



LYMPHOMA RESEARCH FOUNDATION

Consolidated Financial Statements

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Lymphoma Research Foundation:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lymphoma Research Foundation, which comprise the consolidated balance sheets as of June 30, 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 audit 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 auditors' 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 entity's 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 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 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 consolidated financial position of Lymphoma Research Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

December 8, 2020

LYMPHOMA RESEARCH FOUNDATION

Consolidated Balance Sheets

June 30, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 3,166,522	1,559,816
Contributions and grants receivable (note 3)	1,073,670	837,160
Prepaid expenses and other assets	222,328	270,859
Investments (note 4)	18,054,977	13,451,529
Property and equipment, net (note 6)	192,146	334,307
Total assets	\$ 22,709,643	16,453,671
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (note 9)	\$ 391,352	450,531
Accrued salaries and vacation	209,150	157,284
Refundable advances (note 2(h))	296,000	178,733
Research grants payable (note 7)	2,614,298	2,997,464
Payroll Protection Program refundable advance (note 11)	486,300	—
Total liabilities	3,997,100	3,784,012
Commitments (note 9)		
Net assets:		
Without donor restrictions	4,684,499	4,602,060
With donor restrictions (note 10)	14,028,044	8,067,599
Total net assets	18,712,543	12,669,659
Total liabilities and net assets	\$ 22,709,643	16,453,671

See accompanying notes to consolidated financial statements.

LYMPHOMA RESEARCH FOUNDATION

Consolidated Statements of Activities

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in net assets without restrictions:		
Contributions and revenue:		
Contributions:		
Special events revenue and related contributions	\$ 1,813,793	3,758,427
Less costs of direct benefits to donors	(129,000)	(196,285)
Contributions and grants	<u>3,838,458</u>	<u>3,976,159</u>
Total contributions	<u>5,523,251</u>	<u>7,538,301</u>
Revenue:		
Investment income (note 4)	582,732	351,448
Other revenue	<u>21,721</u>	<u>24,439</u>
Total revenue	<u>604,453</u>	<u>375,887</u>
Total contributions and revenue before net assets released from restrictions	6,127,704	7,914,188
Net assets released from restrictions (note 10)	<u>3,202,062</u>	<u>4,098,835</u>
Total contributions and revenue	<u>9,329,766</u>	<u>12,013,023</u>
Expenses:		
Program services:		
Educational programs and patient services	2,636,064	2,796,810
Research	2,801,780	3,967,392
Communications and advocacy	<u>933,254</u>	<u>875,475</u>
Total program services	<u>6,371,098</u>	<u>7,639,677</u>
Supporting services:		
Administration	1,038,301	935,344
Fundraising	<u>1,837,928</u>	<u>2,029,941</u>
Total supporting services	<u>2,876,229</u>	<u>2,965,285</u>
Total expenses	<u>9,247,327</u>	<u>10,604,962</u>
Increase in net assets without donor restrictions	<u>82,439</u>	<u>1,408,061</u>
Change in net assets with donor restrictions:		
Contributions and grants	9,162,507	5,103,124
Net assets released from restrictions (note 10)	<u>(3,202,062)</u>	<u>(4,098,835)</u>
Increase in net assets with donor restrictions	<u>5,960,445</u>	<u>1,004,289</u>
Change in net assets	6,042,884	2,412,350
Net assets at beginning of year	<u>12,669,659</u>	<u>10,257,309</u>
Net assets at end of year	\$ <u><u>18,712,543</u></u>	\$ <u><u>12,669,659</u></u>

