

**International Waldenstrom's
Macroglobulinemia Foundation, Inc.
and Affiliate**

**Financial Statements
Year Ended December 31, 2020**



BRYANS & GRAMUGLIA
CPAs, LLC

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
December 31, 2020**

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Independent Auditors' Report

To the Boards of Directors
International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the consolidated 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 entities' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bryans & Gramuglia CPAs, LLC

Albany, New York

August 31, 2021

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statements of Financial Position
December 31, 2020 and 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 2,286,555	\$ 2,176,119
Cash and cash equivalents - restricted	2,320,119	1,151,783
Legacies and contributions receivable - current, net	272,865	149,531
Other receivables	37,268	13,885
Prepaid expenses	72,647	32,483
Total Current Assets	4,989,454	3,523,801
Property and Equipment		
Office equipment	11,805	11,805
Software	13,068	13,068
Website	115,830	34,128
Total	140,703	59,001
Less accumulated depreciation	50,173	45,842
Net Property and Equipment	90,530	13,159
Other Assets		
Legacies and contributions receivable - long-term, net	237,375	274,802
Deposits	573	1,472
Total Other Assets	237,948	276,274
TOTAL ASSETS	\$ 5,317,932	\$ 3,813,234
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 33,386	\$ 33,221
Accrued expenses	43,785	23,307
Total Current Liabilities (See Note 10)	77,171	56,528
Long-Term Liabilities (See Note 10)	-	-
Total Liabilities	77,171	56,528
Net Assets		
Without donor restrictions	2,410,402	2,162,607
With donor restrictions	2,830,359	1,594,099
Total Net Assets	5,240,761	3,756,706
TOTAL LIABILITIES AND NET ASSETS	\$ 5,317,932	\$ 3,813,234

See accompanying notes to consolidated financial statements.

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**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Activities
For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 889,942	\$ 2,804,936	\$ 3,694,878
Legacies	147,742	-	147,742
Educational forum	230,000	-	230,000
Interest and dividend income	7,560	249	7,809
Net assets released from restrictions	1,568,925	(1,568,925)	-
Total Support and Revenue	<u>2,844,169</u>	<u>1,236,260</u>	<u>4,080,429</u>
Expenses			
Program services	2,262,789	-	2,262,789
General and administration	163,279	-	163,279
Fundraising	170,306	-	170,306
Total Expenses	<u>2,596,374</u>	<u>-</u>	<u>2,596,374</u>
Change in Net Assets	247,795	1,236,260	1,484,055
Net Assets, Beginning of Year	<u>2,162,607</u>	<u>1,594,099</u>	<u>3,756,706</u>
Net Assets, End of Year	<u>\$ 2,410,402</u>	<u>\$ 2,830,359</u>	<u>\$ 5,240,761</u>

See accompanying notes to consolidated financial statements.

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Activities
For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 1,242,799	\$ 1,492,824	\$ 2,735,623
Legacies	18,901	-	18,901
Educational forum	201,598	-	201,598
Interest and dividend income	2,394	2,165	4,559
Net assets released from restrictions	1,780,045	(1,780,045)	-
Total Support and Revenue	<u>3,245,737</u>	<u>(285,056)</u>	<u>2,960,681</u>
Expenses			
Program services	1,978,189	-	1,978,189
General and administration	235,286	-	235,286
Fundraising	321,188	-	321,188
Total Expenses	<u>2,534,663</u>	<u>-</u>	<u>2,534,663</u>
Change in Net Assets	711,074	(285,056)	426,018
Net Assets, Beginning of Year	<u>1,451,533</u>	<u>1,879,155</u>	<u>3,330,688</u>
Net Assets, End of Year	<u>\$ 2,162,607</u>	<u>\$ 1,594,099</u>	<u>\$ 3,756,706</u>

