

THE MPN RESEARCH FOUNDATION

FINANCIAL STATEMENTS

NOVEMBER 30, 2011 AND 2010



Board of Directors
The MPN Research Foundation
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of **THE MPN RESEARCH FOUNDATION** (a nonprofit organization) as of November 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

(Formerly Frank L. Sassetti & Co.)

February 29, 2012
Oak Park, Illinois

THE MPN RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2011 AND 2010

ASSETS	2011	2010
Cash and cash equivalents	\$ 65,202	\$ 291,962
Certificates of deposit	645,124	542,725
Accounts receivable	10,901	1,543
Prepaid expenses	13,242	17,723
Security deposits	3,200	3,200
Pledges receivable	274,890	264,808
Property and equipment	<u>8,977</u>	<u>11,853</u>
Total Assets	<u>\$ 1,021,536</u>	<u>\$ 1,133,814</u>
LIABILITIES		
Accounts payable	\$ 36,142	\$ 13,209
Rent abatement liability	6,299	8,073
Grants payable	<u>168,750</u>	<u>242,750</u>
Total Liabilities	<u>211,191</u>	<u>264,032</u>
NET ASSETS		
Unrestricted	390,297	418,863
Temporarily restricted	<u>420,048</u>	<u>450,919</u>
Total Net Assets	<u>810,345</u>	<u>869,782</u>
Total Liabilities and Net Assets	<u>\$ 1,021,536</u>	<u>\$ 1,133,814</u>

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

THE MPN RESEARCH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED NOVEMBER 30, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Totals	Totals		Totals	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,024,773	\$ 283,550	\$ 1,308,323	\$ 1,055,623	\$ 177,900	\$ 1,233,523
Investment income	7,452	-	7,452	14,065	-	14,065
Net assets released from restrictions	314,421	(314,421)	-	94,281	(94,281)	-
Total Revenues and Other Support	<u>1,346,646</u>	<u>(30,871)</u>	<u>1,315,775</u>	<u>1,163,969</u>	<u>83,619</u>	<u>1,247,588</u>
EXPENSES						
Program	1,081,636	-	1,081,636	1,124,538	-	1,124,538
General and administrative	140,307	-	140,307	181,730	-	181,730
Fundraising	153,269	-	153,269	146,692	-	146,692
Total Expenses	<u>1,375,212</u>	<u>-</u>	<u>1,375,212</u>	<u>1,452,960</u>	<u>-</u>	<u>1,452,960</u>
CHANGE IN NET ASSETS	(28,566)	(30,871)	(59,437)	(288,991)	83,619	(205,372)
NET ASSETS -						
Beginning of year	418,863	450,919	869,782	707,854	367,300	1,075,154
End of year	<u>\$ 390,297</u>	<u>\$ 420,048</u>	<u>\$ 810,345</u>	<u>\$ 418,863</u>	<u>\$ 450,919</u>	<u>\$ 869,782</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED NOVEMBER 30, 2011 AND 2010

	2011			2010				
	Program	General and Administrative	Fundraising	Totals	Program	General and Administrative	Fundraising	Totals
Grants	\$ 775,000	\$ -	\$ -	\$ 775,000	\$ 896,000	\$ -	\$ -	\$ 896,000
Salaries, taxes and benefits	94,678	55,251	83,605	233,534	79,367	54,336	80,047	213,750
Advertising	5,613	-	2,409	8,022	2,708	-	3,036	5,744
Professional fees	34,540	27,303	-	61,843	23,928	38,604	4,160	66,692
Depreciation	-	2,876	-	2,876	-	2,375	-	2,375
Dues and publications	2,079	912	3,265	6,256	147	4,363	4,704	9,214
Insurance	8,828	8,720	5,494	23,042	-	20,218	-	20,218
Office expenses	-	-	-	-	-	8,410	-	8,410
Other	7,500	5,567	5,914	18,981	338	7,566	4,852	12,756
Postage and mailing	6,811	5,433	7,907	20,151	16,550	4,778	7,576	28,904
Meetings	22,009	1,718	9,891	33,618	22,375	545	2,761	25,681
Printing and production	20,456	7,742	13,447	41,645	15,268	5,840	10,086	31,194
Program expenses	18,953	-	29	18,982	10,000	-	-	10,000
Symposium	28,585	-	28	28,613	35,081	-	500	35,581
Supplies	-	5,433	-	5,433	-	3,162	20	3,182
Rent	25,231	7,209	3,604	36,044	16,835	11,570	15,095	43,500
Telephone	5,151	2,048	2,715	9,914	412	7,795	1,253	9,460
Travel	6,455	3,571	12,868	22,894	5,529	6,402	12,602	24,533
Utilities	747	5,524	93	6,364	-	5,766	-	5,766
Website	19,000	1,000	2,000	22,000	-	-	-	-
	<u>\$ 1,081,636</u>	<u>\$ 140,307</u>	<u>\$ 153,269</u>	<u>\$ 1,375,212</u>	<u>\$ 1,124,538</u>	<u>\$ 181,730</u>	<u>\$ 146,692</u>	<u>\$ 1,452,960</u>

