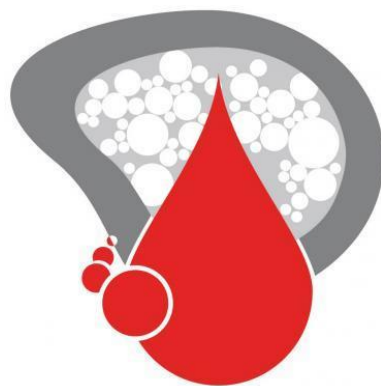


**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023



AA • MDS

INTERNATIONAL FOUNDATION

THE APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Aplastic Anemia & MDS Foundation, Inc.
Rockville, Maryland

We have audited the accompanying financial statements of The Aplastic Anemia & MDS Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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, Inc. (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
June 20, 2025

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,560,518	\$ 3,152,902
Contributions and grants receivable	722,213	345,615
Miscellaneous receivable	-	18,641
Prepaid expenses	19,842	54,470
Investments	<u>4,157,306</u>	<u>2,538,107</u>
Total current assets	<u>6,459,879</u>	<u>6,109,735</u>
NON-CURRENT ASSETS		
Property and equipment		
Furniture, equipment and website	410,992	254,116
Less: accumulated depreciation	<u>(175,957)</u>	<u>(170,449)</u>
Total property and equipment, net	235,035	83,667
Security deposits	8,285	22,927
Right-of-use asset - finance, net	22,376	-
Right-of-use asset - operating, net	502,131	614,501
Charitable Remainder Trust	<u>236,972</u>	<u>398,820</u>
Total non-current assets	<u>1,004,799</u>	<u>1,119,915</u>
Total assets	<u>\$ 7,464,678</u>	<u>\$ 7,229,650</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 55,106	\$ 40,214
Accrued expenses	111,596	49,311
Lease liability - finance	4,338	-
Lease liability - operating	<u>59,487</u>	<u>71,484</u>
Total current liabilities	<u>230,527</u>	<u>161,009</u>
NON-CURRENT LIABILITIES		
Lease liability - finance, net of current portion	18,038	-
Lease liability - operating, net of current portion	<u>498,554</u>	<u>574,516</u>
Total non-current liabilities	<u>516,592</u>	<u>574,516</u>
Total liabilities	<u>747,119</u>	<u>735,525</u>
NET ASSETS		
Without donor restrictions:		
Available for operations	5,242,941	5,211,759
Board-designated	<u>60,000</u>	<u>90,000</u>
Total net assets without donor restrictions	5,302,941	5,301,759
With donor restrictions	<u>1,414,618</u>	<u>1,192,366</u>
Total net assets	<u>6,717,559</u>	<u>6,494,125</u>
Total liabilities and net assets	<u>\$ 7,464,678</u>	<u>\$ 7,229,650</u>

See notes to financial statements.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants:						
Individuals	\$ 428,974	\$ 87,425	\$ 516,399	\$ 349,869	\$ 135,619	\$ 485,488
Corporations and other Foundations	182,570	2,207,525	2,390,095	289,199	2,314,032	2,603,231
Contributed goods, services and securities	76,850	5,000	81,850	69,300	36,000	105,300
Wills and change in fair value of trust	7,500	-	7,500	12,174	15,750	27,924
Events	75,321	(161,848)	(86,527)	98,958	32,576	131,534
Interest income from cash and cash equivalents	16,429	-	16,429	11,143	-	11,143
Investment returns, net	33,694	-	33,694	-	-	-
Net assets released from restrictions	316,166	-	316,166	239,786	-	239,786
	1,915,850	(1,915,850)	-	2,325,340	(2,325,340)	-
Total support and revenue	<u>3,053,354</u>	<u>222,252</u>	<u>3,275,606</u>	<u>3,395,769</u>	<u>208,637</u>	<u>3,604,406</u>
EXPENSES						
Program services	2,403,056	-	2,403,056	2,041,410	-	2,041,410
General and administrative	283,624	-	283,624	215,904	-	215,904
Fundraising	365,492	-	365,492	284,147	-	284,147
Total expenses	<u>3,052,172</u>	<u>-</u>	<u>3,052,172</u>	<u>2,541,461</u>	<u>-</u>	<u>2,541,461</u>
Change in Net Assets	1,182	222,252	223,434	854,308	208,637	1,062,945
Net Assets, Beginning	5,301,759	1,192,366	6,494,125	4,447,451	983,729	5,431,180
Net Assets, Ending	<u>\$ 5,302,941</u>	<u>\$ 1,414,618</u>	<u>\$ 6,717,559</u>	<u>\$ 5,301,759</u>	<u>\$ 1,192,366</u>	<u>\$ 6,494,125</u>

