

# **Leukemia Research Foundation**

**Financial Statements**

**Years Ended June 30, 2018 and 2017**

## TABLE OF CONTENTS

	<b>Page</b>
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Leukemia Research Foundation  
Northfield, Illinois

We have audited the accompanying financial statements of Leukemia Research Foundation, a nonprofit organization, which comprise the statement of financial position as of June 30, 2018 and 2017, 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 U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 Leukemia Research Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Mann Weitz & Associates LLC*

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois  
September 12, 2018

**LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,997,134	\$ 1,590,943
Certificates of deposit, restricted - Note 6	80,000	80,000
Annuities receivable - Notes 2 and 12	130,458	127,557
Contributions receivable - Notes 3 and 12	227,369	756,848
Prepaid expenses	<u>15,423</u>	<u>13,021</u>
 Total Current Assets	 <u>3,450,384</u>	 <u>2,568,369</u>
<b>Other Assets</b>		
Security deposit	4,663	4,663
Annuities receivable - Notes 2 and 12	213,499	343,958
Property and equipment, net - Note 4	3,338	4,434
Beneficial interest in trust - Notes 6 and 11	<u>416,695</u>	<u>414,172</u>
 Total Other Assets	 <u>638,195</u>	 <u>767,227</u>
 Total Assets	 <u><u>\$ 4,088,579</u></u>	 <u><u>\$ 3,335,596</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 49,126	\$ 30,309
Grants payable - Note 10	<u>1,417,466</u>	<u>750,000</u>
 Total Liabilities	 <u>1,466,592</u>	 <u>780,309</u>
<b>Net Assets</b>		
Unrestricted	1,609,770	1,212,100
Temporarily restricted - Note 5	515,522	849,015
Permanently restricted - Notes 6, 7, and 11	<u>496,695</u>	<u>494,172</u>
 Total Net Assets	 <u>2,621,987</u>	 <u>2,555,287</u>
 Total Liabilities and Net Assets	 <u><u>\$ 4,088,579</u></u>	 <u><u>\$ 3,335,596</u></u>

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>								
Chapter remittances - Note 14	\$ 956,588	\$ -	\$ -	\$ 956,588	\$ 830,013	\$ -	\$ -	\$ 830,013
Federal and state campaigns	34,369			34,369	72,397			72,397
Contributions	907,088	96,564		1,003,652	366,809	375,000		741,809
Corporation and foundation contributions	369,650	75,000		444,650	505,472	2,500		507,972
Indirect fundraising	115,715			115,715	112,065			112,065
Grants returned - Note 10					1,146			1,146
Miscellaneous					2,133			2,133
Investment income	30			30	50			50
<b>Total Revenues and Gains</b>	<b>2,383,440</b>	<b>171,564</b>		<b>2,555,004</b>	<b>1,890,085</b>	<b>377,500</b>		<b>2,267,585</b>
Net assets released from restrictions - Note 5	505,057	(505,057)			316,723	(316,723)		
<b>Total Revenues, Gains and Other Support</b>	<b>2,888,497</b>	<b>(333,493)</b>		<b>2,555,004</b>	<b>2,206,808</b>	<b>60,777</b>		<b>2,267,585</b>
<b>Expenses</b>								
Program services								
Patient outreach and education	195,656			195,656	190,240			190,240
Patient financial assistance	261,424			261,424	236,494			236,494
Medical research	1,552,051			1,552,051	1,132,888			1,132,888
<b>Total Program Services</b>	<b>2,009,131</b>			<b>2,009,131</b>	<b>1,559,622</b>			<b>1,559,622</b>
Supporting services								
Management and general	245,740			245,740	195,927			195,927
Fundraising	235,956			235,956	225,959			225,959
<b>Total Supporting Services</b>	<b>481,696</b>			<b>481,696</b>	<b>421,886</b>			<b>421,886</b>
<b>Total Expenses</b>	<b>2,490,827</b>			<b>2,490,827</b>	<b>1,981,508</b>			<b>1,981,508</b>
<b>Other Change</b>								
Change in value of beneficial interest in trust - Note 11			2,523	2,523			25,735	25,735
<b>Change in Net Assets</b>	<b>397,670</b>	<b>(333,493)</b>	<b>2,523</b>	<b>66,700</b>	<b>225,300</b>	<b>60,777</b>	<b>25,735</b>	<b>311,812</b>
<b>Net Assets</b>								
Beginning of the year	1,212,100	849,015	494,172	2,555,287	986,800	788,238	468,437	2,243,475
End of year	\$ 1,609,770	\$ 515,522	\$ 496,695	\$ 2,621,987	\$ 1,212,100	\$ 849,015	\$ 494,172	\$ 2,555,287

