



THE MPN RESEARCH FOUNDATION

FINANCIAL STATEMENTS

NOVEMBER 30, 2015 AND 2014



Board of Directors
The MPN Research Foundation
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **THE MPN RESEARCH FOUNDATION** (a nonprofit organization) which comprise the statements of financial position as of November 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 control relevant to the entity'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 entity'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 **THE MPN RESEARCH FOUNDATION** as of November 30, 2015 and 2014, 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.

Sassetti LLC

Oak Park, Illinois
April 7, 2016

THE MPN RESEARCH FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 NOVEMBER 30, 2015 AND 2014

ASSETS	2015	2014
Cash and cash equivalents	\$ 144,265	\$ 255,710
Certificates of deposit	1,007,049	1,099,603
Investments	735,881	428,511
Pledges receivable	176,609	49,439
Prepaid expenses	6,635	9,833
Security deposits	3,200	3,200
Property and equipment	10,844	7,208
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Total Assets	<u>\$ 2,084,483</u>	<u>\$ 1,853,504</u>
LIABILITIES		
Accounts payable	\$ 23,583	\$ 20,116
Rent abatement liability	2,742	4,369
Grants payable	598,617	775,000
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Total Liabilities	<u>624,942</u>	<u>799,485</u>
NET ASSETS		
Unrestricted	992,231	386,791
Temporarily restricted	467,310	667,228
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Total Net Assets	<u>1,459,541</u>	<u>1,054,019</u>
Total Liabilities and Net Assets	<u>\$ 2,084,483</u>	<u>\$ 1,853,504</u>

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2015 AND 2014

	2015		2014		
	Unrestricted	Temporarily Restricted	Totals	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT					
Contributions	\$ 881,302	\$ 1,057,984	\$ 1,939,286	\$ 756,861	\$ 1,662,291
Investment income	6,849	-	6,849	2,974	2,974
In-kind	118,450	-	118,450	54,444	54,444
Net assets released from restrictions	1,257,902	(1,257,902)	-	546,164	(546,164)
Total Revenues and Other Support	2,264,503	(199,918)	2,064,585	1,360,443	1,719,709
EXPENSES					
Program	1,320,621	-	1,320,621	1,356,591	1,356,591
General and administrative	159,614	-	159,614	171,354	171,354
Fundraising	178,828	-	178,828	148,224	148,224
Total Expenses	1,659,063	-	1,659,063	1,676,169	1,676,169
CHANGE IN NET ASSETS					
Beginning of year	605,440	(199,918)	405,522	(315,726)	43,540
End of year	386,791	667,228	1,054,019	702,517	1,010,479
	\$ 992,231	\$ 467,310	\$ 1,459,541	\$ 386,791	\$ 1,054,019

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED NOVEMBER 30, 2015 AND 2014

	2015			2014				
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 798,167	\$ -	\$ -	\$ 798,167	\$ 1,033,518	\$ -	\$ -	\$ 1,033,518
Salaries, taxes and benefits	101,123	57,734	90,151	249,008	63,241	65,565	85,157	213,963
Outreach and marketing	68,310	199	27,051	95,560	29,794	-	4,717	34,511
Professional fees	42,869	27,758	-	70,627	47,082	44,515	-	91,597
Administration	-	14,374	-	14,374	-	8,215	448	8,663
Depreciation	-	2,839	-	2,839	-	2,351	-	2,351
Dues and publications	5,125	1,184	2,000	8,309	5,304	502	2,000	7,806
Filing fees	-	63	9,859	9,922	-	15	11,800	11,815
Insurance	-	13,374	-	13,374	-	10,199	-	10,199
In-kind	118,450	-	-	118,450	54,444	-	-	54,444
Other	-	4,580	777	5,357	-	1,770	300	2,070
Postage and mailing	14,607	6,130	8,723	29,460	9,490	9,168	11,513	30,171
Meetings	68,838	187	1,937	70,962	60,990	705	2,133	63,828
Printing and production	18,860	6,804	15,115	40,779	13,004	4,280	7,274	24,558
Supplies	1,228	7,564	209	9,001	598	4,334	1,002	5,934
Research advocacy	30,747	833	-	31,580	6,173	-	545	6,718
Rent	30,029	4,290	8,580	42,899	-27,791	3,970	7,940	39,701
Travel	14,565	3,038	12,479	30,082	4,890	1,783	13,395	20,068
Utilities	7,703	8,663	1,947	18,313	272	13,982	-	14,254
	\$ 1,320,621	\$ 159,614	\$ 178,828	\$ 1,659,063	\$ 1,356,591	\$ 171,354	\$ 148,224	\$ 1,676,169

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2015 AND 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Change in net assets	\$ 405,522	\$ 43,540
Adjustment to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	2,839	2,351
Unrealized losses securities	3,044	4,398
Changes in operating assets and liabilities -		
Decrease (increase) in prepaid expense	3,198	(3,203)
(Increase) decrease in pledges receivable	(127,170)	76,455
Increase (decrease) in accounts payable	3,467	(6,984)
Increase (decrease) in rent abatement liabilities	(1,627)	1,619
(Decrease) increase in grants payable	(176,383)	475,000
Net Cash Provided by Operating Activities	112,890	593,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(6,475)	(2,985)
Purchase of investments, net	(310,414)	(827,825)
Maturity of certificates of deposit	92,554	95,476
Net Cash Used In Investing Activities	(224,335)	(735,334)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(111,445)	(142,158)
CASH AND CASH EQUIVALENTS		
Beginning of year	255,710	397,868
End of year	\$ 144,265	\$ 255,710

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

THE MPN RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation - The MPN Research Foundation (Foundation), a not-for-profit corporation, supports innovative efforts to advance scientific understanding and potential treatments for Myeloproliferative Neoplasms (MPNs). The primary mission of MPN Research Foundation is to promote, fund and support the most innovative and effective research into the causes, treatments, and potentially the cure for 3 specific MPNs; essential thrombocythemia, polycythemia vera, and primary myelofibrosis.