See notes to financial statements.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024**

	2024			
	Program Services	General and Administrative	Fundraising	Total Expenses
Personnel costs:				
Salaries	\$ 833,669	\$ 89,331	\$ 210,259	\$ 1,133,259
Employee benefits	83,159	8,911	20,973	113,043
Payroll taxes	60,963	6,532	15,375	82,870
Total personnel costs	977,791	104,774	246,607	1,329,172
Professional and contract services	661,609	74,808	45,372	781,789
Office expenses	64,510	11,670	28,853	105,033
Information technology	67,063	24,041	9,504	100,608
Occupancy and related expenses	105,619	42,718	16,065	164,402
Travel and meetings	294,733	5,492	11,525	311,750
Professional development	206	84	31	321
Awards, grants and honoraria	181,979	-	-	181,979
Insurance	9,763	3,949	1,485	15,197
Bank service fees	7,942	3,210	1,207	12,359
Depreciation and amortization	31,841	12,878	4,843	49,562
 Total expenses	 \$ 2,403,056	 \$ 283,624	 \$ 365,492	 \$ 3,052,172

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

2023

	Program Services	General and Administrative	Fundraising	Total Expenses
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	 \$ 2,041,410	 \$ 215,904	 \$ 284,147	 \$ 2,541,461

See notes to financial statements.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.**
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 223,434	\$ 1,062,945
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Non-cash activities:		
Depreciation and amortization	49,562	32,044
Net unrealized gains on investments	(141,232)	(132,213)
Realized (gains) losses on investments	(29,395)	4,157
Donated investment securities	-	(11,974)
(Decrease) increase in fair value of Charitable Remainder Trust	161,848	(22,576)
Decrease (increase) in assets:		
Contributions and grants receivable	(376,598)	340,560
Miscellaneous receivable	18,641	-
Prepaid expenses	34,628	(21,392)
Security deposits	14,642	(8,285)
Increase (decrease) in liabilities:		
Accounts payable	14,892	9,264
Accrued expenses	62,285	10,824
Lease asset and liability - operating	24,411	(27,132)
	<u>57,118</u>	<u>1,236,222</u>
Net cash provided by operating activities		
	<u>57,118</u>	<u>1,236,222</u>
Cash flows from investing activities		
Proceeds from sale of investments	662,490	485,410
Purchases of investments	(2,111,062)	(1,463,158)
Purchases of property and equipment	(198,830)	(44,197)
	<u>(1,647,402)</u>	<u>(1,021,945)</u>
Net cash used in investing activities		
	<u>(1,647,402)</u>	<u>(1,021,945)</u>
Cash flows from financing activities		
Principal payments on finance lease	(2,100)	-
	<u>(2,100)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,592,384)	214,277
Cash and cash equivalents, beginning of year	<u>3,152,902</u>	<u>2,938,625</u>
Cash and cash equivalents, end of year	<u>\$ 1,560,518</u>	<u>\$ 3,152,902</u>
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	<u>\$ 510</u>	<u>\$ -</u>

In 2023, the Foundation recorded a lease liability and offsetting right-of use asset for an operating lease in the amount of \$561,318. However, in 2024, the Foundation opted out of an option to convert \$18,641 rent abatement into moving allowance and adjusted the lease liability to \$543,263. In addition, in 2024, the Foundation recorded a lease liability and offsetting right-of-use asset for a finance lease in the amount of \$24,476.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of the Organization

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

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

**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 uncollected promises 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.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

**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, 2024 and 2023 totaled \$47,462 and \$32,044, 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

Contributions and grants - non-exchange transaction

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.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

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

Revenue Recognition (Continued)

Contributions and grants - non-exchange transaction (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.

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.

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.

Grants - exchange transaction

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.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

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

Revenue Recognition (Continued)

Receivables from exchange transaction grants 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.

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, 2024 and 2023 since the Foundation had no taxable income from unrelated business activities.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

**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 a 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.

Reclassifications

Certain reclassifications have been made to the 2023 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023**

NOTE 2 - CONCENTRATIONS AND RISKS

Concentration of Donors

For the year ended December 31, 2024, three donors accounted for 54% of the contributions and grant support and two donors accounted for 95% of contributions and grants receivable. 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.

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.

