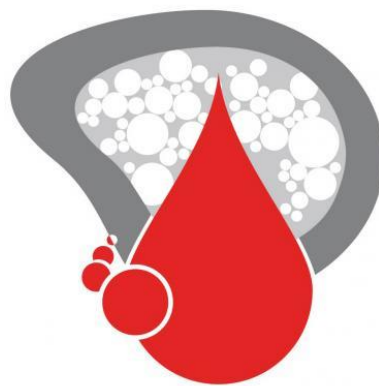


**APLASTIC ANEMIA & MDS
INTERNATIONAL FOUNDATION, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



AA•MDS

INTERNATIONAL FOUNDATION

Aplastic Anemia & MDS International Foundation, Inc.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to the Financial Statements	8-21

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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Aplastic Anemia & MDS International Foundation, Inc. as of December 31, 2021 and 2020, 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 Aplastic Anemia & MDS International 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.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

Columbia, Maryland
June 22, 2022

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,774,248	\$ 1,755,398
Contributions and grants receivable	367,344	1,797,963
Prepaid expenses	23,250	87,418
Investments	1,613,778	521,450
Total current assets	<u>4,778,620</u>	<u>4,162,229</u>
PROPERTY AND EQUIPMENT		
Furniture, equipment and website	487,291	473,093
Less: accumulated depreciation	<u>(436,405)</u>	<u>(402,490)</u>
Total property and equipment, net	<u>50,886</u>	<u>70,603</u>
NON-CURRENT ASSETS		
Security deposits	14,922	14,922
Charitable Remainder Trust	<u>354,948</u>	<u>334,856</u>
Total non-current assets	<u>369,870</u>	<u>349,778</u>
Total assets	<u><u>\$ 5,199,376</u></u>	<u><u>\$ 4,582,610</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 45,658	\$ 46,732
Accrued expenses	116,833	868,678
Deferred rent	<u>22,253</u>	<u>41,890</u>
Total current liabilities	184,744	957,300
NON-CURRENT LIABILITIES		
Deferred rent, net of current portion	<u>39,990</u>	<u>62,243</u>
Total liabilities	<u>224,734</u>	<u>1,019,543</u>
NET ASSETS		
Without donor restrictions:		
Available for operations	3,616,727	2,444,976
Board-designated	<u>150,000</u>	<u>120,000</u>
Total net assets without donor restrictions	3,766,727	2,564,976
With donor restrictions	<u>1,207,915</u>	<u>998,091</u>
Total net assets	<u>4,974,642</u>	<u>3,563,067</u>
Total liabilities and net assets	<u><u>\$ 5,199,376</u></u>	<u><u>\$ 4,582,610</u></u>

See notes to financial statements.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants:						
Individuals	\$ 550,557	\$ 123,024	\$ 673,581	\$ 1,666,745	\$ 125,388	\$ 1,792,133
Corporations and other	169,487	2,213,958	2,383,445	100,702	2,345,586	2,446,288
Foundations	57,496	15,000	72,496	52,095	27,000	79,095
Contributed goods, services and securities	3,595	21,600	25,195	7,728	500	8,228
Paycheck Protection Program grant	-	182,336	182,336	-	182,300	182,300
Wills and change in fair value of trust	37,025	20,092	57,117	36,503	18,954	55,457
Events	24,315	-	24,315	33,970	125	34,095
Investment income, net	112,993	-	112,993	50,255	-	50,255
Net assets released from restrictions	2,366,186	(2,366,186)	-	2,708,261	(2,708,261)	-
Total support and revenue	3,321,654	209,824	3,531,478	4,656,259	(8,408)	4,647,851
EXPENSES						
Program services	1,685,770	-	1,685,770	2,388,116	-	2,388,116
General and administrative	197,487	-	197,487	279,378	-	279,378
Fundraising	236,646	-	236,646	280,803	-	280,803
Total expenses	2,119,903	-	2,119,903	2,948,297	-	2,948,297
Change in Net Assets	1,201,751	209,824	1,411,575	1,707,962	(8,408)	1,699,554
Net Assets, Beginning	2,564,976	998,091	3,563,067	857,014	1,006,499	1,863,513
Net Assets, Ending	<u>\$ 3,766,727</u>	<u>\$ 1,207,915</u>	<u>\$ 4,974,642</u>	<u>\$ 2,564,976</u>	<u>\$ 998,091</u>	<u>\$ 3,563,067</u>