The accompanying notes are an integral part of this statement.

LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Audit expense	\$ -	\$ 18,066	\$ -	\$ 18,066	\$ -	\$ 18,043	\$ -	\$ 18,043
Bad debt expense		17,750		17,750		2,612		2,612
Bank and credit card fees	2,859	1,716	6,863	11,438	3,605	2,163	8,652	14,420
Chapter expenses, unallocated			7,781	7,781			9,251	9,251
Children's party	8,509			8,509	3,173			3,173
Computer expense	9,200	3,067	3,067	15,334	3,534	1,178	1,178	5,890
Consulting	10,180	30,541	10,180	50,901				
Depreciation - Note 4	493	301	302	1,096	428	260	261	949
Direct mail	6,026		9,039	15,065	6,947		10,420	17,367
Federal/state campaigns			13,104	13,104			9,927	9,927
Financial assistance	107,212			107,212	88,269			88,269
Forums	2,738			2,738	2,502			2,502
Grant expense	2,953			2,953	2,151			2,151
Grants, nursing	938			938	3,973			3,973
Grants, research - Note 10	1,417,468			1,417,468	1,000,796			1,000,796
Group insurance and employee benefits	39,524	18,600	19,375	77,499	34,869	16,409	17,093	68,371
Insurance	2,839	1,506	1,449	5,794	2,836	1,505	1,447	5,788
Medical awards dinner	17,228			17,228	19,471			19,471
Meetings	2,484	1,656		4,140	519	346		865
Miscellaneous	1,461	2,922	1,461	5,844	1,138	2,277	1,135	4,550
Office supplies	2,474	824	824	4,122	2,113	704	704	3,521
Payroll taxes	19,377	9,878	8,739	37,994	19,704	10,045	8,886	38,635
Postage	2,117	644	1,841	4,602	1,896	577	1,649	4,122
Printing and stationery	1,264		1,264	2,528	790		790	1,580
Public relations	384		256	640	534	6	279	819
Rent and utilities - Note 9	26,777	14,208	13,661	54,646	26,264	13,936	13,400	53,600
Repairs	1,924	385	1,539	3,848	1,613	323	1,290	3,226
Salaries	279,540	121,310	126,584	527,434	283,901	123,202	128,559	535,662
Telephone	4,293	2,366	2,103	8,762	4,248	2,341	2,081	8,670
Town Hall meeting	8,277			8,277	10,946			10,946
Transplant conference	20,805			20,805	19,967			19,967
Website maintenance	9,787		6,524	16,311	13,435		8,957	22,392
	<u>\$ 2,009,131</u>	<u>\$ 245,740</u>	<u>\$ 235,956</u>	<u>\$ 2,490,827</u>	<u>\$ 1,559,622</u>	<u>\$ 195,927</u>	<u>\$ 225,959</u>	<u>\$ 1,981,508</u>

The accompanying notes are an integral part of this statement.