**THE APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.
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NOTE 3 - INVESTMENTS

As of December 31, 2024 and 2023, investments at fair value consisted of the following:

	<u>2024</u>	<u>2023</u>
U.S. Treasury notes and bonds	\$ -	\$ 1,208,004
Corporate bonds	1,687,557	174,405
Common stocks	1,509,382	621,409
Mutual funds	330,113	534,289
Exchange-traded funds	<u>630,254</u>	<u>-</u>
Total investments	<u>\$ 4,157,306</u>	<u>\$ 2,538,107</u>

For the years ended December 31, 2024 and 2023, net investment returns included the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 160,353	\$ 126,602
Unrealized gains	141,232	132,213
Realized gains (losses)	29,395	(4,157)
Less, management fees	<u>(14,814)</u>	<u>(14,872)</u>
Total investment returns, net	<u>\$ 316,166</u>	<u>\$ 239,786</u>

NOTE 4 - LEASES

Equipment Lease

In April 2024, the Foundation entered an equipment lease for 63 months beginning in July 2024. Monthly payments are \$384 plus a surcharge of \$51, totaled \$435. The lease is classified as a finance lease and expires in September 2029.

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NOTE 4 - LEASES (Continued)

Office Lease

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 offered an option of converting the abatement into moving allowance for up to \$18,641 and the Foundation opted out from this option in 2024. The lease is classified as an operating lease and expires in February 2031.

As of December 31, 2024 and 2023, the right-of-use assets related to the finance and operating leases were as follows:

	<u>2024</u>	<u>2023</u>
Right-of-use asset - finance:		
Cost	\$ 24,476	\$ -
Less: accumulated amortization	<u>(2,100)</u>	<u>-</u>
Right-of-use assets - finance, net	<u>\$ 22,376</u>	<u>\$ -</u>
Right-of-use asset - operating:		
Cost	\$ 543,263	\$ 954,290
Less: accumulated amortization	<u>(41,132)</u>	<u>(339,789)</u>
Right-of-use assets - operating, net	<u>\$ 502,131</u>	<u>\$ 614,501</u>

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NOTE 4 - LEASES (Continued)

As of December 31, 2024 and 2023, the liabilities related to the finance and operating leases were as follows:

	<u>2024</u>	<u>2023</u>
Lease liability - finance:		
Current portion	\$ 4,338	\$ -
Net of current portion	<u>18,038</u>	<u>-</u>
Lease liability - finance	<u><u>\$ 22,376</u></u>	<u><u>\$ -</u></u>
Lease liability - operating:		
Current portion	\$ 59,487	\$ 71,484
Net of current portion	<u>498,554</u>	<u>574,516</u>
Lease liability - operating	<u><u>\$ 558,041</u></u>	<u><u>\$ 646,000</u></u>

The components of lease costs are as follows:

	<u>2024</u>	<u>2023</u>
Finance lease:		
Interest expense	\$ 510	\$ -
Amortization expense	2,100	-
Operating lease:		
Occupancy expense	<u>164,402</u>	<u>189,892</u>
Total lease costs	<u><u>\$ 167,012</u></u>	<u><u>\$ 189,892</u></u>

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NOTE 4 - LEASES (Continued)

The weighted-average remaining lease term and discount rates are as follows.

	<u>2024</u>	<u>2023</u>
Finance lease:		
Weighted-average remaining lease term	<u>4.75 years</u>	<u>-</u>
Weighted-average discount rate	<u>4.32%</u>	<u>-</u>
Operating lease:		
Weighted-average remaining lease term	<u>6.17 years</u>	<u>5.92 years</u>
Weighted-average discount rates	<u>4.61%</u>	<u>4.21%</u>

Future minimum payments are as follows for the finance and operating leases for the years ending December 31:

	<u>Finance lease</u>	<u>Operating Lease</u>
2025	\$ 5,219	\$ 84,300
2026	5,219	103,394
2027	5,219	105,985
2028	5,219	108,622
2029	3,914	111,331
Thereafter	<u>-</u>	<u>133,336</u>
Total undiscounted cash flows	24,790	646,968
Less: present value discount	<u>(2,414)</u>	<u>(88,927)</u>
Total lease liabilities	<u>\$ 22,376</u>	<u>\$ 558,041</u>

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NOTE 5 - CHARITABLE REMAINDER TRUST

In 2004, the Foundation entered into an irrevocable life tenancy agreement with a donor, whereby the Organization will receive the donor's residence upon the donor's death. In 2016, the agreement was amended to extend the life tenancy to the donor's spouse, deferring receipt until her death. The beneficial interest is measured at the present value of the estimated future cash flows (FASB ASC 958-605). The fair value of the property as of December 31, 2004, per an independent appraisal in April 2005, was \$475,000. As of December 31, 2023, the fair value remained at \$475,000 (based on the 2005 appraisal); as of December 31, 2024, the fair value, determined by comparable sales, was \$760,000.