See notes to financial statements.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	2021			
	Program Services	General and Administrative	Fundraising	Total Expenses
Personnel costs:				
Salaries	\$ 726,282	\$ 25,716	\$ 59,319	\$ 811,317
Employee benefits	70,453	2,494	5,754	78,701
Payroll taxes	59,267	2,098	4,841	66,206
Total personnel costs	856,002	30,308	69,914	956,224
Professional and contract services	368,012	46,513	88,789	503,314
Office expenses	30,121	9,782	34,460	74,363
Information technology	96,150	40,332	12,490	148,972
Occupancy and related expenses	111,695	51,538	15,679	178,912
Travel and meetings	47,130	272	8,978	56,380
Professional development	1,235	432	131	1,798
Awards, grants and honoraria	135,743	-	636	136,379
Insurance	12,335	5,691	1,731	19,757
Bank service fees	6,174	2,849	866	9,889
Depreciation	21,173	9,770	2,972	33,915
Total expenses	<u>\$ 1,685,770</u>	<u>\$ 197,487</u>	<u>\$ 236,646</u>	<u>\$ 2,119,903</u>

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	2020			
	Program Services	General and Administrative	Fundraising	Total Expenses
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>

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,411,575	\$ 1,699,554
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Non-cash activities:		
Depreciation	33,915	38,498
Net unrealized (gains) losses on investments	(51,322)	35,473
Realized gains on investments	(25,673)	(78,357)
Donated investment securities	(3,293)	(4,732)
Increase in fair value of charitable remainder trust	(20,092)	(18,954)
Decrease (increase) in assets:		
Contributions and grants receivable	1,430,619	(1,562,252)
Prepaid expenses	64,168	(51,671)
Security deposits	-	100
Increase (decrease) in liabilities:		
Accounts payable	(1,074)	19,733
Accrued expenses	(751,845)	594,088
Grants payable	-	(536,624)
Deferred rent	(41,890)	(61,643)
	<u>2,045,088</u>	<u>73,213</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	1,233,000	1,094,732
Purchases of investments	(2,245,040)	(603,420)
Purchases of property and equipment	(14,198)	(29,277)
	<u>(1,026,238)</u>	<u>462,035</u>
Net cash (used) provided by investing activities		
Net increase in cash and cash equivalents	1,018,850	535,248
Cash and cash equivalents, beginning of year	<u>1,755,398</u>	<u>1,220,150</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,774,248</u></u>	<u><u>\$ 1,755,398</u></u>

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of the Organization

Aplastic Anemia & MDS International Foundation, Inc. (the Foundation) is a non-profit organization, incorporated on December 6, 1983 in the State of Maryland and located in Bethesda, Maryland. The Foundation was formed to provide patient 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, 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 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 number 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 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.

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).

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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

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.

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, 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 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, 2021 and 2020 totaled \$33,915 and \$38,498, respectively.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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 - 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.

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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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 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. 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 as 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 on 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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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

Expense Allocation (Continued)

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 expense, 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 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, 2021 and 2020 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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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

New Accounting Pronouncements Not Yet Adopted (Continued)

The FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in the ASU improve the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU should be applied on a retrospective basis. The ASU is effective for the year ending December 31, 2022. The Foundation does not anticipate that this ASU will have a material impact on the financial statements or the disclosures, and a restatement will not be required.

Reclassifications

Certain amounts from 2020 financial statements have been reclassified for comparative purposes to conform to the 2021 presentation. There was no effect on the 2020 change in net assets as a result of these reclassifications.

NOTE 2 - CONCENTRATIONS AND RISKS

Concentration of Donors

For the year ended December 31, 2021, two donors accounted for 25% of the contributions and grant support and 63% of contributions and grants receivable.

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.

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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - CONCENTRATIONS AND RISKS (Continued)

Concentration of Credit Risk (Continued)

The Foundation maintains cash deposit and transaction accounts, 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, 2021 and 2020, investments at fair value consisted of the following:

	<u>2021</u>	<u>2020</u>
U.S. Treasury notes and bonds	\$ 57,651	\$ 62,004
Corporate bonds	137,922	144,498
Common stocks	620,580	289,443
Mutual funds	<u>797,625</u>	<u>25,595</u>
Total investments	<u>\$ 1,613,778</u>	<u>\$ 521,450</u>

For the years ended December 31, 2021 and 2020, net investment income included the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 51,744	\$ 14,363
Unrealized gains (losses)	51,322	(35,473)
Realized gains	25,673	78,357
Less, management fees	<u>(15,746)</u>	<u>(6,992)</u>
Total investment income, net	<u>\$ 112,993</u>	<u>\$ 50,255</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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 4 - CHARITABLE REMAINDER TRUST (Continued)

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 statements of activities. For the years ended December 31, 2021 and 2020, the present value adjustment increased the value of the Foundation's beneficial interest in the charitable remainder trust by \$20,092 and \$18,954, 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 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, 2021 and 2020:

- 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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

- Charitable Remainder Trust - Valued at the estimated present value of the appraised value of a life tenancy agreement.