**LEUKEMIA RESEARCH FOUNDATION  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 66,700	\$ 311,812
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	1,096	949
Change in value of beneficial interest in trust	(2,523)	(25,735)
Net (increase) decrease in assets		
Annuities receivable	127,558	124,723
Contributions receivable	529,479	(454,556)
Prepaid expenses	(2,402)	(1,455)
Net increase (decrease) in liabilities		
Accounts payable and accrued expenses	18,817	14,982
Grants payable	<u>667,466</u>	<u>(415,906)</u>
Net Cash Provided by (Used for) Operating Activities	1,406,191	(445,186)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment		<u>(3,546)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,406,191	(448,732)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>1,590,943</u>	<u>2,039,675</u>
End of year	<u>\$ 2,997,134</u>	<u>\$ 1,590,943</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
Contributions of stock	\$ 93,832	\$ 11,692

The accompanying notes are an integral part of this statement.

# LEUKEMIA RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities and Organization**

The Leukemia Research Foundation (Foundation) is a tax-exempt, nonprofit organization whose mission is dedicated to conquering all blood cancers by funding research into their causes and cures, and enriching the quality of life of those touched by these diseases. The primary function of the Foundation is to award annual grants to individuals working at qualified institutions who are pursuing the cause of, or searching to find a cure for, all blood cancers, including leukemia, lymphoma, multiple myeloma, and myelodysplastic syndromes. A secondary function of the Foundation is to provide funds for hospitalization, medication, treatment and other support for patients with these diseases. Third, the Foundation provides educational and emotional support by producing a number of complimentary, patient-focused one-day conferences each year including a Town Hall Meeting, Treatment Options Conference, and Town Hall in Spanish.

The Foundation, located in Northfield, Illinois, currently has 22 active chapters in the Chicago area which conduct various fundraising activities on behalf of the Foundation. The chapters make periodic remittances of the proceeds of fundraising activities to the Foundation. Such remittances, along with other donations and fundraising activities, constitute the major sources of Foundation funding.

#### **Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

#### **Basis of Presentation**

Information regarding the financial position and activities of the Foundation are reported in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets - Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of the Foundation, except for those amounts that are temporarily or permanently restricted by external donors.
- Temporarily restricted net assets - Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Foundation (purpose restrictions).
- Permanently restricted net assets - Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

The Foundation reports its expenses by function (i.e., by program).



# LEUKEMIA RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### Property and Equipment

Property and equipment is recorded at historical cost. The Foundation capitalizes fixed asset additions over \$1,500. Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets. The estimated useful lives used in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Computer and office equipment	5
Furniture and fixtures	7
Office equipment	7
Software	3
Website development	3

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

#### Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Temporarily restricted contributions and earnings whose restrictions are met in the same year are reported as unrestricted support. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Chapter remittances are recognized as revenue upon receipt.

The Foundation recognizes contributions of specialized services in lieu of cash contributions at their estimated fair values at the date of donation. Contributed services include a variety of services which the Foundation would otherwise need to purchase.

# LEUKEMIA RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### Grants

Grant awards are recorded as an expense and as a payable for the entire amount when the decision to award the grant is made. Grants payable over more than one-year are recorded at present value.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain administrative and general costs have been allocated among the program and supporting services benefited based on staff time devoted to the functional areas.

#### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

#### Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a common definition for fair value to be applied under U.S. generally accepted accounting principles requiring use of fair value. It establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation’s estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### Fair Value Measurements - Continued

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The beneficial interest in trust, as more fully described in Note 11, has been designated as a Level 2 investment as the fair value is calculated by multiplying the Foundation's share of the trust income by the fair value reported by the bank acting as trustee.

##### Income Taxes

The Foundation is a nonprofit corporation which has been granted a tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to the organization's tax-exempt purpose. The Foundation had no unrelated business income during the years ended June 30, 2018 or June 30, 2017.

##### Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2018 and 2017, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

##### Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of principally of cash deposits. Accounts at each institution are insured by Federal Deposit Insurance Corporation (FDIC). At times during the year, balances in these institutions exceeded the FDIC insured limits.

# LEUKEMIA RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Effect of Recently Issued Accounting Standards

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

On August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (NFP)*. This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets. Some of the changes in ASU 2016-14 include:

- The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
- NFPs will be required to present an analysis of expenses by both function and natural classification on a separate statement, on the face of the statement of activities, or in the footnotes. Additional disclosures will also be required regarding specific methodologies used to allocate costs among program and support functions.
- The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.
- NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### Effect of Recently Issued Accounting Standards - Continued

The effective date for ASU 2016-14 will be for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this ASU is permitted. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

##### Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through September 12, 2018, the date the financial statements were available to be issued.

