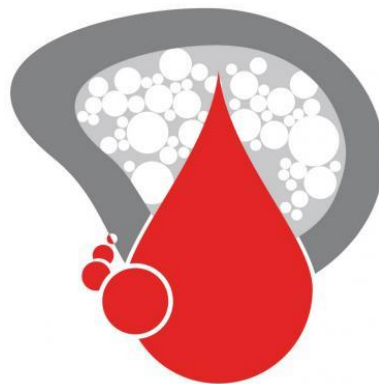


**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022



**AA • MDS**

INTERNATIONAL FOUNDATION

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Aplastic Anemia & MDS Foundation  
Bethesda, Maryland

We have audited the accompanying financial statements of The Aplastic Anemia & MDS Foundation (a 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 Aplastic Anemia & MDS International Foundation, Inc. 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 Aplastic Anemia & MDS Foundation (the 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 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 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 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 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.

*UHY LLP*

Columbia, Maryland  
May 7, 2024

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,152,902	\$ 2,938,625
Contributions and grants receivable	345,615	686,175
Miscellaneous receivable	18,641	-
Prepaid expenses	54,470	33,078
Investments	<u>2,538,107</u>	<u>1,420,329</u>
Total current assets	<u>6,109,735</u>	<u>5,078,207</u>
<b>NON-CURRENT ASSETS</b>		
Property and equipment		
Furniture, equipment and website	254,116	538,534
Less: accumulated depreciation	<u>(170,449)</u>	<u>(467,020)</u>
Total property and equipment, net	83,667	71,514
Security deposits	22,927	14,642
Right-of-use assets - operating, net	614,501	242,729
Charitable Remainder Trust	<u>398,820</u>	<u>376,244</u>
Total non-current assets	<u>1,119,915</u>	<u>705,129</u>
Total assets	<u>\$ 7,229,650</u>	<u>\$ 5,783,336</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 40,214	\$ 30,950
Accrued expenses	49,311	38,487
Lease liabilities - operating	<u>71,484</u>	<u>181,144</u>
Total current liabilities	161,009	250,581
Lease liabilities - operating, net of current portion	<u>574,516</u>	<u>101,575</u>
Total liabilities	<u>735,525</u>	<u>352,156</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Available for operations	5,211,759	4,357,451
Board-designated	<u>90,000</u>	<u>90,000</u>
Total net assets without donor restrictions	5,301,759	4,447,451
With donor restrictions	<u>1,192,366</u>	<u>983,729</u>
Total net assets	<u>6,494,125</u>	<u>5,431,180</u>
Total liabilities and net assets	<u>\$ 7,229,650</u>	<u>\$ 5,783,336</u>

See notes to financial statements.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants:						
Individuals	\$ 349,869	\$ 135,619	\$ 485,488	\$ 399,471	\$ 145,625	\$ 545,096
Corporations and other Foundations	289,199	2,314,032	2,603,231	193,997	1,838,312	2,032,309
Contributed goods, services and securities	69,300	36,000	105,300	104,961	30,000	134,961
Wills and change in fair value of trust	12,174	15,750	27,924	12,577	14,000	26,577
Events	98,958	32,576	131,534	442,923	21,296	464,219
Investment returns, net	11,143	-	11,143	26,342	-	26,342
Net assets released from restrictions	239,786	-	239,786	(173,020)	-	(173,020)
	<u>2,325,340</u>	<u>(2,325,340)</u>	<u>-</u>	<u>2,273,419</u>	<u>(2,273,419)</u>	<u>-</u>
Total support and revenue	<u>3,395,769</u>	<u>208,637</u>	<u>3,604,406</u>	<u>3,280,670</u>	<u>(224,186)</u>	<u>3,056,484</u>
<b>EXPENSES</b>						
Program services	2,041,410	-	2,041,410	2,084,363	-	2,084,363
General and administrative	215,904	-	215,904	237,380	-	237,380
Fundraising	284,147	-	284,147	278,203	-	278,203
	<u>2,541,461</u>	<u>-</u>	<u>2,541,461</u>	<u>2,599,946</u>	<u>-</u>	<u>2,599,946</u>
<b>Change in Net Assets</b>	854,308	208,637	1,062,945	680,724	(224,186)	456,538
<b>Net Assets, Beginning</b>	<u>4,447,451</u>	<u>983,729</u>	<u>5,431,180</u>	<u>3,766,727</u>	<u>1,207,915</u>	<u>4,974,642</u>
<b>Net Assets, Ending</b>	<u>\$ 5,301,759</u>	<u>\$ 1,192,366</u>	<u>\$ 6,494,125</u>	<u>\$ 4,447,451</u>	<u>\$ 983,729</u>	<u>\$ 5,431,180</u>

