,000	\$ 45,000

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at November 30, 2019 and 2018, stated at cost:

	2019	2018
Furniture and equipment	\$ 41,959	\$ 41,959
Less accumulated depreciation	(36,727)	(33,332)
	\$ 5,232	\$ 8,627

4. GRANTS PAYABLE

Grants payable consist of amounts pledged to both individuals and other organizations totaling \$1,203,751 and \$998,254 as November 30, 2019 and 2018, respectively.

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Future grant liabilities are contingent upon the approval of the Scientific Advisory Board. At November 30, 2019, there were no contingent liabilities that could be estimated.

5. DONOR RESTRICTED NET ASSETS

Donor restricted net assets consist of the following components as of November 30, 2019 and 2018:

	2019	2018
Advisory board	\$ 49,265	\$ 21,550
Research fund	310,000	-
Research advocacy	83,437	54,820
Outreach	64,861	96,150
Time restricted	105,000	-
	\$ 612,563	\$ 172,520

6. LEASE

The Foundation signed a lease with an independent party from June 1, 2010 through August 31, 2020. Rent was abated for the first 3 months, and an additional month was added to 2015 upon renewal of the lease in 2015. Rent expense was \$73,960 and \$67,936 for the years ended November 30, 2018 and 2017, respectively. Future minimum lease payments are \$53,559 for the year ended November 30, 2020.

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 November 30, 2019, contributions from the Foundation's three largest donors amounted to approximately 32% of total contributions and support. During the year ended November 30, 2018, contributions from the Foundation's two largest donors amounted to approximately 26% of total contributions and support.

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 \$9,072 and \$8,457 for the years ended November 30, 2019 and 2018, 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.

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Investment income consists of the following components for the years ended November 30:

	2019	2018
Interest income	\$ 46,488	\$ 14,621
Unrealized gains on securities	8,335	10,239
	\$ 54,823	\$ 24,860

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 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 November 30:

	Fair Value Measurements Using Input Type			
	2019	Level 1	Level 2	Level 3
U.S. government securities	\$ 2,092,242	\$ -	\$ -	\$ 2,092,242
	Fair Value Measurements Using Input Type			
2018	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ 1,765,379	\$ -	\$ -	\$ 1,765,379

THE MPN RESEARCH FOUNDATION
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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 Foundation's financial assets available for general expenditure within one year of the statement of financial position date of November 30, 2019, are as follows:

Cash and cash equivalents	\$ 286,405
Certificates of deposit	99,200
Investments	2,092,242
Pledges receivable	455,000
Total financial assets available within one year	<u>2,932,847</u>
Less: Amounts unavailable for general expenditure within one year, due to:	
Grant awards	(1,203,751)
Donor restricted net assets	<u>(612,563)</u>
Total amounts unavailable for general expenditure within one year	<u>(1,816,314)</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 1,116,533</u></u>

11. SUBSEQUENT EVENTS

Management of the Foundation have evaluated subsequent events through April 23, 2020, which is the date the financial statements were available to be issued.

Subsequent to reporting on the fiscal year ended November 30, 2019, management of the Foundation changed its fiscal year end from November 30 to December 31.

As a result of the impact of COVID-19 (novel coronavirus), the Foundation is exposed to factors that will likely have negative impacts on its activities and financial position. Management cannot currently determine the ultimate impact this will have on the Foundation's operations.