



The MPN Research Foundation

Financial Statements

December 31, 2023 and 2022

THE MPN RESEARCH FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13



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, 2023 and 2022, 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, 2023 and 2022, 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.

Oak Brook, Illinois
June 11, 2024

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
Cash	\$ 1,001,070	\$ 1,974,340
Investments	6,218,511	6,021,382
Accounts receivable	99,912	175,000
Pledges receivable	521,939	506,000
Prepaid expenses	7,601	6,441
Security deposits	9,500	5,450
Right-of-use asset	58,113	57,160
Property and equipment, net of accumulated depreciation of \$41,884 and \$41,884, respectively	<u>75</u>	<u>75</u>
Total Assets	<u><u>\$ 7,916,721</u></u>	<u><u>\$ 8,745,848</u></u>
 LIABILITIES		
Accounts payable	\$ 377,981	\$ 269,691
Grants payable	1,034,584	1,750,000
Lease liability	<u>58,437</u>	<u>54,924</u>
Total Liabilities	<u>1,471,002</u>	<u>2,074,615</u>
 NET ASSETS		
Without donor restrictions	4,275,258	3,313,268
With donor restrictions	<u>2,170,461</u>	<u>3,357,965</u>
Total Net Assets	<u>6,445,719</u>	<u>6,671,233</u>
Total Liabilities and Net Assets	<u><u>\$ 7,916,721</u></u>	<u><u>\$ 8,745,848</u></u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 2,106,078	\$ 189,273	\$ 2,295,351	\$ 2,083,448	\$ 1,661,770	\$ 3,745,218
Investment income (loss)	737,151	-	737,151	(551,689)	-	(551,689)
Contributions of nonfinancial assets	143,276	-	143,276	298,908	-	298,908
Net assets released from restrictions	1,376,777	(1,376,777)	-	2,368,491	(2,368,491)	-
Total Revenues and Other Support	4,363,282	(1,187,504)	3,175,778	4,199,158	(706,721)	3,492,437
EXPENSES						
Program	2,689,052	-	2,689,052	3,423,582	-	3,423,582
General and administrative	377,626	-	377,626	190,282	-	190,282
Fundraising	334,614	-	334,614	351,327	-	351,327
Total Expenses	3,401,292	-	3,401,292	3,965,191	-	3,965,191
CHANGE IN NET ASSETS						
	961,990	(1,187,504)	(225,514)	233,967	(706,721)	(472,754)
NET ASSETS						
Beginning of year	3,313,268	3,357,965	6,671,233	3,079,301	4,064,686	7,143,987
End of year	<u>\$ 4,275,258</u>	<u>\$ 2,170,461</u>	<u>\$ 6,445,719</u>	<u>\$ 3,313,268</u>	<u>\$ 3,357,965</u>	<u>\$ 6,671,233</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Research grants	\$ 770,278	\$ -	\$ -	\$ 770,278	\$ 1,596,347	\$ -	\$ -	\$ 1,596,347
Research advancement	344,948	-	-	344,948	417,823	-	-	417,823
Patient and scientific engagement	26,364	-	-	26,364	86,155	-	-	86,155
Marketing and communications	92,997	2,640	30,633	125,670	50,604	1,193	30,234	81,997
Salaries, related taxes, and benefits	947,170	299,176	55,481	1,401,827	851,959	1,193	6,773	859,925
Legal, accounting, and compliance	185,119	24,332	177,880	387,331	215,775	98,556	191,347	505,678
Scientific and medical professional services	123,000	-	4,154	127,154	101,000	71,545	66,992	239,537
Office expenses	120,395	-	-	120,395	30,355	-	-	30,355
Miscellaneous	78,781	31,666	43,677	153,124	73,564	9,731	18,507	101,802
		19,812	22,789	42,611		9,257	37,474	49,731
	\$ 2,689,052	\$ 377,626	\$ 334,614	\$ 3,401,292	\$ 3,423,582	\$ 190,282	\$ 351,327	\$ 3,965,191

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (225,514)	\$ (472,754)
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities -		
Depreciation	-	741
Unrealized (gain) loss on securities	(579,580)	708,435
Donated stocks	(59,978)	(55,507)
Noncash operating lease expense	61,658	53,660
(Increase) decrease in operating assets -		
Prepaid expenses	(1,160)	(3,962)
Accounts receivable	75,088	117,455
Pledges receivable	(15,939)	(471,000)
Security deposits	(4,050)	-
Increase (decrease) in operating liabilities -		
Accounts payable	108,290	99,311
Lease liability	(59,098)	(55,896)
Grants payable	(715,416)	1,300,000
Net Cash (Used in) Provided by Operating Activities	(1,415,699)	1,220,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(157,571)	(156,720)
Sale of investments	600,000	-
Net Cash Provided by (Used in) Investing Activities	442,429	(156,720)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(973,270)	1,063,763
CASH AND CASH EQUIVALENTS		
Beginning of year	1,974,340	910,577
End of year	\$ 1,001,070	\$ 1,974,340
Supplemental disclosure of non-cash operating activities:		
Right-of-use asset obtained in exchange for new operating lease liability	\$ 60,923	\$ 108,243

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

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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. There was no depreciation expense for the year ended December 31, 2023. Depreciation expense totaled \$741 for the year ended December 31, 2022.