See notes to financial statements.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2023**

	<b>2023</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel costs:				
Salaries	\$ 725,008	\$ 61,442	\$ 139,161	\$ 925,611
Employee benefits	70,899	6,008	13,609	90,516
Payroll taxes	50,004	4,238	9,598	63,840
Total personnel costs	845,911	71,688	162,368	1,079,967
Professional and contract services	533,103	44,053	36,760	613,916
Office expenses	82,127	9,381	28,458	119,966
Information technology	63,681	22,469	8,117	94,267
Occupancy and related expenses	124,567	47,989	17,336	189,892
Travel and meetings	165,673	4,307	24,818	194,798
Professional development	506	195	70	771
Awards, grants and honoraria	184,776	-	504	185,280
Insurance	13,469	5,189	1,875	20,533
Bank service fees	6,577	2,534	916	10,027
Depreciation	21,020	8,099	2,925	32,044
 Total expenses	 <u>\$ 2,041,410</u>	 <u>\$ 215,904</u>	 <u>\$ 284,147</u>	 <u>\$ 2,541,461</u>

See notes to financial statements.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2022**

	<b>2022</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel costs:				
Salaries	\$ 709,136	\$ 53,991	\$ 113,296	\$ 876,423
Employee benefits	66,649	5,075	10,648	82,372
Payroll taxes	51,707	3,937	8,261	63,905
Total personnel costs	827,492	63,003	132,205	1,022,700
Professional and contract services	587,066	44,709	46,560	678,335
Office expenses	78,104	9,367	53,338	140,809
Information technology	76,584	28,975	9,265	114,824
Occupancy and related expenses	120,994	51,064	16,145	188,203
Travel and meetings	118,032	2,260	8,650	128,942
Professional development	51,570	21,771	6,908	80,249
Awards, grants and honoraria	186,073	-	-	186,073
Insurance	13,472	5,687	1,798	20,957
Bank service fees	5,296	2,236	707	8,239
Depreciation	19,680	8,308	2,627	30,615
 Total expenses	 <u>\$ 2,084,363</u>	 <u>\$ 237,380</u>	 <u>\$ 278,203</u>	 <u>\$ 2,599,946</u>

See notes to financial statements.



**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,062,945	\$ 456,538
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Non-cash activities:		
Depreciation	32,044	30,615
Amortization of right-of-use assets - operating	170,904	168,884
Net unrealized (gains) losses on investments	(132,213)	193,251
Realized (gains) losses on investments	4,157	12,232
Donated investment securities	(11,974)	(7,929)
Increase in fair value of Charitable Remainder Trust	(22,576)	(21,296)
Decrease (increase) in assets:		
Contributions and grants receivable	340,560	(318,831)
Prepaid expenses	(21,392)	(9,828)
Security deposits	(8,285)	280
Increase (decrease) in liabilities:		
Accounts payable	9,264	(14,708)
Accrued expenses	10,824	(78,346)
Payments on lease liabilities - operating	(198,036)	(191,137)
	<u>1,236,222</u>	<u>219,725</u>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	485,410	886,493
Purchases of investments	(1,463,158)	(890,598)
Purchases of property and equipment	(44,197)	(51,243)
	<u>(1,021,945)</u>	<u>(55,348)</u>
<b>Net cash used in investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	214,277	164,377
<b>Cash and cash equivalents, beginning of year</b>	<u>2,938,625</u>	<u>2,774,248</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,152,902</u>	<u>\$ 2,938,625</u>

**Supplemental Disclosures of Cash Flow Information**

On January 1, 2022, a right-to-use asset - operating for office space in the amount of \$411,613 was recorded with an offset to lease liability - operating for \$473,856 and deferred rent of \$62,243 was eliminated under adoption of the new accounting policy for leases.

In 2023, the Foundation recorded a lease liability and offsetting right-of use asset in the amount of \$561,318.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

**Nature of the Organization**

The Aplastic Anemia & MDS Foundation (the Foundation) is a nonprofit organization, incorporated on December 6, 1983 in the State of Maryland and located in Bethesda, Maryland.

