

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

**Financial Statements
Year Ended December 31, 2022**



BRYANS & GRAMUGLIA
CPAs, LLC

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
December 31, 2022**

Contents

| | |
|--|--------|
| Independent Auditors' Report | 1 – 2 |
| Financial Statements | |
| Consolidated statements of financial position | 3 |
| Consolidated statements of activities | 4 – 5 |
| Consolidated statements of functional expenses | 6 – 7 |
| Consolidated statements of cash flows | 8 |
| Notes to consolidated financial statements | 9 – 18 |



Independent Auditors' Report

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

Opinion

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, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate as of December 31, 2022 and 2021, 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.

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 Consolidated Financial Statements section of our report. We are required to be independent of International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate 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 opinions.

Change in Accounting Principles

As described in Note 2 to the consolidated financial statements, International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate implemented Accounting Standards Update (ASU) 2016-02, *Leases* and the effects have been included in these consolidated financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Waldenstrom's Macroglobulinemia Foundation, Inc. and Affiliate'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.

Bryans & Gramuglia CPAs, LLC

Albany, New York

September 29, 2023

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statements of Financial Position
December 31, 2022 and 2021**

| ASSETS | | |
|--|----------------------------|---------------------------------|
| | <u>2022</u> | <u>Restated 2021</u> |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,668,443 | \$ 3,050,084 |
| Cash and cash equivalents - restricted | 626,591 | 3,116,936 |
| Certificates of deposit | 2,176,365 | - |
| Certificates of deposit - restricted | 2,511,979 | - |
| Legacies and contributions receivable - current, net | 434,172 | 287,814 |
| Other receivables | 1,253,322 | 645,676 |
| Prepaid expenses | 182,395 | 148,511 |
| Total Current Assets | <u>8,853,267</u> | <u>7,249,021</u> |
| Property and Equipment | | |
| Office equipment | 15,709 | 13,305 |
| Software | 13,068 | 13,068 |
| Website | 137,231 | 121,430 |
| Total | <u>166,008</u> | <u>147,803</u> |
| Less accumulated depreciation | 93,649 | 70,878 |
| Net Property and Equipment | <u>72,359</u> | <u>76,925</u> |
| Operating lease right-of-use assets | <u>81,930</u> | <u>26,898</u> |
| Other Assets | | |
| Legacies and contributions receivable - long-term, net | 46,406 | 74,123 |
| Deposits | 1,929 | 1,970 |
| Total Other Assets | <u>48,335</u> | <u>76,093</u> |
| TOTAL ASSETS | <u><u>\$ 9,055,891</u></u> | <u><u>\$ 7,428,937</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 61,947 | \$ 81,275 |
| Accrued expenses | 51,757 | 60,708 |
| Current installments of operating lease liabilities | 26,366 | 26,898 |
| Unearned revenue | - | 13,333 |
| Total Current Liabilities (See Note 10) | <u>140,070</u> | <u>182,214</u> |
| Other Liabilities | | |
| Operating lease liabilities, net of current installments | 55,564 | - |
| Other long-term liabilities (See Note 10) | - | - |
| Total Other Liabilities | <u>55,564</u> | <u>-</u> |
| Total Liabilities | <u>195,634</u> | <u>182,214</u> |
| Net Assets | | |
| Without donor restrictions | 5,241,109 | 3,767,850 |
| With donor restrictions | 3,619,148 | 3,478,873 |
| Total Net Assets | <u>8,860,257</u> | <u>7,246,723</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 9,055,891</u></u> | <u><u>\$ 7,428,937</u></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, 2022**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|--|---|----------------------------|
| Support and Revenue | | | |
| Contributions | \$ 1,409,869 | \$ 1,326,358 | \$ 2,736,227 |
| Legacies | 1,194,142 | - | 1,194,142 |
| Educational forum | 205,000 | - | 205,000 |
| Interest and dividend income | 10,765 | 20,139 | 30,904 |
| Other income | 3,179 | - | 3,179 |
| Net assets released from restrictions | 1,206,222 | (1,206,222) | - |
| Total Support and Revenue | <u>4,029,177</u> | <u>140,275</u> | <u>4,169,452</u> |
| Expenses | | | |
| Program services | 2,111,804 | - | 2,111,804 |
| General and administration | 229,257 | - | 229,257 |
| Fundraising | 214,857 | - | 214,857 |
| Total Expenses | <u>2,555,918</u> | <u>-</u> | <u>2,555,918</u> |
| Change in Net Assets | 1,473,259 | 140,275 | 1,613,534 |
| Net Assets, Beginning of Year | <u>3,767,850</u> | <u>3,478,873</u> | <u>7,246,723</u> |
| Net Assets, End of Year | <u><u>\$ 5,241,109</u></u> | <u><u>\$ 3,619,148</u></u> | <u><u>\$ 8,860,257</u></u> |

See accompanying notes to consolidated financial statements.