#### 2. ANNUITIES RECEIVABLE

Annuities receivable consist of three annuity contracts received in 2014 with guaranteed monthly payments to the Foundation through August 2021. The schedule of payments due is as follows:

Less than one year	\$ 136,857
One to five years	<u>217,675</u>
Gross annuities receivable	354,532
Less: Discount to present value	<u>10,575</u>
Net annuities receivable	343,957
Less: Current portion	<u>130,458</u>
Long Term Portion	<u><u>\$ 213,499</u></u>

The discount rate used in determining the net present value of annuities receivable is 2.5%.

#### 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable include amounts pledged to the Foundation but not collected at year end. Amounts are due within one year. The most significant receivables consist of bequests and research grants totaling \$153,239 at June 30, 2018, and consist of bequests and a chapter receivable totaling \$655,823 at June 30, 2017. Contributions receivable also include amounts pledged by Federal and State employees through payroll deductions to Medical Research Charities, Neighbor to Nation, and the Maryland Charity Campaign at June 30, 2018 and 2017. Based on historical data, 75% of amounts pledged to these employee charitable giving programs are estimated to be collectible. The Foundation records the receivable at this net value.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 4. PROPERTY AND EQUIPMENT

Major classes of property and equipment are as follows at June 30:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Computer and office equipment	\$ 41,367	\$ 41,367
Furniture and fixtures	48,365	48,365
Office equipment	5,000	5,000
Software	30,100	30,100
Website development	<u>6,710</u>	<u>6,710</u>
	131,542	131,542
Less: Accumulated depreciation	<u>128,204</u>	<u>127,108</u>
Net Property and Equipment	<u>\$ 3,338</u>	<u>\$ 4,434</u>

Depreciation expense was \$1,096 and \$949 for the years ended June 30, 2018 and 2017, respectively.

#### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Annuities receivable	\$ 343,957	\$ 471,515
Bequests and research grants receivable	153,240	375,000
Medical awards luncheon	18,325	
Town Hall Meetings		<u>2,500</u>
Total Temporarily Restricted Net Assets	<u>\$ 515,522</u>	<u>\$ 849,015</u>

During the years ended June 30, 2018 and 2017, net assets in the amount of \$505,057 and \$316,723, respectively, were released from restrictions for the passage of time, education, research, and financial assistance.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 6. PERMANENTLY RESTRICTED NET ASSETS

The Foundation has permanently restricted net assets to support the following at June 30:

	<u>2018</u>	<u>2017</u>
The Elizabeth Ferguson Patient Assistance Fund	\$ 30,000	\$ 30,000
Leslie Ann Daniels Memorial Grant for medical research	50,000	50,000
Beneficial interest in Kenneth W. Thomas Memorial Trust	<u>416,695</u>	<u>414,172</u>
Total Permanently Restricted Net Assets	<u>\$ 496,695</u>	<u>\$ 494,172</u>

Permanently restricted net assets consist of the Elizabeth Ferguson Patient Assistance Fund which was established in 1994. The principal of \$30,000, which has been invested, is permanently restricted by the donor. The earnings of the fund are to be used to provide assistance to patients and their families. These funds have been deposited in a segregated account as required by the donor. Additionally, during 2012, the Leslie Ann Daniels Memorial Grant for medical research was established in the amount of \$50,000. The grant is permanently restricted by the donor. Once the principal reaches \$100,000, the earnings may be distributed in increments of \$5,000 to fund medical research through the New Investigator Research Program of the Foundation. The funds have been deposited in a segregated account. The Kenneth W. Thomas Memorial Trust is a perpetual trust in which the Foundation has a 20% interest in the income. See Note 11 for further discussion.

