

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

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019



# **Aplastic Anemia & MDS International Foundation, Inc.**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Aplastic Anemia & MDS International Foundation, Inc.  
Bethesda, Maryland

We have audited the accompanying financial statements of Aplastic Anemia & MDS International Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aplastic Anemia & MDS International Foundation, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements of Aplastic Anemia & MDS International Foundation, Inc. as of December 31, 2019 were audited by other auditors whose report dated May 22, 2020 expressed an unmodified opinion on those statements.

*UHY LLP*

Columbia, Maryland  
June 21, 2021

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,755,398	\$ 1,220,150
Investments	521,450	965,146
Contributions and grants receivable	1,797,963	235,711
Prepaid expenses	<u>87,418</u>	<u>35,747</u>
Total current assets	<u>4,162,229</u>	<u>2,456,754</u>
PROPERTY AND EQUIPMENT		
Property and equipment	473,093	443,816
Less: accumulated depreciation	<u>(402,490)</u>	<u>(363,992)</u>
Total property and equipment, net	<u>70,603</u>	<u>79,824</u>
NON-CURRENT ASSETS		
Security deposits	14,922	15,022
Charitable remainder trust	<u>334,856</u>	<u>315,902</u>
Total non-current assets	<u>349,778</u>	<u>330,924</u>
Total assets	<u>\$ 4,582,610</u>	<u>\$ 2,867,502</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 46,732	\$ 26,999
Accrued expenses	868,678	274,590
Current portion of deferred rent	41,890	61,643
Grants payable	<u>-</u>	<u>536,624</u>
Total current liabilities	957,300	899,856
NON-CURRENT LIABILITIES		
Deferred rent	<u>62,243</u>	<u>104,133</u>
Total liabilities	<u>1,019,543</u>	<u>1,003,989</u>
NET ASSETS		
Without donor restrictions:		
Available for operations	2,444,976	697,014
Board designated	<u>120,000</u>	<u>160,000</u>
Total net assets without donor restrictions	2,564,976	857,014
With donor restrictions	<u>998,091</u>	<u>1,006,499</u>
Total net assets	<u>3,563,067</u>	<u>1,863,513</u>
Total liabilities and net assets	<u>\$ 4,582,610</u>	<u>\$ 2,867,502</u>

See notes to financial statements.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants:						
Individuals	\$ 1,666,745	\$ 125,388	\$ 1,792,133	\$ 543,654	\$ 144,632	\$ 688,286
Corporations and other	100,702	2,345,586	2,446,288	144,728	1,795,531	1,940,259
Foundations	52,095	27,000	79,095	66,000	2,500	68,500
Contributed materials and services	2,996	500	3,496	195	4,100	4,295
Contributed investment securities	4,732	-	4,732	37,154	-	37,154
Paycheck Protection Program grant	-	182,300	182,300	-	-	-
Wills and change in fair value of trust	36,503	18,954	55,457	54,046	17,881	71,927
Events	33,970	125	34,095	35,179	2,509	37,688
Investment income, net	50,255	-	50,255	183,349	12,189	195,538
Net assets released from restrictions	2,708,261	(2,708,261)	-	3,197,150	(3,197,150)	-
Total support and revenue	4,656,259	(8,408)	4,647,851	4,261,455	(1,217,808)	3,043,647
<b>EXPENSES</b>						
Program services	2,388,116	-	2,388,116	2,507,980	-	2,507,980
General and administrative	279,378	-	279,378	302,805	-	302,805
Fundraising	280,803	-	280,803	277,069	-	277,069
Total expenses	2,948,297	-	2,948,297	3,087,854	-	3,087,854
<b>Change in Net Assets</b>	1,707,962	(8,408)	1,699,554	1,173,601	(1,217,808)	(44,207)
<b>Net Assets, Beginning</b>	857,014	1,006,499	1,863,513	(316,587)	2,224,307	1,907,720
<b>Net Assets, Ending</b>	\$ 2,564,976	\$ 998,091	\$ 3,563,067	\$ 857,014	\$ 1,006,499	\$ 1,863,513