- page 4 -

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Activities
For the Year Ended December 31, 2021**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Restated Total</u> |
|---------------------------------------|--|---|----------------------------------|
| Support and Revenue | | | |
| Contributions | \$ 1,364,200 | \$ 2,041,875 | \$ 3,406,075 |
| Legacies | 781,557 | - | 781,557 |
| Educational forum | 270,500 | - | 270,500 |
| Interest and dividend income | 744 | 2,284 | 3,028 |
| Other income | - | - | - |
| Net assets released from restrictions | 1,395,645 | (1,395,645) | - |
| Total Support and Revenue | <u>3,812,646</u> | <u>648,514</u> | <u>4,461,160</u> |
| Expenses | | | |
| Program services | 2,090,158 | - | 2,090,158 |
| General and administration | 174,415 | - | 174,415 |
| Fundraising | 190,625 | - | 190,625 |
| Total Expenses | <u>2,455,198</u> | <u>-</u> | <u>2,455,198</u> |
| Change in Net Assets | 1,357,448 | 648,514 | 2,005,962 |
| Net Assets, Beginning of Year | <u>2,410,402</u> | <u>2,830,359</u> | <u>5,240,761</u> |
| Net Assets, End of Year | <u><u>\$ 3,767,850</u></u> | <u><u>\$ 3,478,873</u></u> | <u><u>\$ 7,246,723</u></u> |

See accompanying notes to consolidated financial statements.

- page 5 -

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022**

| | <u>Program Services</u> | <u>General & Administration</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------------|------------------------------------|--|---------------------------|---------------------|
| Accounting | \$ - | \$ 9,750 | \$ - | \$ 9,750 |
| Bad debt expense | 3,041 | - | - | 3,041 |
| Bank charges | 12,282 | - | - | 12,282 |
| Board meetings and travel | 11,679 | 4,190 | 2,518 | 18,387 |
| Conferences | 21,602 | - | - | 21,602 |
| Contract labor | 64,180 | 14,555 | - | 78,735 |
| Depreciation | 1,634 | 21,137 | - | 22,771 |
| Education forum | 124,672 | - | - | 124,672 |
| Insurance | - | 7,659 | - | 7,659 |
| International outreach | 107,007 | - | - | 107,007 |
| Internet and web | 17,422 | 23,977 | 861 | 42,260 |
| Occupancy | 16,122 | 8,198 | 3,006 | 27,326 |
| Office | 3,206 | 16,156 | 521 | 19,883 |
| Other | 8,940 | 11,024 | 31,792 | 51,756 |
| Payroll and related costs | 423,615 | 104,259 | 126,892 | 654,766 |
| Postage | 19,930 | 1,326 | 8,068 | 29,324 |
| Printing | 69,794 | 2,703 | 22,461 | 94,958 |
| Registration fees | - | - | 10,041 | 10,041 |
| Research grants (See Note 10) | 1,179,213 | - | - | 1,179,213 |
| Support group | 10,437 | - | - | 10,437 |
| Travel | 17,028 | 4,323 | 8,697 | 30,048 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Functional Expenses | <u>\$ 2,111,804</u> | <u>\$ 229,257</u> | <u>\$ 214,857</u> | <u>\$ 2,555,918</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, 2021**

| | <u>Program Services</u> | <u>General & Administration</u> | <u>Fundraising</u> | <u>Restated Total</u> |
|-------------------------------|------------------------------------|--|---------------------------|----------------------------------|
| Accounting | \$ - | \$ 9,750 | \$ - | \$ 9,750 |
| Bad debt expense | 23,321 | - | - | 23,321 |
| Bank charges | 10,516 | - | - | 10,516 |
| Board meetings and travel | 44 | 505 | - | 549 |
| Conferences | 14,239 | - | - | 14,239 |
| Contract labor | - | - | - | - |
| Depreciation | 1,862 | 18,843 | - | 20,705 |
| Education forum | 76,197 | - | - | 76,197 |
| Insurance | - | 8,052 | - | 8,052 |
| International outreach | 23,472 | - | - | 23,472 |
| Internet and web | 34,272 | 9,553 | 906 | 44,731 |
| Occupancy | 16,043 | 8,158 | 2,991 | 27,192 |
| Office | 3,609 | 13,797 | 2,075 | 19,481 |
| Other | 22,854 | 20 | 13,049 | 35,923 |
| Payroll and related costs | 431,270 | 99,633 | 127,937 | 658,840 |
| Postage | 11,465 | 1,393 | 9,412 | 22,270 |
| Printing | 42,032 | 2,992 | 20,432 | 65,456 |
| Registration fees | - | - | 9,500 | 9,500 |
| Research grants (See Note 10) | 1,365,815 | - | - | 1,365,815 |
| Support group | 4,371 | - | - | 4,371 |
| Travel | 8,776 | 1,719 | 4,323 | 14,818 |
| Total Functional Expenses | <u>\$ 2,090,158</u> | <u>\$ 174,415</u> | <u>\$ 190,625</u> | <u>\$ 2,455,198</u> |

See accompanying notes to consolidated financial statements.