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020**



	<u>Program Services</u>	<u>General & Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 9,750	\$ -	\$ 9,750
Bad debt expense	141,595	-	-	141,595
Bank charges	14,702	-	-	14,702
Board meetings and travel	8,574	3,223	2,297	14,094
Conferences	3,101	-	-	3,101
Contract labor	-	-	-	-
Depreciation	1,562	2,769	-	4,331
Education forum	163,472	-	-	163,472
Insurance	328	7,211	-	7,539
International outreach	24,434	-	-	24,434
Internet and web	9,359	8,531	1,635	19,525
Occupancy	16,043	8,158	2,991	27,192
Office	3,736	36,103	914	40,753
Other	3,913	940	21,336	26,189
Payroll and related costs	355,317	83,320	106,987	545,624
Postage	17,303	1,885	5,872	25,060
Printing	41,627	1,175	17,233	60,035
Registration fees	-	214	11,041	11,255
Research grants (See Note 10)	1,457,166	-	-	1,457,166
Support group	557	-	-	557
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 2,262,789</u>	<u>\$ 163,279</u>	<u>\$ 170,306</u>	<u>\$ 2,596,374</u>

See accompanying notes to consolidated financial statements.

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019**

	<u>Program Services</u>	<u>General & Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ 11,455	\$ -	\$ 11,455
Bad debt expense	18,931	-	-	18,931
Bank charges	13,458	25	-	13,483
Board meetings and travel	34,179	14,652	36,014	84,845
Conferences	19,003	45	-	19,048
Contract labor	41,214	18,979	-	60,193
Depreciation	4,013	5,257	-	9,270
Education forum	203,055	-	-	203,055
Insurance	-	5,163	-	5,163
International outreach	20,064	-	-	20,064
Internet and web	7,998	9,181	513	17,692
Occupancy	7,764	4,226	1,908	13,898
Office	8,005	17,742	2,148	27,895
Other	2,240	54,402	12,147	68,789
Payroll and related costs	85,015	90,413	241,195	416,623
Postage	10,452	1,660	4,797	16,909
Printing	42,675	2,039	13,348	58,062
Registration fees	-	-	9,118	9,118
Research grants (See Note 10)	1,436,747	-	-	1,436,747
Support group	23,376	47	-	23,423
	<u>23,376</u>	<u>47</u>	<u>-</u>	<u>23,423</u>
Total Functional Expenses	<u>\$ 1,978,189</u>	<u>\$ 235,286</u>	<u>\$ 321,188</u>	<u>\$ 2,534,663</u>

See accompanying notes to consolidated financial statements.

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 1,484,055	\$ 426,018
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,331	9,270
Bad debt expense	141,595	18,931
Forgiveness of loans	(82,850)	-
(Increase) decrease in assets:		
Legacies and contributions receivable	(227,502)	253,859
Other receivables	(23,383)	(3,348)
Prepaid expenses	(40,164)	(14,956)
Deposits	899	(22)
Increase (decrease) in liabilities:		
Accounts payable	165	12,395
Accrued expenses	20,478	(6,242)
Net Cash Provided (Used) by Operating Activities	<u>1,277,624</u>	<u>695,905</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	<u>(81,702)</u>	<u>(7,848)</u>
Cash Flows From Financing Activities		
Proceeds from loans	<u>82,850</u>	<u>-</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	1,278,772	688,057
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>3,327,902</u>	<u>2,639,845</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 4,606,674</u>	<u>\$ 3,327,902</u>

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

1. NATURE OF OPERATIONS

International Waldenstrom's Macroglobulinemia Foundation, Inc. (the Foundation) is a not-for-profit corporation organized on July 21, 1998 to offer mutual support and encouragement to the Waldenstrom's Macroglobulinemia community and others with an interest in the disease, to provide information and educational programs that address patients' concerns, and to promote and support research leading to better treatments, and ultimately, a cure. See Note 10 for research grant commitments.