See notes to financial statements.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2020

	<b>2020</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel costs:				
Salaries	\$ 682,086	\$ 114,270	\$ 173,112	\$ 969,468
Employee benefits	67,599	11,325	17,157	96,081
Payroll taxes	53,602	8,979	13,604	76,185
Total personnel costs	803,287	134,574	203,873	1,141,734
Professional and contract services	1,072,510	43,680	21,999	1,138,189
Office expenses	35,897	8,079	22,109	66,085
Information technology	92,936	31,126	10,471	134,533
Occupancy and related expenses	125,403	45,631	14,745	185,779
Travel and meetings	40,674	52	1,367	42,093
Awards, grants and honoraria	172,792	-	993	173,785
Insurance	12,801	4,658	1,505	18,964
Bank service fees	5,829	2,123	685	8,637
Depreciation	25,987	9,455	3,056	38,498
Total expenses	<u>\$ 2,388,116</u>	<u>\$ 279,378</u>	<u>\$ 280,803</u>	<u>\$ 2,948,297</u>

See notes to financial statements.

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	<b>2019</b>			
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Personnel costs:				
Salaries	\$ 479,121	\$ 128,265	\$ 124,959	\$ 732,345
Employee benefits	61,106	16,359	15,937	93,402
Payroll taxes	43,517	11,650	11,350	66,517
Total personnel costs	583,744	156,274	152,246	892,264
Professional and contract services	230,844	44,843	40,799	316,486
Office expenses	51,169	8,315	37,806	97,290
Information technology	79,241	26,579	8,305	114,125
Occupancy and related expenses	131,496	47,285	14,527	193,308
Travel and meetings	367,720	1,578	16,149	385,447
Professional development	495	140	43	678
Awards, grants and honoraria	206,462	-	1,728	208,190
CRC grant expense	802,619	-	-	802,619
Insurance	13,095	4,709	1,447	19,251
Bank service fees	8,097	2,912	894	11,903
Depreciation	32,998	10,170	3,125	46,293
Total expenses	<u>\$ 2,507,980</u>	<u>\$ 302,805</u>	<u>\$ 277,069</u>	<u>\$ 3,087,854</u>

See notes to financial statements.



**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.****STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,699,554	\$ (44,207)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	38,498	46,293
Net unrealized losses (gains) on investments	35,473	(135,058)
Realized gains on investments	(78,357)	(24,443)
Donated investment securities	(4,732)	(37,154)
Increase in fair value of charitable remainder trust	(18,954)	(17,881)
Decrease (increase) in assets:		
Contributions and grants receivable	(1,562,252)	(141,222)
Prepaid expenses	(51,671)	4,605
Security deposits	100	210
Increase (decrease) in liabilities:		
Accounts payable	19,733	(66,610)
Accrued expenses	594,088	(230,107)
Grants payable	(536,624)	(162,338)
Deferred rent	(61,643)	58,629
	<u>73,213</u>	<u>(749,283)</u>
Net cash and cash equivalents provided (used) by operating activities		
	<u>73,213</u>	<u>(749,283)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,094,732	936,230
Purchases of investments	(603,420)	-
Purchases of property and equipment	(29,277)	(21,952)
	<u>462,035</u>	<u>914,278</u>
Net cash and cash equivalents provided by investing activities		
	<u>462,035</u>	<u>914,278</u>
<b>Net increase in cash and cash equivalents</b>	535,248	164,995
<b>Cash and cash equivalents, beginning of year</b>	<u>1,220,150</u>	<u>1,055,155</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,755,398</u>	<u>\$ 1,220,150</u>

**APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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

**Nature of the Organization**

The Aplastic Anemia & MDS International Foundation, Inc. (the Foundation) is a non-profit organization, incorporated in the State of Maryland and located in Bethesda, Maryland. The Foundation was formed to provide patient assistance, advocacy and support; create and distribute educational materials and medical information; and 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 received voluntary contributions from localized support groups and families which fund-raise independently of the Foundation.