- page 7 -

**International Waldenstrom's Macroglobulinemia
Foundation, Inc. and Affiliate
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021**

| | <u>2022</u> | <u>Restated 2021</u> |
|---|---------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Change in Net Assets | \$ 1,613,534 | \$ 2,005,962 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 22,771 | 20,705 |
| Bad debt expense | 3,041 | 23,321 |
| (Increase) decrease in assets: | | |
| Legacies and contributions receivable | (121,682) | 124,982 |
| Other receivables | (607,646) | (608,408) |
| Prepaid expenses | (33,884) | (75,864) |
| Deposits | 41 | (1,397) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (19,328) | 47,889 |
| Accrued expenses | (8,951) | 16,923 |
| Unearned revenue | (13,333) | 13,333 |
| Net Cash Provided (Used) by Operating Activities | <u>834,563</u> | <u>1,567,446</u> |
| Cash Flows From Investing Activities | | |
| Net purchases of certificates of deposit | (4,688,344) | - |
| Acquisition of property, plant and equipment | (18,205) | (7,100) |
| Net Cash Provided (Used) by Investing Activities | <u>(4,706,549)</u> | <u>(7,100)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from loans | - | - |
| Net Cash Provided (Used) by Operating Activities | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash | (3,871,986) | 1,560,346 |
| Cash, Cash Equivalents and Restricted Cash, Beginning of Year | <u>6,167,020</u> | <u>4,606,674</u> |
| Cash, Cash Equivalents and Restricted Cash, End of Year | <u>\$ 2,295,034</u> | <u>\$ 6,167,020</u> |
| Noncash transactions | | |
| Leased assets obtained in exchange for lease obligations | <u>\$ 81,930</u> | <u>\$ 53,262</u> |

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

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 that 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.

Certificates of Deposit

The Foundation and Affiliate has purchased certificates of deposit with various banking institutions. These deposits earn interest at rates ranging from 1% to 4.7%, with varying maturities through December 8, 2023. The deposits are fully insured by the FDIC (See Note 7).

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The Foundation and Affiliate's legacies and contributions receivable at December 31, 2022 and 2021 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, 2022 and 2021, the Foundation and Affiliate has recorded an allowance for uncollectible unconditional promises to give of \$20,502 and \$17,461, 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, 2022 and 2021 was approximately \$11,521,385 and \$5,730,785, respectively.

Other Receivables, Net

Other receivables, net include contributions that were not previously recorded as promises to give and included in the legacies and contributions receivable line item. Other receivables also represent balances owed to the Foundation and Affiliate for any 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.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other Receivables, Net

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.

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 \$22,771 and \$20,705 for the years ended December 31, 2022 and 2021, 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.

Leases

The Foundation and Affiliate implemented Accounting Standards Update ("ASU") 2016-02, *Leases* as of January 1, 2021 and have restated the 2021 financial statements for this adoption. The Foundation and Affiliate determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current installments of operating lease liabilities and operating lease liabilities, net of current installments in the statements of financial position. There are no financing leases.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

ROU assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make the lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation and Affiliate uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Foundation and Affiliate used the U.S treasury rate at the commencement date in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation and Affiliate will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As a result of adopting this standard, the Foundation and Affiliate recognized a right-of-use asset of \$53,262 and a lease liability of \$53,262 as of January 1, 2021.

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, 2022 and 2021.

Unearned Revenue

Unearned revenues represent monies advanced by organizations for clinical trials. These advances will be recognized as revenue as the trials are completed.

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, 2022 and 2021, the Board of Directors of the Foundation and Affiliate has designated net assets without donor restrictions of \$600,000, for research purposes.

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.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 2022 and 2021, the Foundation and Affiliate had approximately 210 and 211 volunteers, respectively, who contributed approximately 44,804 and 44,892 hours, respectively.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2022 and 2021.

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 is taxed as a disregarded entity. Therefore, for tax purposes all profits and losses flow through the LLC to International Waldenstrom's Macroglobulinemia Foundation, Inc.

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.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

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 2022 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, 2019, 2020, and 2021 are subject to examination by tax authorities, generally for three years after they were filed.