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

THE MPN RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2011 AND 2010

CASH FLOWS FROM OPERATING ACTIVITIES	2011	2010
Change in net assets	\$ (59,437)	\$ (205,372)
Adjustment to reconcile change in net assets to net cash used in operating activities -		
Depreciation	2,876	2,375
Changes in operating assets and liabilities -		
Increase in accounts receivable	(9,358)	(1,174)
Decrease in prepaid expense	4,481	23
Increase in security deposits	-	(3,200)
Increase in pledges receivable	(10,082)	(45,855)
Increase in accounts payable	22,933	12,235
(Decrease) increase in rent abatement liabilities	(1,774)	8,073
Decrease in grants payable	(74,000)	(50,000)
	<u>(124,361)</u>	<u>(282,895)</u>
Net Cash Used in Operating Activities		
	<u>(124,361)</u>	<u>(282,895)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	-	(8,146)
(Increase) decrease in certificates of deposit	(102,399)	90,696
	<u>(102,399)</u>	<u>90,696</u>
Net Cash (Used In) Provided by Investing Activities		
	<u>(102,399)</u>	<u>82,550</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(226,760)	(200,345)
CASH AND CASH EQUIVALENTS		
Beginning of year	291,962	492,307
End of year	\$ 65,202	\$ 291,962

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

THE MPN RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation - The MPN Research Foundation, a not-for-profit corporation, supports innovative efforts to advance scientific understanding and potential treatments for Myeloproliferative Neoplasms (MPN). 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, 2011 and 2010.

Pledges Receivable - Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value.

Accounts and Pledges Receivable - 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, 2011 and 2010, 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 the accelerated methods. Useful lives are estimated to be 5 years for equipment and 7 years for furniture and fixtures. Depreciation charges totaled \$2,876 and \$2,375 for the years ended November 31, 2011 and 2010, 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 February 29 2012, the date which the financial statements were available to be issued.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Investments - Investments consist of certificates of deposit and are recorded at cost. Interest income is included in the consolidated statements of activities. Investments are exposed to various factors such as interest rate, market, and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements.

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, 2011 and 2010.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs and various committee assignments.

Grants Payable - Accounting for Contributions Received and Contributions Made, requires that promises to give ("pledges") be recognized as expenditures in the year of the commitment by donor.

Reclassifications - Certain amounts in the November 30, 2011 financial statements have been reclassified to conform to the current year's presentation without affecting the previously reported net asset balances.

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following at November 30, 2011 and 2010, respectively.

	2011	2010
Amounts receivable in less than one year	\$ 85,936	\$ 58,000
Amounts receivable in greater than one year	201,969	222,400
Total receivable	287,905	280,400
Less: Unamortized discount	(13,015)	(15,592)
	\$ 274,890	\$ 264,808

The Foundation used a discount rate of approximately 2% for the years ended November 30, 2011 and 2010, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at November 30, 2011 and 2010, stated at cost:

	2011	2010
Furniture and equipment	\$ 19,909	\$ 19,909
Less accumulated depreciation	(10,932)	(8,056)
	\$ 8,977	\$ 11,853

4. GRANTS PAYABLE

Grants payable consist of amounts owed to both individuals and other Organizations totaling \$168,750 and \$242,750 as November 30, 2011 and 2010, respectively.

Future grant liabilities are contingent upon the approval of the Scientific Advisory Board. At November 30, 2011 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, 2011 and 2010:

	2011	2010
Purpose restricted	\$ 132,143	\$ 170,519
Time restricted	287,905	280,400
	\$ 420,048	\$ 450,919

THE MPN RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

6. LEASE

The Foundation signed a lease with an independent party from June 1, 2010 through August 31, 2015. Rent was abated for the first 3 months. The rent abatement is being amortized ratably over the non-cancellable lease term period. The lease is cancellable by the Foundation on February 2013 for a fee of \$25,000. If not cancelled, an additional 1 month abatement is granted. Rent expense was \$36,044 and \$43,500 for the years ended November 30, 2011 and 2010, respectively.

Future base rental minimum lease payments for the next five years are as follows:

<u>Years ending November 30,</u>	
2012	\$ 38,952
2013	40,122
2014	41,328
2015	31,770

7. CONCENTRATIONS

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

During 2011 and 2010, contributions from the Foundation's three largest donors amounted to approximately thirty-eight and forty percent, respectively, of total contributions and support.

9. BENEFIT PLAN

In November 2008 the Foundation created a defined contribution plan. The Foundation contributes up to 3% of each employees salary to the defined contribution plan for its employee. All full time employees are eligible for these benefits. Pension expense totaled \$3,146 and \$2,900 for 2011 and 2010, respectively.