



The MPN Research Foundation

Financial Statements

December 31, 2022 and 2021



Sassetti

CERTIFIED PUBLIC ACCOUNTANTS



THE MPN RESEARCH FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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
September 13, 2023

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	2022	2021
Cash	\$ 1,974,340	\$ 910,577
Investments	6,021,382	6,517,590
Accounts receivable	175,000	292,455
Pledges receivable	506,000	35,000
Prepaid expenses	6,441	2,479
Security deposits	5,450	5,450
Right-of-use asset	57,160	-
Property and equipment, net of accumulated depreciation of \$41,844 and \$41,143, respectively	75	816
Total Assets	\$ 8,745,848	\$ 7,764,367
LIABILITIES		
Accounts payable	\$ 269,691	\$ 170,380
Grants payable	1,750,000	450,000
Lease liability	54,924	-
Total Liabilities	2,074,615	620,380
NET ASSETS		
Without donor restrictions	3,313,268	3,079,301
With donor restrictions	3,357,965	4,064,686
Total Net Assets	6,671,233	7,143,987
 Total Liabilities and Net Assets	 \$ 8,745,848	 \$ 7,764,367

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 2,083,448	\$ 1,661,770	\$ 3,745,218	\$ 1,385,929	\$ 1,063,896	\$ 2,449,825
Investment (loss) income	(551,689)	-	(551,689)	556,255	-	556,255
Contributions of nonfinancial assets	298,908	-	298,908	379,481	-	379,481
Net assets released from restrictions	2,368,491	(2,368,491)	-	917,961	(917,961)	-
Total Revenues and Other Support	4,199,158	(706,721)	3,492,437	3,239,626	145,935	3,385,561
EXPENSES						
Program	3,423,582	-	3,423,582	1,672,843	-	1,672,843
General and administrative	190,282	-	190,282	279,704	-	279,704
Fundraising	351,327	-	351,327	436,043	-	436,043
Total Expenses	3,965,191	-	3,965,191	2,388,590	-	2,388,590
CHANGE IN NET ASSETS	233,967	(706,721)	(472,754)	851,036	145,935	996,971
NET ASSETS						
Beginning of year	3,079,301	4,064,686	7,143,987	2,228,265	3,918,751	6,147,016
End of year	<u>\$ 3,313,268</u>	<u>\$ 3,357,965</u>	<u>\$ 6,671,233</u>	<u>\$ 3,079,301</u>	<u>\$ 4,064,686</u>	<u>\$ 7,143,987</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Research grants	\$ 1,596,347	\$ -	\$ -	\$ 1,596,347	\$ 493,516	\$ -	\$ -	\$ 493,516
Research advancement	417,823	-	-	417,823	256,653	-	-	256,653
Patient and scientific engagement	86,155	-	30,234	116,389	52,265	-	48,556	100,821
Marketing and communications	50,604	1,193	6,773	58,570	20,197	145	30,146	50,488
Salaries, related taxes, and benefits	851,959	98,556	191,347	1,141,862	491,339	112,606	216,236	820,181
Legal, accounting, and compliance	215,775	71,545	66,992	354,312	233,829	135,629	75,533	444,991
Scientific and medical professional services	101,000	-	-	101,000	70,000	-	-	70,000
Office expenses	30,355	9,731	18,507	58,593	36,393	17,433	33,296	87,122
Miscellaneous	73,564	9,257	37,474	120,295	18,651	13,891	32,276	64,818
	<u>\$ 3,423,582</u>	<u>\$ 190,282</u>	<u>\$ 351,327</u>	<u>\$ 3,965,191</u>	<u>\$ 1,672,843</u>	<u>\$ 279,704</u>	<u>\$ 436,043</u>	<u>\$ 2,388,590</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2022</u>	<u>2021</u>
Change in net assets	\$ (472,754)	\$ 996,971
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	741	1,521
Unrealized loss (gain) on securities	702,401	(435,195)
Donated stocks	(55,507)	(59,364)
Noncash operating lease expense	53,660	-
Changes in operating assets and liabilities -		
(Increase) decrease in prepaid expenses	(3,962)	12,383
Decrease (increase) in accounts receivable	117,455	(237,455)
(Increase) decrease in pledges receivable	(471,000)	35,000
Increase in accounts payable	99,311	90,988
Decrease in lease liability	(55,896)	-
Increase (decrease) in grants payable	<u>1,300,000</u>	<u>(765,001)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,214,449</u>	<u>(360,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(150,686)	(1,751,651)
Sale of investments	<u>-</u>	<u>2,080,308</u>
Net Cash (Used in) Provided by Investing Activities	<u>(150,686)</u>	<u>328,657</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,063,763	(31,495)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>910,577</u>	<u>942,072</u>
End of year	<u>\$ 1,974,340</u>	<u>\$ 910,577</u>
Supplemental disclosure of non-cash operating activities:		
Right-of-use asset obtained in exchange for new operating lease liability	<u>\$ 108,243</u>	<u>\$ -</u>