Placid Point Rd., LLC ("Placid Point") is a wholly-owned subsidiary of the Foundation and was formed to hold land donated to the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used to prepare the accompanying consolidated financial statements follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and Placid Point (the Foundation and Affiliate). All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Foundation and Affiliate considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Legacies and Contributions Receivable, Net / Bad Debt Expense

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Promises to give are not recorded as support until the conditions are substantially met. Conditional promises to give are not included as support until the conditions are substantially met.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Legacies and Contributions Receivable, Net / Bad Debt Expense

The Foundation and Affiliate's legacies and contributions receivable at December 31, 2020 and 2019 consist of unconditional promises to give and for legacies which conditions have been substantially met. The Foundation and Affiliate uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. As of December 31, 2020 and 2019, the Foundation and Affiliate has recorded an allowance for uncollectible unconditional promises to give of \$146,787 and \$21,807, respectively.

The Foundation and Affiliate has received communications from various individuals that the Foundation and Affiliate has been included as a beneficiary in their wills, revocable trusts or other investments. Since these contributions can be rescinded during the donor's lifetime and are conditional, the Foundation and Affiliate has not recorded contribution revenue in the accompanying consolidated financial statements. The total estimated value of these potential intended gifts as of December 31, 2020 and 2019 was approximately \$6,300,785 and \$5,801,098, respectively.

Other Receivables, Net

Receivables represent balances owed to the Foundation and Affiliate for services provided. Revenues are charged and collected routinely. Amounts that remain uncollected at the end of a period are recorded as accounts receivable. Any allowance for doubtful accounts receivable is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and prevailing economic conditions. Accounts receivable are written off when they are determined to be uncollectible.

The Foundation and Affiliate reviews individual contracts, at the time of performance, in order to determine estimated uncollectable accounts due from third party payers or private pay individuals, and records these implicit price concessions as a direct reduction to revenue.

Prepaid Expenses

Prepaid expenses consist of expenditures made prior to the year-end for goods or services that will be received in future years.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment and Depreciation

The Foundation and Affiliate capitalizes individual property and equipment items greater than \$1,000 with a useful life of two or more years. Lesser amounts are expensed. Property and equipment purchased using Foundation and Affiliate funds are stated at acquisition cost less accumulated depreciation. Donated assets are recorded at fair market value at the date of donation less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

	<u>Years</u>
Office equipment	2-5
Software	5
Website	5

Depreciation expense was \$4,331 and \$9,270 for the years ended December 31, 2020 and 2019, respectively.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Impairment of Long-Lived Assets

The Foundation and Affiliate reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recovered. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. The Foundation and Affiliate has determined that no impairment existed at December 31, 2020 and 2019.

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources over which the Board of Directors of the Foundation and Affiliate have discretionary control. The resources can be used to carry out the operations of the Foundation and Affiliate in accordance with its by-laws.

At December 31, 2020 and 2019, the Board of Directors of the Foundation and Affiliate has designated net assets without donor restrictions of \$600,000, for research purposes.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets With Donor Restrictions

Net assets with donor restrictions result from contributions whose use by the Foundation and Affiliate is limited by donor-imposed stipulations that either expire when a stipulated time restriction ends or purpose restriction is accomplished. See Note 5 for the composition of net assets with donor restrictions.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the presentation in the 2020 financial statements.

Recognition of Income

Contributions

The Foundation and Affiliate reports contributions as without donor restrictions when a donor makes an unconditional promise to give and if they are received without donor stipulations that limit the use of the donated assets. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Foundation and Affiliate reports donor restricted contributions as net assets without donor restrictions whenever the restrictions are met in the same year the contributions are received.

Special events

Revenue from fund-raising activities is recorded as contributions revenue when the activity takes place or as The Foundation and Affiliate satisfies their performance obligations under contracts.