The Foundation has allocated their resources among the following programs:

Patient Programs – Educational conferences for patients and their caregivers, webinars, printed and electronic educational literature, disease specific patient registries, and direct financial support for patient travel and medical expenses.

Professional Programs – Research opportunities for healthcare professionals, professional conferences, access to disease specific studies, and toolkits and other resources for healthcare professionals.

Awareness and Outreach – The Foundation utilizes a multitude of platforms to increase awareness of Aplastic Anemia, MDS, PNH and other rare blood diseases including social media, access to clinical trials on the website, printed and electronic patient guides, advocacy and other community outreach.

Supporting Services at the Foundation include the following functional categories:

Management and General – Management and General expenses include those for the overall function 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.

**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), whereby revenue is recognized when earned and expenses are recognized when incurred.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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

**Cash and Cash Equivalents**

The Foundation considers all cash 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.

**Investments**

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, 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 FASB 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.

**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 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 doubtful accounts or discount has not been established.

**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, 2020 and 2019 totaled \$38,498 and \$46,293, respectively.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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

**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 - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the 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 majority of the Foundation's revenue is received through contributions and grants with 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.

For contributions and grants qualifying under the contribution rules, revenue 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. Contributions and grants qualifying as contributions that are unconditional 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.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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

**Revenue Recognition (continued)**

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

Grants and contracts receivable represent amounts due from funding organizations for revenue and reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

**Contributed Materials and Services**

Contributed materials and services include t-shirts, hats, office supplies, and presentation services. Contributed materials 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. These amounts have been reported as in-kind contribution revenue on the statements of activities and in-kind expenses on the statements of functional expenses. 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.

The Foundation receives services from a number of volunteers who give significant amounts of their time to the Foundation's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

**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. Accordingly, certain overhead expenses have been allocated based on time and effort spent by the Foundation's personnel in such functions.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

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

**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 and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

**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 are 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, 2020 and 2019 since the Foundation had no taxable income from unrelated business activities.

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. None of the Foundation's federal tax returns are currently under examination.

**New Accounting Pronouncements Not Yet Adopted**

The FASB issued ASU 2019-01, *Leases* (Topic 842). This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments in the statements of financial position and disclosing key information about the leasing arrangements. The ASU is effective for the Foundation for the year ended December 31, 2022. The Foundation plans to adopt the new ASU at the required implementation date, and management is currently in the process of evaluating the adoption method and the impact of the new accounting standard on its financial statements.

**NOTE 2 - CONCENTRATIONS AND RISKS**

**Concentration of Donors**

For the year ended December 31, 2020, two donors accounted for 37% of the contributions and grant support and 75% of contributions and grants receivable. If a significant reduction in these donors should occur, it may have an effect on the Foundation's programs.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

**NOTE 2 - CONCENTRATIONS AND RISKS (Continued)**

**Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. Such investments are exposed to various risks such as market and credit 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 Foundation maintains a cash deposit and transaction account, along with investments, with financial institutions that from time to time 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.

**NOTE 3 - INVESTMENTS**

As of December 31, 2020 and 2019, investments at fair value consisted of the following:

	<u>2020</u>	<u>2019</u>
U.S. Treasury notes and bonds	\$ 62,004	\$ 125,982
Corporate bonds	144,408	136,866
Common stocks	289,443	567,334
Mutual funds	<u>25,595</u>	<u>134,964</u>
Total investments	<u>\$ 521,450</u>	<u>\$ 965,146</u>

For the years ended December 31, 2020 and 2019, net investment income included the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 14,363	\$ 47,262
Unrealized gains (losses)	(35,473)	135,058
Realized gains	78,357	24,443
Less, management fees	<u>(6,992)</u>	<u>(11,225)</u>
Total investment income, net	<u>\$ 50,255</u>	<u>\$ 195,538</u>

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the years ended December 31, 2020 and 2019**

**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%, and reported in the wills and change in fair value of trust revenue line item in the accompanying statement of activities. For the years ended December 31, 2020 and 2019, the present value adjustment increased the value of the charitable remainder trust by \$18,954 and \$17,881, respectively.