#### 7. ENDOWMENTS

Permanently restricted net assets consist of endowment funds and a beneficial interest in a trust that are to be held in perpetuity. Earnings on endowment funds, subject to the terms of the gift instrument, are available to provide patient assistance and research. Permanently restricted net assets associated with donor-restricted endowment funds, classified and reported based on the existence or absence of donor-imposed restrictions, are \$80,000 at June 30, 2018 and 2017.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 7. ENDOWMENTS - Continued

Changes in endowment net assets for the years ended June 30, 2018 and 2017, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2016	\$ -	\$ 80,000	\$ 80,000
Interest and dividends	320		320
Use of funds for awards	<u>(320)</u>		<u>(320)</u>
Balance at June 30, 2017		80,000	80,000
Interest and dividends	482		482
Use of funds for awards	<u>(482)</u>		<u>(482)</u>
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

#### 8. CONTRIBUTED GOODS AND SERVICES

Contributed goods and services for chapter events totaled \$84,300 and \$84,590 for the years ended June 30, 2018 and 2017, respectively.

#### 9. LEASE COMMITMENTS

In August 2014, the Foundation entered into a lease for space in Northfield, Illinois to be occupied from April 2015 through June 2020. The agreement is for 2,250 square feet, with rent ranging from \$4,125 to \$4,667 per month, plus a proportionate share of taxes and operating expenses.

Future minimum rental payments under this operating lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 53,639
2020	<u>54,980</u>
Total	<u>\$ 108,619</u>

Rent expense for the years ended June 30, 2018 and 2017, was \$52,902 and \$51,931, respectively.



## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 10. RESEARCH GRANTS

A Medical Advisory Board appointed by the Foundation reviews proposals and approves new investigator research grants awarded to recipients. The Medical Advisory Board is an independent group comprised of medical doctors (clinicians) and Ph.D.'s (researchers) who serve on a voluntary basis. The Foundation recognizes the expense associated with these grants in the period they are awarded. The research grants are paid on a quarterly basis. Any grants returned to the Foundation after being awarded are included in revenues on the statement of activities.

The Foundation's Hollis Brownstein Research Grants Program (Program) offers grant funding to new investigator applicants in the amount of up to \$100,000 per award. This specialized funding opportunity allows the Foundation to fund young scientists at a critical point in their careers when they may be on the verge of breakthrough discoveries, yet find it difficult to secure proper funding.

New investigator research grants awarded during each fiscal year are one year grants.

New investigator research grants awarded under the Program during the year ended June 30, 2018, payable as of June 30, 2018, and due during the year ended June 30, 2019, are as follows:

Shunji Egusa, PhD, University of North Carolina	\$ 100,000
Kishore Challagundla, PhD, University of Nebraska Medical Center	100,000
Daniel Herranz Benito, PhD, Rutgers Cancer Institute	100,000
Russel J. H. Ryan, MD, University of Michigan	100,000
Esther A. Obeng, MD, PhD, St. Jude Children's Research Hospital	100,000
Matthew Mei, MD, City of Hope National Medical Center	100,000
Jin Seon Im, MD, PhD, University of Texas MD Anderson Cancer Center	100,000
Brittany Knick Ragon, MD, University of Texas MD Anderson Cancer Center	100,000
Cristina Scielzo, PhD, IRCCS	100,000
Paulina Podszyszalow-Bartnicka, PhD, Nencki Institution of Experimental Biology	100,000
Chintan Parekh, MD, Children's Hospital Los Angeles	100,000
Yue Wei, PhD, University of Texas MD Anderson Cancer Center	67,468
Total New Investigator Research Grants Awarded and Payable	<u>\$ 1,167,468</u>

During the year ended June 30, 2018, the board of directors approved a \$250,000 grant payable to the Loyola University of Chicago to fund a clinical trial furthering groundbreaking research and treatments. At June 30, 2018, this grant is payable in two equal installments with a final payment due December 31, 2018.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 10. RESEARCH GRANTS - Continued

New investigator research grants awarded under the Program during the year ended June 30, 2017, payable as of June 30, 2017, and paid during the year ended June 30, 2018, are as follows:

Britta Will, PhD, Albert Einstein College of Medicine	\$ 100,000
Sarah A Slavoff, PhD, Yale University	100,000
Meelad Dawlaty, PhD, Albert Einstein College of Medicine	100,000
Austin Brown, PhD, Baylor University	100,000
Jing Li, MD, PhD, Shanghai Normal University	100,000
Sheng Li, PhD. The Jackson Laboratory	100,000
Wei Du, PhD, West Virginia University	100,000
Parvathi Ranganathan, PhD, Ohio State University	100,000
Francine Garrett-Bakelman, MD, PhD, University of Virginia	100,000
R. Katherine Hyde, PhD, University of Nebraska	<u>100,000</u>
Total New Investigator Research Grants Awarded	1,000,000
Payments made in June 2017	<u>(250,000)</u>
Total New Investigator Research Grants Payable	<u><u>\$ 750,000</u></u>

#### 11. BENEFICIAL INTEREST IN TRUST

The Foundation is the beneficiary of a 20% share of income generated from the Kenneth W. Thomas Memorial Trust (Trust). The Trust's fair value as of June 30, 2018 and 2017 was \$2,083,473 and \$2,070,859, respectively. \$416,695 and \$414,172 at June 30, 2018 and 2017, respectively, which was recorded on the statement of financial position as beneficial interest in trust, representing 20% of the Trust's fair value. The annual distribution from the Trust during the years ended June 30, 2018 and 2017 was \$18,203 and \$12,606, respectively, which was recorded as contribution revenue when received.

#### 12. CONCENTRATIONS

Annuities receivable from one donor were \$343,957 and \$471,515 at June 30, 2018 and 2017, respectively. A bequest receivable from one donor at June 30, 2017 was \$300,000, which was recognized as contribution revenue for the year then ended.

## LEUKEMIA RESEARCH FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### 13. VOLUNTEER SERVICES

A significant amount of volunteer services is contributed to the Foundation by various members to support the Foundation's program and supporting services. These volunteer activities include participating on the Board of Directors and working on various chapter events. The value of these services has not been included in the financial statements.

#### 14. CHAPTER REMITTANCES

Chapter revenue is stated at net on the accompanying statement of activities. The following details each chapter's net remittance, for the years ended June 30:

	<u>2018</u>	<u>2017</u>
A La Vida Chapter	\$ -	\$ 50
Andy's Chapter of Hope	1,235	59
Barbara J. Timmer Memorial Chapter	50,000	73,601
Dad's Chapter	6,288	7,530
Dan Barton Memorial Chapter	400	700
Danny's Team	8,214	1,935
Davidson/Brin Chapter	442,110	333,082
Goland-Orenstein-Sherman Chapter	88,305	79,765
Jeff Vickers Memorial	350	22,313
Jessica Shayne Magid "Chai"	28,122	8,846
Jim Gibbons Memorial Chapter	97,447	91,446
Joey's Angels Chapter	118,292	97,571
Jonathon Michael Schatz	8,100	7,947
Lipinski-Callahan-Daly Chapter	3,205	1,375
Nicholas Orjuela/Little Lefty	9,766	3,714
Nick Madrid "Life is Worth Fighting For"	1,000	600
North Suburban Chapter	11,609	9,063
Pamela Beth Gerson	500	1,532
Penny's Angels	25	
Phillip "Poppie" Gaston Chapter	5,400	3,450
Somebody's Hero - Kathleen Meyers - Grabeman Chapter	4,153	10,359
Steve "Grimey" Grimes Memorial	6,025	7,611
Suzanne's Friends-for-Life Chapter	35,342	37,846
Valerie Cohen Memorial Chapter	700	
Wolff-Berger-Croft-Kolodny Chapter	30,000	29,618
Total Chapter Remittances	<u>\$ 956,588</u>	<u>\$ 830,013</u>

111 Deer Lake Road, Suite 125, Deerfield, IL 60015  
Main:847.267.3400 Fax:847.267.3401 Web:[mannweitz.com](http://mannweitz.com)