Performance obligations for all of The Foundation and Affiliate's activities are provided and consumed at a point in time, not over time, and therefore these types of revenues allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed Services

The Foundation and Affiliate generally pays for services requiring specific expertise. No amounts have been reflected in the consolidated financial statements for donated services since management does not believe any donated services requiring specific expertise to materially affect the consolidated financial statements. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation and Affiliate, but these services do not meet the criteria for recognition as contributed services. Management has estimated that during 2020 and 2019, the Foundation and Affiliate had approximately 228 and 215 volunteers, respectively, who contributed approximately 46,384 and 39,680 hours, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services. These expenses include payroll and related costs, depreciation and other occupancy related costs. Payroll and related costs are allocated based on estimated time spent in the various programs. Depreciation and occupancy related costs are either directly charged or allocated based on square footage and/or the estimated time spent in the various programs.

Advertising

The Foundation and Affiliate expenses advertising costs in the year they occur. Advertising expense was \$-0- for the years ended December 31, 2020 and 2019.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The International Waldenstrom's Macroglobulinemia Foundation, Inc. is a not-for-profit organization and is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Placid Point Rd., LLC is a single member limited liability company that will be taxed as a disregarded entity. Therefore, for tax purposes all profits and losses will flow through the LLC to International Waldenstrom's Macroglobulinemia Foundation, Inc.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10 which requires entities to disclose in their consolidated financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. However, the Foundation and Affiliate have no knowledge of events or circumstances that would jeopardize its tax-exempt status.

The Foundation and Affiliate implemented FASB ASC 740-10 and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Foundation and Affiliate have not recognized any benefits from uncertain tax positions in 2020 and believes they have no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the consolidated statements of financial position date.

The Foundation and Affiliate evaluated their tax position and concluded that all of the positions taken by the Foundation and Affiliate would more likely than not be sustained upon examination, based on technical merits. The information returns of the Foundation and Affiliate for the years ended December 31, 2017, 2018, and 2019 are subject to examination by tax authorities, generally for three years after they were filed.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation and Affiliate's financial assets as of the consolidated statement of financial position date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 5,154,755	\$ 3,767,592
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Deposits	573	1,472
Restricted by donors with purpose restrictions	<u>2,830,359</u>	<u>1,594,099</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,323,823</u>	<u>\$ 2,172,021</u>

The Foundation and Affiliate generally maintains and keeps available all financial assets to meet its operating expenses as they become due.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

4. LEGACIES, CONTRIBUTIONS AND OTHER RECEIVABLES

Legacies, contributions and other receivables as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Receivables in less than one year	\$ 444,427	\$ 170,760
Receivables in one to five years	<u>255,719</u>	<u>301,606</u>
Total Legacies, Contributions and Other	700,146	472,366
Less: Discount to Present Value	5,851	12,341
Less: Allowance for Uncollectible	<u>146,787</u>	<u>21,807</u>
Net Receivables	547,508	438,218
Less: Legacies, Contributions and Other		
Receivables – Current, Net	<u>310,133</u>	<u>163,416</u>
Legacies and Contributions		
Receivable – Long-Term, Net	<u>\$ 237,375</u>	<u>\$ 274,802</u>

The rates used to evaluate the discount to net present value on long-term promises to give range from 2.63% to 3.15% in 2020 and from 4.08% to 4.19% in 2019.

5. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, the Foundation and Affiliate's net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Research	\$ 2,706,331	\$ 1,436,300
Time restrictions	57,579	97,682
Indefinite restrictions	<u>66,449</u>	<u>60,117</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,830,359</u>	<u>\$ 1,594,099</u>

6. ENDOWMENT FUND

Net assets with donor restrictions included the Dr. Robert A. Kyle and Mrs. Charlene M. Kyle Endowment Research Fund to provide financial assistance to the Foundation (IWMF). Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift to be held and invested by IWMF indefinitely and income from the fund is to be expended as determined by the gifting agreement or on research initiatives determined by the Board of Directors. As of December 31, 2020 and 2019, the balance in the endowment fund was \$66,449 and \$60,117, respectively.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

6. ENDOWMENT FUND

Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, IWMF classifies certain net assets with donor restrictions as (a) the original value of the gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the FUPMIFA.