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

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 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 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, 2022 and 2021, 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 \$741 and \$1,521 for the years ended December 31, 2022 and 2021, 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, 2022 AND 2021

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.

Cash Flow Information - For purposes of the statements 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, 2022 and 2021.

Grants Payable - Accounting for grants requires that promises to give be recognized as expenditures in the year of the commitment by donor.

Contributions of Nonfinancial Assets - Contributions of donated nonfinancial assets are recorded at their fair values, and contributions of donated services that create or enhance nonfinancial assets or those that require specialized skills which would normally be purchased by the Foundation if not provided by donation are recorded at their fair market value in the period received.

Advertising - The costs of advertising are expensed as incurred. Advertising costs were allocated to the following natural classifications on the statements of functional expenses for the years ending December 31, 2022 and 2021:

	2022	2021
Marketing and communications	\$ 145,229	\$ 148,161
Patient and scientific engagement	116,388	100,820
Total	\$ 261,617	\$ 248,981

Subsequent Events – The Foundation has evaluated subsequent events through September 13, 2023, the date which the financial statements were available to be issued.

Adoption of New Accounting Standards – The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (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 statement 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 statement of activities, disaggregated by category that depicts the type of nonfinancial assets. The pronouncement further requires disclosures on how the contributed nonfinancial assets were used, and on the valuation methodology utilized by the entity to arrive at its

THE MPN RESEARCH FOUNDATION
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fair value. The Foundation adopted the pronouncement as of January 1, 2022, and has adjusted the presentation of the financial statements accordingly.

The Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases" (Topic 842) amendment to U.S. generally accepted accounting principles (US GAAP) has been adopted by the Company. Commencing January 1, 2022, all real estate and equipment leases that have lease terms exceeding 12 months will now be required to be recorded on the balance sheet as right-of-use assets accompanied by liabilities for the present value of the lease payments that we are obligated to make to obtain control of the leased assets for the duration of each lease term.

Lease-related expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is classified as an operating lease or a finance lease. Total lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that we are reasonably certain to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected retrospectively as of January 1, 2022, the effective date of the amendments. As a result of implementation, the statements of financial position include additional lease assets and liabilities of \$108,243 as of January 1, 2022. To ease the burden of implementation, the Foundation has elected an available package of practical expedients permitted under the transition guidance included in the amended US GAAP that permits us to carry forward the historical lease identification, classification, and initial direct costs associated with our pre-existing leases. The implementation of these amendments did not materially impact our net income or cash flows.