The Foundation was formed to provide patient education, assistance, advocacy, and support, to create and distribute educational materials and medical information, and to support research to find treatment for various bone marrow diseases, including Aplastic Anemia (AA), Myelodysplastic Syndromes (MDS), Paroxysmal Nocturnal Hemoglobinuria (PNH), and related bone marrow failure diseases.

The Foundation receives financial support from individual, corporate, foundation, Board contributions, and fundraising events, as well as income from investment sources and contributions from localized patient-support groups which fundraise independently of the Foundation.

The Foundation has allocated its resources among the following programs:

Research Programs - Research grant program supports grantees who have devoted their careers to bone marrow failure research. It also sponsors a PNH Patient Registry as an opportunity for PNH patients to advance research by sharing their experience with PNH.

Patient Programs - Educational conferences for patients and their caregivers, website, webinars, podcasts, videos, printed and electronic educational literature, and direct financial support for patient travel and medical expenses.

Health Professional Programs - Professional conferences, access to disease-specific studies, and toolkits and other resources for healthcare professionals.

Awareness and Outreach - The Foundation utilizes a number of platforms to increase awareness of Aplastic Anemia, MDS, PNH and other rare blood diseases, including website (aamds.org), social media campaigns, advocacy and other community outreach activities.

Supporting services at the Foundation include the following functional categories:

Management and General - Management and general expenses include those expenses for the overall operating and management of the Foundation, including accounting, office management, record keeping, and other centralized services and related administrative activities.

Fundraising Activities and Events - Fundraising includes publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, and other activities involved with soliciting contributions from individuals, foundations, corporations and others.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Cash and Cash Equivalents**

The Foundation considers all cash in its investment accounts and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

**Contributions and Grants Receivable**

Contributions and grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give, those with a measurable barrier and right of return, are not included as support until the conditions are substantially met. All contributions and grants receivable are considered by management to be fully collectible and due within one year. Accordingly, an allowance for credit losses or discount has not been established.

**Investments**

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment returns, net of investment expenses provided by external investment advisors, in the accompanying statements of activities.

**Fair Value Measurements**

The Foundation has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Property and Equipment**

Fixed assets with acquisition costs of \$500 or more are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$32,044 and \$30,615, respectively.

**Net Assets**

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board-designated and are also reported as net assets without donor restrictions.

Net assets with donor restrictions - Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. If the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized, contributions restricted by donors are reported as increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

**Revenue Recognition**

The Foundation's support is received through contributions and grants from individuals and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Revenue Recognition (Continued)**

For contributions and grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Unconditional contributions and grants that have donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant agreements classified as exchange transactions follow Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and revenue is recorded when the performance obligations are met. The revenue is recorded as without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant agreements.

Receivables from exchange transaction grants and contracts represent amounts due for reimbursable expenses incurred in accordance with the grant and contract agreements. The allowance for credit losses is estimated using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in changes in environmental conditions. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

**Contributed Goods, Services and Securities**

Contributed goods, services and securities include t-shirts, hats, office supplies, presentation services (honoraria), and donated securities. Contributed goods and services are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The fair value of contributed presentation services is determined by the amount the Foundation offered as honoraria. Contributed securities are reported at the fair value on the date the securities are received.

Contributed goods and services are utilized by the Foundation's programs and supporting services. Contributed securities are sold as soon as the securities are received per the Foundation's investment and gifts policy.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Contributed Goods, Services and Securities (Continued)**

The Foundation recognizes the fair value of contributed services received if such services either create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. These amounts have been reported as contributed goods, services and securities in the statements of activities and included in professional contract services, information technology and awards, grants and honoraria expenses on the statements of functional expenses.

Volunteers contribute significant amounts of time to the Foundation's programs and fundraising campaigns; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service. Supporting services are comprised of management and general and fundraising activities and events and include those costs that are not directly identifiable with any specific program but provide for the overall support and direction of the Foundation. The expenses that are allocated include occupancy, depreciation, insurance, technology and certain office expenses, which are allocated based on time and effort spent by the Foundation's personnel in such functions.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Tax Exempt Status and Income Tax Positions**

The Foundation is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes is required for the years ended December 31, 2023 and 2022 since the Foundation had no taxable income from unrelated business activities.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Tax Exempt Status and Income Tax Positions (Continued)**

The income tax positions taken by the Foundation for any years open under the various statutes of limitations are that the Foundation continues to be exempt from income taxes and it has properly reported unrelated business income that is subject to income taxes. The Foundation believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. The Foundation evaluated its uncertainty in income taxes and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. None of the Foundation's federal tax returns are currently under examination.