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Functional Expenses

Year ended June 30, 2020

	Program services			Supporting services			Total 2020	
	Educational programs and patient services	Research	Communications and advocacy	Total program services	Administration	Fundraising		Total supporting services
Grants (note 7)	\$ 42,600	1,027,298	—	1,069,898	—	—	—	1,069,898
Salaries	703,202	289,290	299,231	1,291,723	481,024	762,103	1,243,127	2,534,850
Payroll taxes and employee benefits	188,905	76,568	78,395	343,868	126,776	199,000	325,776	669,644
Conferences and events	771,889	189,840	45,288	1,007,017	45,211	102,569	147,780	1,154,797
Costs of direct benefits to donors	—	—	—	—	—	129,000	129,000	129,000
Dues and subscriptions	53,774	49,905	38,511	142,190	33,864	69,375	103,239	245,429
Insurance	7,138	2,936	3,037	13,111	4,882	7,736	12,618	25,729
Licenses and permits	6,093	2,506	2,592	11,191	4,168	7,082	11,250	22,441
Marketing and promotion	36,364	37,802	201,111	275,277	370	20,532	20,902	296,179
Processing fees and other	59,671	5,875	6,548	72,094	9,887	92,111	101,998	174,092
Office equipment	7,202	2,261	2,338	11,801	3,759	23,749	27,508	39,309
Office supplies	12,453	2,731	2,935	18,119	4,614	12,788	17,402	35,521
Postage and shipping	40,194	5,595	1,432	47,221	2,174	22,581	24,755	71,976
Printing and publications	53,170	34,032	5,706	92,908	2,439	44,973	47,412	140,320
Professional fees	283,001	912,663	138,733	1,334,397	189,190	235,626	424,816	1,759,213
Rent and utilities (note 9)	109,052	44,863	46,405	200,320	74,597	118,187	192,784	393,104
Repairs and maintenance	12,680	5,216	5,395	23,291	8,673	13,742	22,415	45,706
Telecommunications	49,782	3,884	4,018	57,684	6,459	10,346	16,805	74,489
Travel	151,435	88,991	31,384	271,810	7,750	43,994	51,744	323,554
Depreciation and amortization	47,459	19,524	20,195	87,178	32,464	51,434	83,898	171,076
Subtotal	2,636,064	2,801,780	933,254	6,371,098	1,038,301	1,966,928	3,005,229	9,376,327
Less direct donor benefit expenses	—	—	—	—	—	(129,000)	(129,000)	(129,000)
Total expenses	\$ 2,636,064	2,801,780	933,254	6,371,098	1,038,301	1,837,928	2,876,229	9,247,327

See accompanying notes to consolidated financial statements.

LYMPHOMA RESEARCH FOUNDATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2019

	Program services			Supporting services			Total 2019	
	Educational programs and patient services	Research	Communications and advocacy	Total program services	Administration	Fundraising		Total supporting services
Grants (note 7)	\$ 46,500	1,765,625	—	1,812,125	—	—	—	1,812,125
Salaries	588,307	280,806	283,272	1,152,385	427,245	685,553	1,112,798	2,265,183
Payroll taxes and employee benefits	149,390	71,305	71,932	292,627	137,583	174,444	312,027	604,654
Conferences and events	1,075,473	242,469	20,714	1,338,656	15,953	155,049	171,002	1,509,658
Costs of direct benefits to donors	—	—	—	—	—	196,285	196,285	196,285
Dues and subscriptions	35,296	46,353	30,712	112,361	30,642	61,152	91,794	204,155
Insurance	5,969	2,849	2,874	11,692	4,335	6,956	11,291	22,983
Licenses and permits	314	150	151	615	4,014	5,148	9,162	9,777
Marketing and promotion	41,317	24,274	162,593	228,184	3,079	50,053	53,132	281,316
Processing fees and other	41,306	11,347	11,530	64,183	16,274	151,506	167,780	231,963
Office equipment	5,910	2,003	2,021	9,934	3,048	50,221	53,269	63,203
Office supplies	13,615	2,718	2,737	19,070	3,698	17,886	21,584	40,654
Postage and shipping	63,723	5,249	707	69,679	549	30,414	30,963	100,642
Printing and publications	93,887	22,855	5,399	122,141	1,096	68,556	69,652	191,793
Professional fees	165,212	1,201,847	147,700	1,514,759	148,190	271,213	419,403	1,934,162
Rent (note 9)	100,732	48,080	48,503	197,315	72,154	117,382	189,536	386,851
Repairs and maintenance	12,897	6,156	6,210	25,263	9,367	15,579	24,946	50,209
Telecommunications	102,778	4,547	4,587	111,912	6,919	11,101	18,020	129,932
Travel	185,795	196,116	40,904	422,815	1,532	78,035	79,567	502,382
Depreciation and amortization	68,389	32,643	32,929	133,961	49,666	79,693	129,359	263,320
Subtotal	2,796,810	3,967,392	875,475	7,639,677	935,344	2,226,226	3,161,570	10,801,247
Less direct donor benefit expenses	—	—	—	—	—	(196,285)	(196,285)	(196,285)
Total expenses	\$ 2,796,810	3,967,392	875,475	7,639,677	935,344	2,029,941	2,965,285	10,604,962