Reclassifications – Certain items in the financial statements as of and for the year ended December 31, 2021 have been reclassified to conform to the current year presentation.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2022 and 2021:

	2022	2021
Receivable in less than one year	\$ 302,000	\$ 35,000
Receivable in one to five years	204,000	-
Total	\$ 506,000	\$ 35,000

THE MPN RESEARCH FOUNDATION
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3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 30, 2022 and 2021, stated at cost:

	2022	2021
Furniture and equipment	\$ 41,959	\$ 41,959
Less accumulated depreciation	<u>(41,884)</u>	<u>(41,143)</u>
	<u>\$ 75</u>	<u>\$ 816</u>

4. GRANTS PAYABLE

Grants payable consist of amounts pledged to both individuals and other organizations, totaling \$1,750,000 and \$450,000 at December 31, 2022 and 2021, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Steering Committee. On December 31, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
Research fund	\$ 2,806,882	\$ 3,371,462
Research advocacy	551,083	658,224
Time restricted	<u>-</u>	<u>35,000</u>
	<u>\$ 3,357,965</u>	<u>\$ 4,064,686</u>

6. LEASE

The Foundation signed a lease with an independent party that currently expires January 31, 2024. The lease requires monthly payments of \$4,658. Operating lease expense for the year ended December 31, 2022 was \$53,660, and is included in rent expense on the statements of activities.

Future minimum lease payments under noncancellable leases with a term of one year or greater as of December 31, 2022 are as follows:

2023	\$ 51,238
2024	<u>4,658</u>
Total undiscounted cash flow	55,896
Less: present value discount	<u>(972)</u>
Total lease liabilities	<u>\$ 54,924</u>

THE MPN RESEARCH FOUNDATION
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The following table provides additional information related to the Foundation's lease as of December 31, 2022:

Remaining lease term in years for operating lease	1.08
Discount rate for operating lease	3.25%

The lease asset and liability were calculated utilizing the risk-free discount rate of 3.25%, the rate at time the lease extension took effect.

7. CONTRIBUTED NONFINANCIAL ASSETS

Contributions 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. Contributed services are generally related to professional services that benefited the Foundation. The Foundation valued the services based on the estimated costs as determined by the service providers, based on their rates and hours of service provided.

The Foundation was the recipient of the following contributed services during the years ended December 31, 2022 and 2021:

Type of Contributed Nonfinancial Asset or	2022	2021
Professional fees:		
Consulting	\$ 7,748	\$ 189,295
IT services	82,500	88,465
Advertising	208,660	97,673
Legal	-	4,048
Total	<u>\$ 298,908</u>	<u>\$ 379,481</u>

8. CONCENTRATIONS

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

9. BENEFIT PLAN

The Foundation contributes up to 3% of each employee's salary to the defined contribution plan for its employees. All full-time employees are eligible for these benefits. Plan expenses totaled \$24,292 and \$15,812 and for the years ended December 31, 2022 and 2021, respectively.

10. 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.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Investment income consists of the following components for the year ended December 31, 2022 and 2021:

	2022	2021
Interest income	\$ 3,156	\$ 504
Dividend income	147,556	120,556
Unrealized (loss) gains on securities	(702,401)	435,195
	<u>\$ (551,689)</u>	<u>\$ 556,255</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 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, 2022 and 2021:

2022	Fair Value Measurements Using Input Type			Total
	Level 1	Level 2	Level 3	
Treasury Bills	\$ 522,388	-	-	\$ 522,388
Mutual funds	2,126,964	-	-	2,126,964
Equity securities	2,805,584	-	-	2,805,584
Total investments in fair value hierarchy	<u>\$ 5,454,936</u>	<u>\$ -</u>	<u>\$ -</u>	5,454,936
Cash held for investments				566,446
Total investments				<u>\$ 6,021,382</u>

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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>

11. 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 statements of financial position as of December 31, 2022 and 2021, respectively, are as follows:

	2022	2021
Cash and cash equivalents	\$ 1,974,340	\$ 910,577
Investments	6,021,382	6,517,590
Accounts receivable	175,000	292,455
Pledges receivable within one year	506,000	35,000
Total financial assets available within one year	<u>8,676,722</u>	<u>7,755,622</u>
Less: Amounts unavailable for general expenditure within one year, due to:		
Grant awards	(1,750,000)	(450,000)
Net assets with donor restrictions	<u>(3,357,965)</u>	<u>(4,064,686)</u>
Total amounts unavailable for general expenditure within one year	<u>(5,107,965)</u>	<u>(4,514,686)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,568,757</u>	<u>\$ 3,240,936</u>