**Leases**

Effective January 1, 2022, the Foundation adopted the requirements of FASB ASC 842, *Leases*. This new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as finance leases when the Foundation expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, if the Foundation is not expected to consume a major part of the economic benefits of the leased assets, then they are classified as operating leases.

Leases with a term of less than 12 months will not be recorded as the ROU asset and lease liability, and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

Total lease cost consists of two components: amortization expense related to the write-off of the ROU assets and interest expense from lease liabilities. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term. Lease liabilities are measured and recorded at the present value of future lease payments using a discount rate. Because the Foundation generally does not have access to the rate implicit in each lease, lease liabilities are measured using the risk-free rate as the discount rate. ROU assets are generally measured and recorded at the sum of the lease liability, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

**Adoption of New Accounting Standards**

In February 2016, the FASB issued new guidance on the measurement of current expected credit losses (CECL) on financial instruments. The FASB has subsequently issued additional guidance amending certain aspects of the measurement of CECL. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument.

**APLASTIC ANEMIA & MDS  
INTERNATIONAL FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Adoption of New Accounting Standards (Continued)**

The Foundation adopted this change in accounting principle as of January 1, 2023 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. Upon adoption of the new CECL guidance, there was no impact to the Foundation net assets.

**NOTE 2 - CONCENTRATIONS AND RISKS**

**Concentration of Donors**

For the year ended December 31, 2023, three donors accounted for 51% of the contributions and grant support and one donor accounted for 62% of contributions and grants receivable. For the year ended December 31, 2022, two donors accounted for 30% of the contributions and grant support and 66% of contributions and grants receivable.

If a significant reduction in these donors should occur, it may have an effect on the Foundation's programs.

**Concentration of Credit Risk**

The Foundation's investments are exposed to various risks such as market conditions and credit/interest rate fluctuation. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Finance Committee of the Board regularly monitors the Foundation's investment portfolio consistent with the Foundation's Investment Policy Guidelines and discusses the performance of the Foundation's investment portfolio with the Foundation's external investment advisors. Based on those discussions, the Finance Committee recommends changes in investment allocations, changes in managers or makes other recommendations to the Board to preserve the Foundation's liquidity and long-term investment stability. Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position.

The Foundation maintains cash deposit and transaction accounts, along with investments, with financial institutions that may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and investments to date, as it relates to FDIC and SIPC insurance limits. Management assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.



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**NOTE 3 - INVESTMENTS**

As of December 31, 2023 and 2022, investments at fair value consisted of the following:

	<u>2023</u>	<u>2022</u>
U.S. Treasury notes and bonds	\$ 1,208,004	\$ 187,192
Corporate bonds	174,405	192,957
Common stocks	621,409	530,646
Mutual funds	<u>534,289</u>	<u>509,534</u>
Total investments	<u>\$ 2,538,107</u>	<u>\$ 1,420,329</u>

For the years ended December 31, 2023 and 2022, net investment returns included the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 126,602	\$ 48,543
Unrealized gains (losses)	132,213	(193,251)
Realized losses	(4,157)	(12,232)
Less, management fees	<u>(14,872)</u>	<u>(16,080)</u>
Total investment returns, net	<u>\$ 239,786</u>	<u>\$ (173,020)</u>

**NOTE 4 - CHARITABLE REMAINDER TRUST**

The Foundation entered into an irrevocable life tenancy agreement in 2004 with an individual, whereby the Foundation will receive the individual's residence upon his death. Under accounting principles generally accepted in the United States of America, the beneficial interest to the Foundation is measured at the present value of the estimated future cash flow to be received by the Foundation. The fair value of the property at December 31, 2004, which was determined by an independent appraisal performed in April 2005, was \$475,000.

The fair value was discounted to present value over an estimated life of 20 years, at a discount rate of 6%. For the years ended December 31, 2023 and 2022, the present value adjustment increased the value of the Foundation's beneficial interest in the Charitable Remainder Trust by \$22,576 and \$21,296, respectively, and is reported in the wills and change in fair value of trust revenue line item in the accompanying statements of activities.

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**NOTE 5 - FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the statements of financial position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market that the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2023 and 2022:

- U.S. Treasury notes and bonds - Valued at the closing price reported on the active market in which the individual securities are traded.
- Corporate bonds - Generally valued at the most recent price of the equivalent quoted price for such securities. Debt securities, which are actively traded, are classified within Level 1 of the valuation hierarchy.
- Common stocks - Valued at the closing price reported on the active market in which the individual securities are traded.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price.
- Charitable Remainder Trust - Valued at the estimated present value of the appraised value of a life tenancy agreement.