Reclassifications

Certain amounts in the December 31, 2021 consolidated financial statements have been reclassified to conform with the presentation in the December 31, 2022 financial statements.

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, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| Financial assets at year-end | \$ 8,719,207 | \$ 7,176,603 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Deposits | 1,929 | 1,970 |
| Restricted by donors with purpose restrictions | <u>3,619,148</u> | <u>3,478,873</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 5,098,130</u></u> | <u><u>\$ 3,695,760</u></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, 2022 and 2021**

4. LEGACIES, CONTRIBUTIONS AND OTHER RECEIVABLES

Legacies, contributions and other receivables as of December 31, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Receivables in less than one year | \$ 1,687,494 | \$ 933,490 |
| Receivables in one to five years | <u>72,000</u> | <u>94,552</u> |
| Total Legacies, Contributions and Other | 1,759,494 | 1,028,042 |
| Less: Discount to Present Value | 5,092 | 2,968 |
| Less: Allowance for Uncollectible | <u>20,502</u> | <u>17,461</u> |
| Net Receivables | 1,733,900 | 1,007,613 |
| Less: Legacies, Contributions and Other | | |
| Receivables – Current, Net | <u>1,687,494</u> | <u>933,490</u> |
| Legacies and Contributions | | |
| Receivable – Long-Term, Net | <u>\$ 46,406</u> | <u>\$ 74,123</u> |

The rates used to evaluate the discount to net present value on long-term promises to give range from 6.49% to 7.23% in 2022 and from 2.89% to 3.76% in 2021.

5. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, the Foundation and Affiliate's net assets with donor restrictions are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Research | \$ 3,597,623 | \$ 3,443,838 |
| Time restrictions | 21,525 | 35,035 |
| Indefinite restrictions | <u>-</u> | <u>-</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 3,619,148</u> | <u>\$ 3,478,873</u> |

6. LEASES

The Foundation and Affiliate is the lessee of real estate under an operating lease. The assets and liabilities under its operating leases are recorded at the lower of the present value of the net minimum lease payments or the fair value of the asset. The Foundation and Affiliate lease has a remaining lease terms of 3 years. The components of lease expense were as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------|------------------|------------------|
| Operating lease cost | <u>\$ 26,898</u> | <u>\$ 26,364</u> |

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

6. LEASES

Supplemental cash flow information related to leases was as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Operating cash flows from operating leases | \$ (26,898) | \$ (26,364) |

The following is a schedule, by years, of future minimum lease payments for leases classified as operating leases, with the present value of the net minimum lease payments as of December 31, 2022:

| | |
|---|------------------|
| 2023 | \$ 28,800 |
| 2024 | 28,800 |
| 2025 | <u>28,800</u> |
| Total minimum lease payments | 86,400 |
| Less amounts representing interest | <u>4,470</u> |
| Present value of net minimum lease payments | <u>\$ 81,930</u> |

Weighted average remaining lease term and weighted average discount rate for operating leases is summarized as follows for December 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------|-------------|
| Weighted Average Remaining Lease Term | | |
| Operating leases | 3 years | 1 year |
| Weighted Average Discount Rate | | |
| Operating leases | 3.48% | 2.01% |

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, certificates of deposit, 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 and certificates of deposit. The Foundation and Affiliate places its cash and cash equivalents with local financial institutions. The Foundation and Affiliate's certificates of deposit are with a variety of 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 or certificates of deposit.

**International Waldenstrom's
Macroglobulinemia Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

8. RELATED PARTY TRANSACTIONS

During 2021, the Foundation entered into research award agreements with a clinic where a member of the board of directors is employed. The total research grants recognized in revenue for 2022 and 2021 was \$172,000. Remaining research grants of \$87,559 will be paid during 2023.

9. DEFINED CONTRIBUTION PENSION PLAN

The Foundation and Affiliate has adopted a defined contribution 403(b) plan (the Plan). All full-time employees are eligible to voluntarily make elective deferrals to the Plan upon date of hire. The employer may make discretionary nonelective contributions which are determined and allocated to plan participants annually in accordance with the provisions of the Plan. The Foundation and Affiliate's contribution expense was \$12,379 and \$14,797 for the years ended December 31, 2022 and 2021, respectively.

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 \$1,179,213 and \$1,365,815 for the years ended December 31, 2022 and 2021, 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:

| | |
|-------|---------------------|
| 2023 | \$ 1,178,935 |
| 2024 | 376,200 |
| 2025 | <u>111,500</u> |
| Total | <u>\$ 1,666,635</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. EVALUATION OF SUBSEQUENT EVENTS

The Foundation and Affiliate has evaluated subsequent events through September 29, 2023, the date which the financial statements were available to be issued.