**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 Statement 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 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, 2020 and 2019:

- U.S. Treasury notes and bonds - Valued at the closing price reported on the active market in which the individual securities are traded.



**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

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

- 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 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.

As of December 31, 2020 and 2019, the tables below present the fair value of the investments and Charitable Remainder Trust by level within the hierarchy.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes and bonds	\$ 62,004	\$ -	\$ -	\$ 62,004
Corporate bonds	144,408	-	-	144,408
Common stocks	289,443	-	-	289,443
Mutual funds	<u>25,595</u>	<u>-</u>	<u>-</u>	<u>25,595</u>
Total investments	521,450	-	-	521,450
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>334,856</u>	<u>334,856</u>
Total investments and Trust	<u>\$ 521,450</u>	<u>\$ -</u>	<u>\$ 334,856</u>	<u>\$ 856,306</u>

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes and Government agency securities	\$ 125,982	\$ -	\$ -	\$ 125,982
Corporate bonds	136,866	-	-	136,866
Common stocks	567,334	-	-	567,334
Mutual funds	<u>134,964</u>	<u>-</u>	<u>-</u>	<u>134,964</u>
Total investments	965,146	-	-	965,146
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>315,902</u>	<u>315,902</u>
Total investments and Trust	<u>\$ 965,146</u>	<u>\$ -</u>	<u>\$ 315,902</u>	<u>\$ 1,281,048</u>

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2020 and 2019

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

**Level 3 Financial Assets**

The following table provides a summary of changes in present value of the Foundation's Charitable Remainder Trust asset for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 315,902	\$ 298,021
Present value adjustment	<u>18,954</u>	<u>17,881</u>
Balance, end of year	<u>\$ 334,856</u>	<u>\$ 315,902</u>

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

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2020 and 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

**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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Board designated net assets, beginning of the year	\$ 160,000	\$ 157,794
Additions	-	2,206
Releases	<u>(40,000)</u>	<u>-</u>
Board designated net assets, end of the year	<u>\$ 120,000</u>	<u>\$ 160,000</u>

**Aplastic Anemia & MDS International Foundation, Inc.**  
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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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to time restriction:		
Charitable Remainder Trust	\$ 334,856	\$ 315,902
Subject to expenditure for specified purposes:		
Research	459,125	459,547
Health Professional Education Programs	9,000	12,550
Patient Educational Programs and Conferences	191,610	216,500
Awareness	<u>3,500</u>	<u>2,000</u>
Total net assets with donor restrictions	<u>\$ 998,091</u>	<u>\$ 1,006,499</u>

The following net assets with donor restrictions were released from donor restrictions, for the years ended December 31, 2020 and 2019 by incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Awareness	\$ 198,175	\$ 244,500
Health Professional Education Programs	645,870	484,724
MDS Clinical Research Consortium	-	1,091,450
Patient Educational Programs and Conferences	1,724,440	1,155,195
Research	<u>139,776</u>	<u>221,281</u>
Total net assets with donor restrictions	<u>\$ 2,708,261</u>	<u>\$ 3,197,150</u>

**Aplastic Anemia & MDS International Foundation, Inc.**  
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**NOTE 8 - PAYCHECK PROTECTION PROGRAM (PPP) GRANT REVENUE**

On April 29, 2020, the Foundation entered into a U.S. Small Business Administration (SBA) PPP loan in the principal amount of \$182,300 payable to United Bank (the Bank). The loan is uncollateralized and is fully guaranteed by the Federal Government. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements such as maintaining employment levels during an eight-week or twenty-four week period and using the funds for certain payroll and expenses. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions under FASB ASC 958-605; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized the full amount of the loan as government grant revenue for the year ended December 31, 2020 in the statements of activities.