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,042,884	2,412,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	171,076	263,320
Realized (gain) loss on investments	(1,055)	1,379
Unrealized gain on investments	(269,323)	(124,905)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(236,510)	528,875
Prepaid expenses and other assets	48,531	20,994
Accounts payable and accrued expenses	(59,179)	108,216
Accrued salaries and vacation	51,866	(32,978)
Refundable advances	117,267	61,233
Research grants payable	(383,166)	266,672
Net cash provided by operating activities	<u>5,482,391</u>	<u>3,505,156</u>
Cash flows from investing activities:		
Proceeds from investment sales	11,179,637	5,230,827
Purchases of investments	(15,512,707)	(8,410,689)
Purchase of equipment	(28,915)	(7,459)
Net cash used in investing activities	<u>(4,361,985)</u>	<u>(3,187,321)</u>
Cash flows from financing activity:		
Payroll Protection Program refundable advance (note 11)	486,300	—
Net cash provided by financing activity	<u>486,300</u>	<u>—</u>
Net increase in cash and cash equivalents	1,606,706	317,835
Cash and cash equivalents at beginning of year	<u>1,559,816</u>	<u>1,241,981</u>
Cash and cash equivalents at end of year	<u>\$ 3,166,522</u>	<u>1,559,816</u>

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(1) Organization

The Lymphoma Research Foundation (the Foundation) is a nonprofit corporation, which is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions at the state and local level. The Foundation is the nation's largest nonprofit organization devoted to only funding innovative lymphoma research and providing patients and their families and healthcare professionals with up-to-date education about this type of cancer. The Foundation's mission is to eradicate lymphoma and serve those touched by this disease. The Foundation's primary sources of income are contributions and grants.

To help ensure that the amounts the Foundation raises are directed toward cutting-edge lymphoma-related research, decisions of what research will be funded are made by the deliberations of the Foundation's Scientific Advisory Board (SAB). The SAB comprises a volunteer group of scientists and clinicians distinguished in the fields of lymphoma research and treatment. They make their judgments on applications for funding based on the scientific and innovative merits of the projects proposed, the demonstrated ability of the researcher and sponsor, and the suitability of the institution. The members of the SAB review the applications independently and then meet to discuss the proposals at periodic meetings scheduled throughout the year.

In addition to evaluating grant applications, the SAB counsels the Foundation's board of directors and staff on the direction of its overall strategic scientific agenda in order to remain current with the pace and direction of the rapidly evolving area of blood cancer research.

The board of directors studies the recommendations of the SAB. Its aim is to approve those recommended grant applications and projects, which seem most likely to have an impact on lymphoma-related research and treatments, and therefore, most likely to help the Foundation achieve its overall goals. The Foundation funds research projects submitted by individuals associated with accredited academic institutions, Joint Commission on Accreditation of Healthcare Organizations, accredited research hospitals, and other research organizations that have strong national and international reputations.

The Foundation is also dedicated to serving those touched by lymphoma. To accomplish this, the Foundation provides national, regional, and local educational conferences and symposiums, advocacy programs, online webcast educational programming, telephone educational workshops, and educational publications. The Foundation's educational programs and publications provide lymphoma patients and their loved ones with current and comprehensive information about the disease, its treatments, promising research in lymphoma, and how to better manage the psycho/social issues associated with living with lymphoma. The Foundation also offers a Lymphoma Helpline and Clinical Trials Information Service, a nationwide peer support program, and financial assistance to lymphoma patients receiving treatment.