Basis of Presentation - As required by the generally accepted accounting principles for Not-for-Profit accounting, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at November 30, 2015 and 2014.

Pledges Receivable - Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value. The Foundation reviews receivables and determines the need for an allowance for doubtful accounts based on management's experience and information. As of November 30, 2015 and 2014, no allowance for uncollectible accounts was considered necessary.

Property and Equipment - Property and equipment are valued at cost, or if donated, at the fair market value at the date of donation. The Foundation capitalizes equipment and other fixed assets with a cost greater than \$2,500.

Depreciation - Property and equipment are being depreciated over their estimated useful lives, from their date of acquisition, using straight-line depreciation. Useful lives are estimated to be 5 years for equipment and 7 years for furniture and fixtures. Depreciation charges totaled \$2,839 and \$2,351 for the years ended November 30, 2015 and 2014, respectively.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The Foundation has evaluated subsequent events through April 7, 2016, the date which the financial statements were available to be issued.

THE MPN RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Foundation is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code; thus, no provision for income tax has been provided for in the financial statements. The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending November 30, 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Certificates of Deposit - Certificates of deposit are recorded at cost. Interest income is included in the statements of activities.

Cash Flow Information - For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. No cash was paid for income taxes or interest during the years ended November 30, 2015 and 2014.

Grants Payable - Accounting for grants requires that promises to give be recognized as expenditures in the year of the commitment by donor.

In-kind Contributions - Contribution of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. It is the policy of the Foundation to record the estimated fair market value of certain in-kind contributions as an expense in its financial statements, and similarly increase donations by a like amount. During the years ended November 30, 2015 and 2014, the Foundation received donated advertising valued at \$118,450 and \$54,444, respectively.

Advertising - The Foundation's policy is to expense advertising costs as they are incurred. Total advertising costs included in expenses were \$95,560 and \$34,511, for the years ended November 30, 2015 and 2014, respectively.

Reclassifications - Certain reclassifications have been made to the November 30, 2014 financial statements in order to conform with the current presentation.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2015 AND 2014

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at November 30, 2015 and 2014, respectively.

	2015	2014
Amounts receivable in less than one year	\$ 71,609	\$ 49,439
Amounts receivable in greater than one year	105,000	-
Total receivable	176,609	49,439

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at November 30, 2015 and 2014, stated at cost:

	2015	2014
Furniture and equipment	\$ 32,316	\$ 25,841
Less accumulated depreciation	(21,472)	(18,633)
	\$ 10,844	\$ 7,208

4. GRANTS PAYABLE

Grants payable consist of amounts owed to both individuals and other Organizations totaling \$598,617 and \$775,000 as November 30, 2015 and 2014, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Advisory Board. At November 30, 2015, there were no contingent liabilities that could be estimated.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following components as of November 30, 2015 and 2014:

	2015	2014
Advisory board	\$ 30,351	\$ 15,320
Research fund	250,450	475,000
Marketing and outreach	81,509	125,773
Time restricted	105,000	51,135
	\$ 467,310	\$ 667,228

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2015 AND 2014

6. LEASE

The Foundation signed a lease with an independent party from June 1, 2010 through August 31, 2020. Rent was abated for the first 3 months, and an additional month was added to 2015 upon renewal of the lease in 2015. Rent expense was \$42,899 and \$39,701 for the years ended November 30, 2015 and 2014, respectively. Future minimum lease payments are as follows as of November 30:

2016	\$	44,820
2017		46,170
2018		47,550
2019		48,978
2020		37,557

7. CONCENTRATIONS

The Foundation deposits its cash funds at various financial institutions. At various times, the balances may exceed federally insured limits.

During the year ended November 30, 2015, contributions from the Foundation's two largest donors amounted to approximately thirty-six percent of total contributions and support. During the year ended November 30, 2014, contributions from the Foundation's three largest donors amounted to approximately forty-four percent of total contributions and support. During 2015, receivables from the same three donors amounted to approximately thirty-seven percent of total receivables.

8. BENEFIT PLAN

The Foundation contributes up to 3% of each employees salary to the defined contribution plan for its employee's. All full time employees are eligible for these benefits. Plan expenses totaled \$6,145 and \$5,509 for the years ended November 30, 2015 and 2014, respectively.

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

THE MPN RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2015 AND 2014

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Investment income consists of the following components for the years ended November 30:

	<u>2015</u>	<u>2014</u>
Dividend income	\$ 46	\$ 21
Interest income	8,227	7,351
Realized gains on securities	1,620	-
Unrealized losses on securities	(3,044)	(4,398)
	<u>\$ 6,849</u>	<u>\$ 2,974</u>

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles also establish a fair value hierarchy that requires the Foundation to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest of input that is significant to the fair value measurement. Generally accepted accounting principles establish three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities ; or
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2015 AND 2014

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The following tables summarize the classification of these investments by classification and method of valuation in accordance with the requirements of generally accepted accounting principles at November 30:

2015	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Money market	\$ 579,805	\$ -	\$ -	\$ 579,805
Equity	11,572	-	-	11,572
Municipal bonds	-	144,504	-	144,504
	<u>\$ 591,377</u>	<u>\$ 144,504</u>	<u>\$ -</u>	<u>\$ 735,881</u>

2014	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Money market	\$ 378,511	\$ -	\$ -	\$ 378,511
Municipal bonds	-	50,000	-	50,000
	<u>\$ 378,511</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 428,511</u>