As of December 31, 2021 and 2020, the tables below present the fair value of the investments and Charitable Remainder Trust by level within the hierarchy.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes and bonds	\$ 57,651	\$ -	\$ -	\$ 57,651
Corporate bonds	137,922	-	-	137,922
Common stocks	620,580	-	-	620,580
Mutual funds	<u>797,625</u>	<u>-</u>	<u>-</u>	<u>797,625</u>
Total investments	1,613,778	-	-	1,613,778
Charitable Remainder Trust	<u>-</u>	<u>-</u>	<u>354,948</u>	<u>354,948</u>
Total investments and Trust	<u>\$ 1,613,778</u>	<u>\$ -</u>	<u>\$ 354,948</u>	<u>\$ 1,968,726</u>

	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>

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, 2021 and 2020:

	2021	2020
Balance, beginning of year	\$ 334,856	\$ 315,902
Present value adjustment	<u>20,092</u>	<u>18,954</u>
Balance, end of year	<u>\$ 354,948</u>	<u>\$ 334,856</u>

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The change in present value adjustment has been reported in the statements 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, 2021 and 2020. 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Board-designated net assets, beginning of the year	\$ 120,000	\$ 160,000
Additions	60,000	-
Releases	<u>(30,000)</u>	<u>(40,000)</u>
Board designated net assets, end of the year	<u>\$ 150,000</u>	<u>\$ 120,000</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to time restriction:		
Charitable Remainder Trust	\$ 354,948	\$ 334,856
Subject to expenditure for specified purposes:		
Awareness	45,000	3,500
Health Professional Education Programs	35,000	9,000
Patient Educational Programs and Conferences	315,067	191,610
Research	<u>457,900</u>	<u>459,125</u>
Total net assets with donor restrictions	<u>\$ 1,207,915</u>	<u>\$ 998,091</u>

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions, for the years ended December 31, 2021 and 2020 by incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2021</u>	<u>2020</u>
Awareness	\$ 230,600	\$ 198,175
Health Professional Education Programs	536,961	645,870
Patient Educational Programs and Conferences	1,469,430	1,724,440
Research	<u>129,195</u>	<u>139,776</u>
Total net assets with donor restrictions	<u>\$ 2,366,186</u>	<u>\$ 2,708,261</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM (PPP) GRANT REVENUE

During the years ended December 31, 2021 and 2020, the Foundation entered into a U.S. Small Business Administration (SBA) PPP loan in the principal amount of \$182,336 (PPP2 Loan) and \$182,300 (PPP1 Loan) payable to United Bank (the Bank), respectively. The loans were uncollateralized and fully guaranteed by the Federal Government. The Foundation was 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 (at stipulated percentages) 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, the Foundation recorded the PPP loans as a grant once the measurable performance or other barrier and right of return of the PPP loans no longer existed. The Foundation has recognized the full amount of the loans as Paycheck Protection Program grant revenue for the years ended December 31, 2021 and 2020 in the statements of activities, respectively.

PPP2 loan was forgiven on December 27, 2021, and 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 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 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 \$20,725 and \$28,548 for the years ended December 31, 2021 and 2020, respectively. Retirement expense is included in employee benefits expense in the accompanying statements of functional expenses.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 10 - LEASE COMMITMENT

The Foundation entered into a 92-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 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.

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>
2022	\$ 195,160
2023	200,039
2024	<u>84,903</u>
Total future minimum lease payments	<u>\$ 480,102</u>

For the years ended December 31, 2021 and 2020, rent expense totaled \$177,586 and \$177,094, respectively, and is included in occupancy and related expenses in the statements of functional expenses. As of December 31, 2021 and 2020, the deferred rent liability was \$62,243 and \$104,133, respectively.

The Foundation will restate its lease obligations in accordance with its adoption of ASU 2019-01 for the year ended December 31, 2022.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,774,248	\$ 1,755,398
Contributions and grants receivable	367,344	1,797,963
Investments	<u>1,613,778</u>	<u>521,450</u>
Total financial assets	4,755,370	4,074,811
Less: financial assets unavailable for expenditure within one year due to:		
Net assets with donor restrictions	(367,900)	(429,125)
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>\$ 4,297,470</u>	<u>\$ 3,555,686</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.

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.

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.

APLASTIC ANEMIA & MDS INTERNATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, 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.