During fiscal year 2017, the Foundation established a subsidiary, LRF Research Inc., as part of a strategic relationship with the Clarus Cancer Fund, an investment fund of Clarus Ventures. There was no activity at LRF Research Inc. for the year ended June 30, 2020.

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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and the changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met by actions of the Foundation and/or the passage of time

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets.

The Foundation's consolidated financial statements include the accounts of the LRF Research Inc., eliminating intercompany transactions.

(b) Accounting Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenue and expenses recognized during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include the net realizable value of contributions and grants receivable, the valuation of contributed services, and functional expense allocations. Actual results could differ from those estimates.

(c) Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(d) Contributions

Contributions, including unconditional promises to give (pledges), are recognized initially at fair value as revenue upon receipt and are considered to be without restriction unless they are received with donor stipulations that limit their use through either purpose or time restrictions. Contributions with donor stipulations that limit their use are reported in net assets with donor restrictions until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled. Upon the

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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

expiration of donor stipulations, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient's promises to give are not recognized until they become unconditional, that is, when the barriers in the agreement are overcome. There are no outstanding conditional grants as of June 30, 2020 or 2019.

During the years ended June 30, 2020 and 2019, the Foundation received \$1,003,665 and \$1,266,153, respectively, in contributions in kind that are reported as contributions and expenses in the accompanying consolidated statements of activities and functional expenses. The 2020 and 2019 amounts include \$133,640 and \$123,103, respectively, recognized in revenue and expenses from Google grants. The 2020 and 2019 amounts also include \$870,025 and \$1,143,050, respectively, recognized in revenue and expenses associated with the recognition of time spent by SAB members to carry out the requirements of its research program, as well as support the Foundation's professional and patient education programs. Without the volunteer support these physicians provide the Foundation, the organization would be required to compensate physicians to perform these services.

A substantial number of other volunteers have donated significant amounts of their time in supporting the Foundation's activities. No amounts have been reflected in the accompanying consolidated financial statements for these donated services since they do not meet the criteria for recognition.

(e) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of 90 days or less when acquired to be cash equivalents, except for those cash equivalents held for short-term investment that are maintained in the Foundation's investment portfolio.

(f) Investments

Investments are reported at fair value based upon quoted market prices.

(g) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from two to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease. The Foundation capitalizes all property and equipment having a cost of \$1,000 or more and a useful life of at least two years.

(h) Refundable Advances

Amounts received by the Foundation for certain special events are reflected as refundable advances until the event occurs. The majority of these amounts are characterized by the Foundation as an exchange transaction.

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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(i) Functional Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis. The consolidated statements of functional expenses present expenses by function and natural classification. Where practicable, expenses are directly classified to specific program or supporting service categories. Costs that are not specifically identifiable within functional categories are classified using an allocation methodology based on an estimate of time and effort.

(j) Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under Internal Revenue Code Section 511. The Foundation did not recognize any unrelated business income tax liability for the year ended June 30, 2020 or 2019.

(k) Recently Adopted Accounting Pronouncements

The Foundation adopted Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, in fiscal year 2020. The main provision of this guidance requires entities to include cash and cash equivalents that have restrictions on withdrawal or use in total cash and cash equivalents on the consolidated statement of cash flows. The Foundation does not have any restricted cash for the years ended June 30, 2020 and 2019, and therefore, the application of this guidance did not have a material impact on the consolidated financial statements.

The Foundation adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in 2020. The Foundation has elected to adopt this standard on a modified prospective basis for both contributions received and contributions made in fiscal year 2020. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. The application of this guidance did not have a material impact on the consolidated financial statements.

(l) New Accounting Pronouncements Not Yet Adopted

The Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 provides guidance based on the principle that revenue is recognized at the amount expected to be collected, which the entity expects to be entitled in exchange for the transfer of goods or services. The guidance can be adopted either retrospectively or with cumulative effect adjustment as of the date of adoption. The Foundation plans to adopt ASU No. 2014-09 for the year ending June 30, 2021. The Foundation is continuing to evaluate the impact of adopting this guidance on its consolidated financial statements.