In 2023, the fair value was discounted over a 20-year period ending in 2026, reflecting the remaining life tenancy of the donor, at a 6% discount rate, resulting in a remainder interest of \$398,820. In 2024, the fair value was discounted over a 20-year period ending in 2045, reflecting the remaining life tenancy of the spouse, at a 6% discount rate, resulting in a remainder interest of \$236,972. For the year ended December 31, 2023, the present value adjustment increased the beneficial interest by \$22,576; for the year ended December 31, 2024, the adjustment decreased the beneficial interest by \$161,848, primarily due to updated life expectancy assumptions (now based on the spouse) and market conditions (updated property value). These adjustments are reported in wills and change in fair value of trust revenue line item in the statements of activities.

NOTE 6 - 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.

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NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

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, 2024 and 2023:

- 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 and exchange-traded funds - Valued at the daily closing price as reported by the fund. Mutual funds and exchange-traded funds held by the Foundation are open-end mutual funds and exchange-traded 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.

As of December 31, 2024 and 2023, the tables below present the fair value of the investments and Charitable Remainder Trust by level within the hierarchy.

	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ -	\$ 1,687,557	\$ -	\$ 1,687,557
Common stocks	1,509,382	-	-	1,509,382
Mutual funds	330,113	-	-	330,113
Exchange-traded funds	630,254	-	-	630,254
Total investments	2,469,749	1,687,557	-	4,157,306
Charitable Remainder Trust	-	-	236,972	236,972
Total investments and Trust	\$ 2,469,749	\$ 1,687,557	\$ 236,972	\$ 4,394,278

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NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

	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	534,289	-	-	534,289
Total investments	2,363,702	174,405	-	2,538,107
Charitable Remainder Trust	-	-	398,820	398,820
Total investments and Trust	<u>\$ 2,363,702</u>	<u>\$ 174,405</u>	<u>\$ 398,820</u>	<u>\$ 2,936,927</u>

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

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, 2024 and 2023:

	2024	2023
Balance, beginning of year	\$ 398,820	\$ 376,244
Present value adjustment	<u>(161,848)</u>	<u>22,576</u>
Balance, end of year	<u>\$ 236,972</u>	<u>\$ 398,820</u>

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

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NOTE 7 - 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Board-designated net assets, beginning of the year	\$ 90,000	\$ 90,000
Releases	<u>(30,000)</u>	<u>-</u>
Board-designated net assets, end of the year	<u>\$ 60,000</u>	<u>\$ 90,000</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to time restriction:		
Charitable Remainder Trust	<u>\$ 236,972</u>	<u>\$ 398,820</u>
Subject to expenditure for specified purposes:		
Fundraising	15,000	15,000
Health Professional Education Programs	25,000	-
Patient educational programs and conferences	175,000	53,261
Research	<u>962,646</u>	<u>725,285</u>
	<u>1,177,646</u>	<u>793,546</u>
Total net assets with donor restrictions	<u>\$ 1,414,618</u>	<u>\$ 1,192,366</u>

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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions, for the years ended December 31, 2024 and 2023 by incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2024</u>	<u>2023</u>
Awareness	\$ 75,000	\$ 50,000
Fundraising	15,000	-
Health Professional Education Programs	310,000	380,943
Patient educational programs and conferences	653,615	782,737
Research	<u>862,235</u>	<u>1,111,660</u>
Total net assets released from donor restrictions	<u>\$ 1,915,850</u>	<u>\$ 2,325,340</u>

NOTE 9 - EMPLOYEE RETENTION CREDIT

In August 2023, the Foundation received the Employee Retention Credit (ERC) for \$81,134. The ERC was established by the Coronavirus Aid, Relief, and Economic Security Act, and subsequently amended by the Consolidated Appropriations Act of 2021, the American Rescue Plan Act and the Infrastructure Investment and Jobs Act. 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. In late 2024, a retroactive adjustment was made by the Internal Revenue Service for \$7,000, which was paid in 2025. The retroactive adjustment was recorded in payroll taxes in the statement of functional expenses.

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 10 - CONTINGENCY

During the years ended December 31, 2021 and 2020, the Foundation entered into 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.

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NOTE 11 - 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 \$25,243 and \$18,228 for the years ended December 31, 2024 and 2023, respectively, which is included in employee benefits expense in the accompanying statements of functional expenses.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,560,518	\$ 3,152,902
Contributions and grants receivable	722,213	345,615
Miscellaneous receivable	-	18,641
Investments	<u>4,157,306</u>	<u>2,538,107</u>
 Total financial assets	 6,440,037	 6,055,265
 Less: financial assets unavailable for expenditure within one year due to:		
Net assets with donor restrictions for special purposes	(172,474)	(458,261)
Board-designated net assets	<u>(60,000)</u>	<u>(90,000)</u>
 Financial assets available to meet cash needs for general expenditure within one year	 <u>\$ 6,207,563</u>	 <u>\$ 5,507,004</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 June 20, 2025, 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.