The application for forgiveness was submitted during 2021. Although the Bank has approved the application in June 2021, both the Bank and SBA must review and approve the forgiveness application. No assurance is provided that the Foundation will obtain forgiveness of the refundable advance in whole or in part. Should any portion of the refundable advance be repayable to the SBA, the Foundation will record the amount of the refundable advance to be repaid as a loan which carries an interest rate of 1% per annum, payable in monthly installments over a 5-year term. There is no prepayment penalty. According to the rules of the SBA, the Foundation is required to retain documentation for six years after the date of the refundable advance is forgiven or repaid in full, and permit authorized representatives of the SBA to access such files upon request.

**NOTE 9 - PENSION PLAN**

The Foundation has established 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 6% of eligible compensation. The Foundation contributed \$28,548 and \$30,360 for the years ended December 31, 2020 and 2019, respectively. Retirement expense is included in employee benefits expense in the accompanying statements of functional expenses.

**NOTE 10 - LEASE COMMITMENT**

The Foundation entered into a ninety-two-month office space 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.

An amendment to the lease was entered into effective April 3, 2019. The Foundation received a partial deferral of the base rent obligations. The Foundation was permitted to defer up to 50% of base rents due under the lease during the period of April 1, 2019 through December 31, 2019 or the deferral period termination date.

**Aplastic Anemia & MDS International Foundation, Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 - LEASE COMMITMENT (Continued)**

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the statements of financial Position. Future minimum payments are as follows:

For the years ending December 31	<u>Amount</u>
2021	\$ 214,798
2022	195,160
2023	200,039
2024	<u>84,903</u>
Total future minimum lease payments	<u>\$ 694,900</u>

For the years ended December 31, 2020 and 2019, rent expense totaled \$177,094 and \$171,755, respectively, and is included in occupancy and related expenses in the statements of functional expenses. As of December 31, 2020 and 2019, the deferred rent liability was \$104,133 and \$165,776, respectively.

**NOTE 11 - 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,755,398	\$ 1,220,150
Investments	521,450	965,146
Contributions receivable	<u>1,797,963</u>	<u>235,711</u>
Total financial assets	4,074,811	2,421,007
Less: Financial assets unavailable for expenditure within one year due to:		
Board designated net assets	<u>(120,000)</u>	<u>(160,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,954,811</u>	<u>\$ 2,261,007</u>

**Aplastic Anemia & MDS International Foundation, Inc.**  
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**NOTE 11 - LIQUIDITY AND AVAILABILITY (Continued)**

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 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.

**NOTE 12 - IMPACT OF COVID-19 VIRUS**

The COVID-19 pandemic, the effects of which first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Foundation experienced a significant decline in revenue during the first quarter of 2020 and thus applied for and received a loan under the Payroll Protection Program through the SBA. The funds from this loan were used to pay qualifying payroll expenses. The Foundation has applied for and expects full forgiveness of this loan.

In response to local and state government mandated business closures, the Foundation temporarily closed its facilities to the public. The Foundation continues operations through remote access and limiting onsite staff.

**NOTE 13 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 21, 2021, which is the date the financial statements were available to be issued.

On March 9, 2021, the Foundation entered into a second U.S. Small Business Administration (SBA) PPP loan in the principal amount of \$182,366 payable to United Bank (the bank). The PPP loan will bear interest at a rate of 1% per annum. No payments will be due on the PPP loan until either (1) the date that SBA remits the loan forgiveness amount to the lender or (2) if the Foundation does not apply for loan forgiveness, 16 months after the end of the Foundation's loan forgiveness covered period. If the PPP loan is not forgiven, the Foundation will be obligated to make monthly payments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the PPP loan by the maturity date. The maturity date is March 9, 2026.

Except as previously disclosed, management has determined that there are no other subsequent events which require disclosure.