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. The Foundation is currently evaluating the impact of this ASU and expects to apply it using the modified retrospective approach for the year ending June 30, 2023.

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The FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's program and other activities. The Foundation is currently evaluating the impact of this ASU and expects to apply it retrospectively for the year ending June 30, 2022.

(3) Contributions and Grants Receivable

Contributions and grants receivable are scheduled to be collected as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Amount due in one year or less	\$ 1,073,670	737,160
Amount due in one to five years	<u>—</u>	<u>100,000</u>
	<u>\$ 1,073,670</u>	<u>837,160</u>

(4) Investments

The following tables present the Foundation's fair value hierarchy for investments measured at fair value as of June 30, 2020 and 2019:

	<u>2020</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Money market fund	\$ 425,759	425,759	—
Certificates of deposit	<u>17,629,218</u>	<u>—</u>	<u>17,629,218</u>
	<u>\$ 18,054,977</u>	<u>425,759</u>	<u>17,629,218</u>

	<u>2019</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments:			
Money market fund	\$ 325,967	325,967	—
Certificates of deposit	<u>13,125,562</u>	<u>—</u>	<u>13,125,562</u>
	<u>\$ 13,451,529</u>	<u>325,967</u>	<u>13,125,562</u>

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Investment income consists of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 312,354	227,922
Realized and unrealized gain on investments	<u>270,378</u>	<u>123,526</u>
	<u>\$ 582,732</u>	<u>351,448</u>

The Foundation maintains cash and cash equivalents in major financial institutions. Investments that are described above include certificates of deposit (CDs) having original maturities greater than 90 days. The CDs are maintained at a number of financial institutions. As of June 30, 2020, there was no exposure of credit risk that exceeded the Federal Deposit Insurance Corporation insurance limits for both cash and cash equivalents and CDs.

(5) Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the consolidated balance sheet date for general expenditures, such as program expenses, grants, and other operating expenses, are as follows:

	<u>2020</u>	<u>2019</u>
Net financial assets:		
Cash and cash equivalents	\$ 3,166,522	1,559,816
Contributions and grants receivable	1,073,670	837,160
Investments	<u>18,054,977</u>	<u>13,451,529</u>
Total financial assets, end of year	22,295,169	15,848,505
Less those unavailable for general expenditure within one year, due to:		
Contributions receivable due in greater than one year	<u>—</u>	<u>(100,000)</u>
Total financial assets available within one year	<u>\$ 22,295,169</u>	<u>15,748,505</u>

The Foundation's board of directors approves an annual operating budget and cash availability sufficient to meet projected cash needs. The Foundation maintains cash and highly liquid securities sufficient to meet anticipated cash needs for operations, capital commitments, and new investments over a 12-month rolling period.

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Notes to Consolidated Financial Statements
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(6) Property and Equipment

Property and equipment include the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and office equipment	\$ 198,748	233,538
Computer equipment and software	397,513	435,574
Leasehold improvements	<u>113,640</u>	<u>112,190</u>
Property and equipment	709,901	781,302
Less accumulated depreciation and amortization	<u>(517,755)</u>	<u>(446,995)</u>
Property and equipment, net	<u>\$ 192,146</u>	<u>334,307</u>

The Foundation disposed of fully depreciated \$100,316 property and equipment for the year ended June 30, 2020 with no gain or loss on the disposals.

(7) Research and Patient Aid Grants

Research grant expense is recorded when the grant is approved by the Foundation and the grantee is notified and has executed the award. Research grants are generally awarded for a two- to three-year period, with payments made quarterly.

The Foundation offers a financial assistance program for people currently undergoing treatment for lymphoma. Patient aid grants assist with quality-of-life expenses.