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, 2023 AND 2022

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 years ended December 31, 2023 and 2022.

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, 2023 and 2022:

	2023	2022
Marketing and communications	\$ 139,153	\$ 145,229
Patient and scientific engagement	170,899	116,388
Total	<u>\$ 310,052</u>	<u>\$ 261,617</u>

Adoption of New Accounting Standards – The Foundation adopted Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments* (ASC 326), issued by the Financial Accounting Standards Board (FASB). This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and trade receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Foundation adopted the policy in the current year with no impact on the financial statements. No allowance for credit losses was deemed necessary as of December 31, 2023 and 2022.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Reclassification – Certain amounts in the financial statements as of and for the year ended December 31, 2022 have been reclassified to conform to the current year presentation.

Subsequent Events – The Foundation has evaluated subsequent events through June 11, 2024, the date which the financial statements were available to be issued.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2023 and 2022:

	2023	2022
Receivable in less than one year	\$ 52,000	\$ 302,000
Receivable in one to five years	469,939	204,000
Total	<u>\$ 521,939</u>	<u>\$ 506,000</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023 and 2022, stated at cost:

	2023	2022
Furniture and equipment	\$ 41,959	\$ 41,959
Less accumulated depreciation	(41,884)	(41,884)
	<u>\$ 75</u>	<u>\$ 75</u>

4. GRANTS PAYABLE

Grants payable consist of amounts pledged to both individuals and other organizations, totaling \$1,034,584 and \$1,750,000 at December 31, 2023 and 2022, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Steering Committee. On December 31, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Research fund	\$ 2,170,461	\$ 2,806,882
Research advocacy	-	551,083
	<u>\$ 2,170,461</u>	<u>\$ 3,357,965</u>

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

6. LEASE

During May 2022, the Foundation extended a lease agreement for office space through January 31, 2024. The lease required monthly payments of \$4,658.

During July 2023, the Foundation entered into a lease agreement for office space that commenced October 1, 2023 and expires September 30, 2025. The lease requires monthly payments of \$2,620 through September 30, 2024 and payments of \$2,712 through September 30, 2025.

Operating lease-related expenses for the years ended December 31, 2023 and 2022 was \$61,658 and \$53,660, respectively, and is included in office expense on the statements of functional expenses.

Future minimum lease payments under noncancellable leases with a term of one year or greater as of December 31, 2023 are as follows:

2024	\$	36,373
2025		24,405
		<hr/>
Total undiscounted cash flow		60,778
Less: present value discount		<hr/> (2,341)
		<hr/>
Total lease liabilities	\$	<u>58,437</u>

The following table provides additional information related to the Foundation's lease as of December 31, 2023:

Remaining lease term in years for operating lease	1.75
Discount rate for operating lease	5.12%

The lease asset and liability were calculated utilizing the risk-free discount rate of 5.12%, the rate at the time the lease agreement commenced.

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 MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The Foundation was the recipient of the following contributed services during the years ended December 31, 2023 and 2022:

Type of Contributed Nonfinancial Asset or Service	2023	2022	Utilization in Programs/Activities	Donor Imposed Restrictions
Professional fees:				
Consulting	\$ -	\$ 7,748	All programs	None
IT services	-	82,500	All programs	None
Advertising	140,936	208,660	All programs	None
Legal	2,340	-	All programs	None
Total	<u>\$ 143,276</u>	<u>\$ 298,908</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 \$30,961 and \$24,292 and for the years ended December 31, 2023 and 2022, 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.

Investment income consists of the following components for the year ended December 31, 2023 and 2022:

	2023	2022
Interest income	\$ 48,856	\$ 3,156
Dividend income	108,717	147,556
Unrealized gain (loss) on securities	579,578	(702,401)
	<u>\$ 737,151</u>	<u>\$ (551,689)</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.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022:

2023	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Treasury Bills	\$ 1,444,506	\$ -	\$ -	\$ 1,444,506
Mutual funds	164,506	-	-	164,506
Equity securities	3,343,811	-	-	3,343,811
Total investments in fair value hierarchy	<u>\$ 4,952,823</u>	<u>\$ -</u>	<u>\$ -</u>	4,952,823
Cash held for investments				1,265,688
Total investments				<u>\$ 6,218,511</u>

2022	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
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>

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 MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The Foundation's financial assets available for general expenditure within one year of the statements of financial position as of December 31, 2023 and 2022, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,001,070	\$ 1,974,340
Investments	6,218,511	6,021,382
Accounts receivable	99,912	175,000
Pledges receivable within one year	52,000	506,000
Total financial assets available within one year	<u>7,371,493</u>	<u>8,676,722</u>
Less: Amounts unavailable for general expenditure within one year, due to:		
Grant awards	(1,034,584)	(1,750,000)
Net assets with donor restrictions	<u>(2,170,461)</u>	<u>(3,357,965)</u>
Total amounts unavailable for general expenditure within one year	<u>(3,205,045)</u>	<u>(5,107,965)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 4,166,448</u>	<u>\$ 3,568,757</u>