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**NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)**

As of December 31, 2023 and 2022, the tables below present the fair value of the investments and Charitable Remainder Trust by level within the hierarchy.

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
U.S. Treasury notes and bonds	\$ 1,208,004	\$ -	\$ -	\$ 1,208,004
Corporate bonds	-	174,405	-	174,405
Common stocks	621,409	-	-	621,409
Mutual funds	<u>534,289</u>	<u>-</u>	<u>-</u>	<u>534,289</u>
Total investments	2,363,702	174,405	-	2,538,107
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>398,820</u>	<u>398,820</u>
Total investments and Trust	<u>\$ 2,363,702</u>	<u>\$ 174,405</u>	<u>\$ 398,820</u>	<u>\$ 2,936,927</u>
	December 31, 2022			Total
	Level 1	Level 2	Level 3	
U.S. Treasury notes and bonds	\$ 187,192	\$ -	\$ -	\$ 187,192
Corporate bonds	-	192,957	-	192,957
Common stocks	530,646	-	-	530,646
Mutual funds	<u>509,534</u>	<u>-</u>	<u>-</u>	<u>509,534</u>
Total investments	1,227,372	192,957	-	1,420,329
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>376,244</u>	<u>376,244</u>
Total investments and Trust	<u>\$ 1,227,372</u>	<u>\$ 192,957</u>	<u>\$ 376,244</u>	<u>\$ 1,796,573</u>

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

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**NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)**

The following table provides a summary of changes in fair value of the Foundation's Charitable Remainder Trust asset for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 376,244	\$ 354,948
Present value adjustment	<u>22,576</u>	<u>21,296</u>
Balance, end of year	<u>\$ 398,820</u>	<u>\$ 376,244</u>

The change in fair value adjustment has been reported in the statements of activities in the revenue with donor restrictions.

**NOTE 6 - BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Board of Directors has designated funds to be used to support grants given for research in finding treatments for various bone marrow failure diseases. Changes in the Board-designated net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Board-designated net assets, beginning of the year	\$ 90,000	\$ 150,000
Additions	-	-
Releases	<u>-</u>	<u>(60,000)</u>
Board-designated net assets, end of the year	<u>\$ 90,000</u>	<u>\$ 90,000</u>

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**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

The Foundation's net assets with donor restrictions consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to time restriction:		
Charitable Remainder Trust	\$ <u>398,820</u>	\$ <u>376,244</u>
Subject to expenditure for specified purposes:		
Awareness	-	17,500
Fundraising	15,000	-
Patient educational programs and conferences	53,261	120,844
Research	<u>725,285</u>	<u>469,141</u>
	<u>793,546</u>	<u>607,485</u>
Total net assets with donor restrictions	\$ <u>1,192,366</u>	\$ <u>983,729</u>

The following net assets with donor restrictions were released from donor restrictions, for the years ended December 31, 2023 and 2022 by incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2023</u>	<u>2022</u>
Awareness	\$ 50,000	\$ 160,074
Health professional education programs	380,943	410,239
Patient educational programs and conferences	782,737	1,558,691
Research	<u>1,111,660</u>	<u>144,415</u>
Total net assets with donor restrictions	\$ <u>2,325,340</u>	\$ <u>2,273,419</u>

**NOTE 8 - EMPLOYEE RETENTION CREDIT**

In August 2023, the Foundation received the Employee Retention Credit (ERC) for \$81,314. The ERC was established by the Coronavirus Aid, Relief, and Economic Security Act, and extended by the Relief Act of 2021 and the American Rescue Plan Act of 2021. The ERC rules are complex and subject to varying interpretations. Claims made under the ERC program may also be subject to retroactive audit and review.

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**NOTE 8 - EMPLOYEE RETENTION CREDIT (Continued)**

There can be no assurance that regulatory authorities will not challenge the Foundation's claim to the ERC. The Foundation reported ERC as corporations and other contributions and grants in the statement of activities for the year ended December 31, 2023.

**NOTE 9 - CONTINGENCY**

During the years ended December 31, 2021 and 2020, the Foundation entered into a U.S. Small Business Administration (SBA) PPP loans in the principal amounts of \$182,336 (PPP2 Loan) and \$182,300 (PPP1 Loan). The PPP2 Loan was forgiven on December 27, 2021, and the PPP1 Loan was forgiven on June 14, 2021.