In accordance with FUPMIFA, IWMF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the IWMF and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the IWMF; and
- 7) The investment policies of the IWMF.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no deficiencies as of December 31, 2020 and 2019.

Return Objectives and Risk Parameters

IWMF has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchase power of the endowment assets. Endowment assets include those assets of donor-restricted funds that IWMF must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to ensure the ability to meet regular expected current and future cash flow needs on a timely basis.

Return Objectives and Risk Parameters

IWMF expects its endowment funds, over time to provide an average rate of return consistent with the S & P 500 Index, S& P 400 Index, S & P Small Cap Index 600 and MSCI EAFE Index. Actual returns in any given year may vary.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

6. ENDOWMENT FUND

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, IWMF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). IWMF targets a diversified asset allocation that places a greater emphasis on equity-based investments (range of 35 – 70%) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

For purposes of establishing the total return objective, the spending rate shall be assumed to be approximately 5% of the preceding twenty-quarter average market value of the investment fund.

7. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation and Affiliate to concentrations of credit risk are primarily cash and cash equivalents and contributions and legacies receivable. The Foundation and Affiliate's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Foundation and Affiliate places its cash and cash equivalents with local financial institutions. Although the Foundation and Affiliate manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Foundation and Affiliate has not experienced any losses in such accounts and do not believe they are exposed to any significant credit risk on cash and cash equivalents.

8. OPERATING LEASE

The Foundation and Affiliate entered into an operating lease agreement for the rental of its office premises. The lease term is for three years commencing December 15, 2019 and ending on December 15, 2022. The lease agreement calls for monthly rental payments of \$2,266. The total lease expense for each of the next two years is scheduled to be \$27,192.

9. RELATED PARTY TRANSACTIONS

During 2019, the Foundation entered into a research award agreement with a clinic where a member of the board of directors is employed. The total research grant was for \$428,146, of which \$192,666 was paid in each of the years ended December 31, 2020 and December 31, 2019. The remaining \$42,814 will be paid during the year ended December 31, 2021.

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10. RESEARCH GRANTS

The Foundation and Affiliate's Board of Directors approve multi-year agreements for research which require progress reports every six months and/or other conditions in the grant agreements. Progress reports are reviewed and approved by the Foundation and Affiliate's research committee and agreements may be terminated at the discretion of the Board of Directors for nonperformance (actual termination would be an extremely rare occurrence). Research grant expense is recognized in the period when the conditions of the grant agreement are substantially met. Research grant expense was \$1,457,166 and \$1,436,747 for the years ended December 31, 2020 and 2019, respectively. If conditions are satisfied for the current multi-year agreements in effect for research, the future amounts estimated to be paid under the agreements are as follows:

2021	\$ 1,352,815
2022	<u>598,000</u>
Total	<u>\$ 1,950,815</u>

Since the amounts are conditional due to the progress reports being submitted, they are not included as liabilities on the consolidated statements of financial position (page 3).

11. SUBSEQUENT EVENT – COVID-19 PANDEMIC

The spread of COVID-19 has continued to severely impact many local economies around the world since December 31, 2020. Businesses have been forced to cease or limit operations for extended periods of time. Measures taken to limit the spread of the virus, including quarantines, social distancing and closures of non-essential services have resulted in significant disruptions to businesses and created economic uncertainty and volatility.

Although there has been government intervention to stabilize the economic conditions, the effectiveness of these responses and the duration and final impact of the pandemic remains unclear. It is therefore not possible to reliably estimate the overall future impact on the financial operations of the Foundation and Affiliate for future periods.

The Foundation and Affiliate has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect future financial impacts of the COVID-19 pandemic.

12. EVALUATION OF SUBSEQUENT EVENTS

The Foundation and Affiliate has evaluated subsequent events through August 31, 2021, the date which the financial statements were available to be issued.