The following table provides grant activity for fiscal years 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Grants payable, beginning of year	\$ 2,997,464	2,730,792
Grants awarded, net of cancellations	1,071,859	1,812,125
Grant payments	<u>(1,455,025)</u>	<u>(1,545,453)</u>
Grants payable, end of year	<u>\$ 2,614,298</u>	<u>2,997,464</u>

Grants payable are scheduled to be paid as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Amount payable in one year or less	\$ 1,371,798	1,546,464
Amount payable in more than one year	<u>1,242,500</u>	<u>1,451,000</u>
	<u>\$ 2,614,298</u>	<u>2,997,464</u>

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In 2020, the Foundation authorized research grant awards of \$1,375,000, which included the reawarded 2019 amount, for which grant agreements were provided to recipients. Of this amount, approximately \$347,702 of the grant agreements were not executed by the prospective grantee or the grantee did not utilize all of the funds. The grant awards not executed will be awarded in fiscal year 2021 to other grantees.

In 2019, the Foundation authorized research grant awards of \$1,925,000, which included the reawarded 2018 amount, for which grant agreements were provided to recipients. Of this amount, approximately \$159,000 of the grant agreements were not executed by the prospective grantee or the grantee did not utilize all of the funds. The grant awards not executed have been awarded in fiscal year 2020 to other grantees.

(8) Employee Benefit Plan

The Foundation maintains a retirement plan pursuant to Internal Revenue Code Section 403(b) for its employees. Employees are eligible to participate immediately. Under the terms of the plan, employees are entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code. During 2006, the Foundation started a matching program whereby it contributes an amount equal to 5% of annual compensation for eligible employees provided that the employees contribute at least 3% to the plan. Retirement expense under the plan amounted to approximately \$80,000 and \$74,000 for the years ended June 30, 2020 and 2019, respectively.

(9) Commitments

The Foundation entered into a 10-year lease agreement at 88 Pine Street, New York, New York 10005, effective March 17, 2017. Minimum annual rentals related to this lease are approximately as follows for the years ended subsequent to June 30, 2020:

2021	\$	379,000
2022		379,000
2023		404,000
2024		409,000
2025		409,000
Thereafter		<u>885,000</u>
	\$	<u><u>2,865,000</u></u>

The Foundation leases its New York City office, whereby the landlord has provided periods of free rent. The Foundation recorded a liability for this free rent that it amortizes on a straight-line basis over the life of the lease. Included in accounts payable and accrued expenses is deferred rent of \$128,739 and \$146,598 as of June 30, 2020 and 2019, respectively.

Rent and utilities expense for the years ended June 30, 2020 and 2019 amounted to approximately \$393,000 and \$387,000, respectively.

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(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Research program	\$ 5,715,844	1,443,044
Patient and professional programs	8,150,634	6,520,467
Patient aid	161,566	104,088
	<u>\$ 14,028,044</u>	<u>8,067,599</u>

Net assets were released from restrictions during the years ended June 30, 2020 and 2019 by incurring expenses or the passage of time, thus satisfying the restricted purposes as follows:

	<u>2020</u>	<u>2019</u>
Research program	\$ 1,027,298	2,293,478
Patient and professional programs	2,132,164	1,758,857
Patient aid	42,600	46,500
	<u>\$ 3,202,062</u>	<u>4,098,835</u>

(11) Payroll Protection Program Refundable Advance

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In April 2020, the Foundation received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Payroll Protection Program. Funding through this program consists of loans that are designed to provide a direct incentive for small business to keep their workers on payroll. These loans will be forgiven if certain criteria are met and the funds are used for eligible expenses.

The Foundation applied for and received a Payroll Protection Program Loan (PPP Refundable Advance) in April 2020 in the amount of \$486,300. The Foundation intends to apply by December 31, 2020 for complete forgiveness in accordance with the provisions for loan forgiveness. The loan is recorded in the consolidated balance sheet in Payroll Protection Program refundable advance as of June 30, 2020.

(12) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Foundation evaluated subsequent events after the consolidated balance sheet date of June 30, 2020 through December 8, 2020, which was the date the consolidated financial statements were available to be issued, and determined that there were no additional matters that are required to be disclosed besides what noted below.

As a result of the incidence of COVID-19, economic uncertainties have arisen that may negatively affect the financial position, results of operations, and cash flows of the Foundation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.