According to the rules of the SBA governing the PPP Loan Program, the Foundation is required to retain documentation for six years after the date of the loans were forgiven and permit authorized representatives of the SBA to access such files upon request.

**NOTE 10 - RETIREMENT PLAN**

The Foundation established and maintains an independent 403(b) retirement plan (the Plan). The Plan is available to full-time and part-time employees who are at least 21 years old. The Foundation currently matches 100% of employee deferral contributions, up to 4% of eligible compensation. The Foundation contributed \$18,228 and \$19,953 for the years ended December 31, 2023 and 2022, respectively, which is included in employee benefits expense in the accompanying statements of functional expenses.

**NOTE 11 - OFFICE LEASE**

The Foundation entered into a 92-month office lease agreement beginning in October 2016. Base rent is \$175,707 per year, plus a proportionate share of expenses. Beginning with the third year of the lease, base rent increases by a factor of 2.5% each year. Under the terms of the lease, the landlord granted the Foundation an abatement of base rent and its share of expenses for the first eight months after the commencement date. The lease is classified as an operating lease and expires in May 2024.

On June 20, 2023, the Foundation entered into a new office lease agreement for 81 months beginning in June 2024. Base rent is \$99,420 per year, plus a proportionate share of expenses, and base rent increases by a factor of 2.5% each year. Under the terms of the lease, the landlord granted the Foundation an abatement of base rent for the first nine months after the commencement date. The landlord offers an option of converting the abatement into moving allowance for up to \$18,641. The lease is classified as an operating lease and expires in February 2031.

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**NOTE 11 - OFFICE LEASE (Continued)**

As of December 31, 2023 and 2022, the right-of-use assets related to the operating leases were as follows:

	<u>2023</u>	<u>2022</u>
Right-of-use assets - operating:		
Cost	\$ 954,290	\$ 411,613
Less: accumulated amortization	<u>(339,789)</u>	<u>(168,884)</u>
Right-of-use assets, net	<u>\$ 614,501</u>	<u>\$ 242,729</u>

As of December 31, 2023 and 2022, the liabilities related to the operating leases was as follows:

	<u>2023</u>	<u>2022</u>
Liabilities:		
Lease liabilities, operating - current portion	\$ 71,484	\$ 181,144
Lease liabilities, operating - non-current portion	<u>574,516</u>	<u>101,575</u>
Lease liabilities - operating	<u>\$ 646,000</u>	<u>\$ 282,719</u>

The weighted-average remaining lease term for the operating leases as of December 31, 2023 and 2022, was 5.92 and 1.42 years, respectively. The weighted-average discount rate for the operating leases as of December 31, 2023 and 2022, was 4.21% and 1.04%, respectively.

Future minimum payments are as follows for the office lease for the years ending December 31:

2024	\$ 86,973
2025	100,870
2026	103,394
2027	105,985
2028	108,622
Thereafter	<u>244,667</u>
Total undiscounted cash flows	750,511
Less: present value discount	<u>(104,511)</u>
Total	<u>\$ 646,000</u>

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**NOTE 11 - OFFICE LEASE (Continued)**

The Foundation records occupancy expense on the straight-line method over the term of the lease and includes cash paid for rent plus amortization of the operating lease liabilities. For the years ended December 31, 2023 and 2022, occupancy expense totaled \$189,892 and \$188,203, respectively.

**NOTE 12 - LIQUIDITY AND AVAILABILITY**

Financial assets available for use within one year of the statement of financial position were comprised of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,152,902	\$ 2,938,625
Contributions and grants receivable	345,615	686,175
Miscellaneous receivable	18,641	-
Investments	<u>2,538,107</u>	<u>1,420,329</u>
Total financial assets	6,055,265	5,045,129
Less: financial assets unavailable for expenditure within one year due to:		
Net assets with donor restrictions for special purposes	(458,261)	(349,141)
Board-designated net assets	<u>(90,000)</u>	<u>(90,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,507,004</u>	<u>\$ 4,605,988</u>

The Foundation has a policy to structure their financial assets to be available and liquid as their obligations become due.

The Foundation has certain donor-restricted net assets that are available for general expenditures within one year of the statement of financial position date, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. Additionally, they have a Board-designated reserve which they may draw upon, pending Board approval.



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**NOTE 13 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 7, 2024, which is the date the financial statements were available to be issued. There were no subsequent events noted that required adjustments to, or disclosure in, these financial statements.