
THE BLOOD CANCER FOUNDATION OF MICHIGAN

**Financial Report
For The Year Ended
June 30, 2024**



certified public accountants

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THE BLOOD CANCER FOUNDATION OF MICHIGAN
Farmington Hills, Michigan

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Blood Cancer Foundation of Michigan
Farmington Hills, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Children's Leukemia Foundation of Michigan doing business as The Blood Cancer Foundation of Michigan (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Blood Cancer Foundation of Michigan as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Blood Cancer Foundation of Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Blood Cancer Foundation of Michigan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 The Blood Cancer Foundation of Michigan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Blood Cancer Foundation of Michigan'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.

Report on Summarized Comparative Information

We have previously audited The Blood Cancer Foundation of Michigan's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

June 26, 2025

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Statement of Financial Position
June 30, 2024
(With Summarized Information for June 30, 2023)

	2024			2023	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
Assets					
Cash and cash equivalents	\$ 186,041	\$ 3,854	\$ 438,959	\$ 628,854	\$ 557,579
Investments	0	380,903	2,937,888	3,318,791	3,407,098
Receivables	59,795	0	0	59,795	140,016
Prepaid expenses and deposits	6,673	0	0	6,673	4,438
Right of use asset	126,123	0	0	126,123	0
Property and equipment	28,816	0	0	28,816	6,916
Total Assets	\$ 407,448	\$ 384,757	\$ 3,376,847	\$ 4,169,052	\$ 4,116,047
Liabilities and Net Assets					
Liabilities					
Accounts payable	\$ 60,202	\$ 0	\$ 0	\$ 60,202	\$ 15,427
Loan due to endowment fund	0	0	0	0	100,525
Accrued payroll and withholding	27,318	0	0	27,318	32,620
Lease liability	126,542	0	0	126,542	0
Total Liabilities	214,062	0	0	214,062	148,572
Net Assets					
Without donor restrictions					
Undesignated	193,386	0	0	193,386	28,494
Designated by the board	0	384,757	0	384,757	706,961
Total net assets without donor restrictions	193,386	384,757	0	578,143	735,455
With donor restrictions					
Time-restricted	0	0	0	0	43,886
Purpose restricted	0	0	15,725	15,725	115,962
Perpetual in nature	0	0	3,361,122	3,361,122	3,072,172
Total net assets with donor restrictions	0	0	3,376,847	3,376,847	3,232,020
Total Net Assets	193,386	384,757	3,376,847	3,954,990	3,967,475
Total Liabilities and Net Assets	\$ 407,448	\$ 384,757	\$ 3,376,847	\$ 4,169,052	\$ 4,116,047

See Independent Auditor's Report and Accompanying Notes.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Statement of Activities and Changes In Net Assets
For The Year Ended June 30, 2024
(With Summarized Information For The Year Ended June 30, 2023)

	2024			2023	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
Revenue, Gains and Other Support					
Public support:					
United Way support	\$ 88,416	\$ 0	\$ 0	\$ 88,416	\$ 75,663
Gifts	354,356	0	230,386	584,742	620,164
Grant income	141,131	0	0	141,131	208,126
COVID-related grants	0	0	0	0	127,719
Special fund-raising events, net	155,523	0	0	155,523	129,660
Total Public Support	739,426	0	230,386	969,812	1,161,332
Other revenue:					
Investment income, net	(8,384)	57,685	318,750	368,051	208,704
Endowment income	0	0	89,758	89,758	87,771
Gain on disposal of property and equipment	0	0	0	0	11,029
Miscellaneous	1,070	0	0	1,070	1,256
Total Other Revenue	(7,314)	57,685	408,508	458,879	308,760
Net assets released from restrictions:					
Satisfaction of restrictions	873,956	(379,889)	(494,067)	0	0
Total Revenue, Gains and Other Support	1,606,068	(322,204)	144,827	1,428,691	1,470,092
Expenses					
Program services:					
Patient services	751,547	0	0	751,547	770,802
Community education and public information	460,562	0	0	460,562	388,312
Total Program Services	1,212,109	0	0	1,212,109	1,159,114
Supporting services:					
Management and general	61,392	0	0	61,392	75,967
Fund-raising	167,675	0	0	167,675	154,237
Total Supporting Services	229,067	0	0	229,067	230,204
Total Expenses	1,441,176	0	0	1,441,176	1,389,318
Change In Net Assets	164,892	(322,204)	144,827	(12,485)	80,774
Net Assets - Beginning of Year	28,494	706,961	3,232,020	3,967,475	3,886,701
Net Assets - End of Year	\$ 193,386	\$ 384,757	\$ 3,376,847	\$ 3,954,990	\$ 3,967,475

See Independent Auditor's Report and Accompanying Notes.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Statement of Functional Expenses
For The Year Ended June 30, 2024
(With Summarized Information For The Year Ended June 30, 2023)

	2024		
	Patient Services	Community Education and Public Info	Total Program Services
Salaries and Related Expenses			
Salaries and wages	\$ 316,388	\$ 333,899	\$ 650,287
Employee benefits	27,208	28,170	55,378
Payroll taxes	25,121	26,499	51,620
Total Salaries and Related Expenses	368,717	388,568	757,285
Other Expenses			
Awards and financial assistance	195,732	0	195,732
Patient services	93,301	0	93,301
Professional and contract fees	40,326	35,090	75,416
Supplies, postage and printing	9,906	10,471	20,377
Telephone	3,742	3,566	7,308
Occupancy	21,397	8,280	29,677
Equipment rental and maintenance	9,917	10,451	20,368
Travel and auto	3,867	1,918	5,785
Conferences and meetings	2,537	0	2,537
Depreciation	1,761	1,855	3,616
Event expenses	0	0	0
Bad debt	0	0	0
Dues and other	344	363	707
Total Other Expenses	382,830	71,994	454,824
Total Expenses	751,547	460,562	1,212,109
Less Expense Included With Revenues on the Statement of Activities	0	0	0
Total Functional Expenses	\$ 751,547	\$ 460,562	\$ 1,212,109
Percentage of Total Expenses	52.1%	32.0%	84.1%

2024				2023
Management and General	Fundraising	Total Supporting Services	Total	Total
\$ 27,274	\$ 79,910	\$ 107,184	\$ 757,471	\$ 726,097
2,636	10,572	13,208	68,586	51,018
2,167	6,344	8,511	60,131	58,162
<u>32,077</u>	<u>96,826</u>	<u>128,903</u>	<u>886,188</u>	<u>835,277</u>
0	0	0	195,732	162,754
0	0	0	93,301	105,890
20,317	86,894	107,211	182,627	239,607
1,749	12,172	13,921	34,298	46,552
294	889	1,183	8,491	6,604
1,486	2,545	4,031	33,708	39,993
863	2,604	3,467	23,835	23,707
977	3,986	4,963	10,748	9,855
3,447	805	4,252	6,789	5,169
153	462	615	4,231	4,447
0	10,056	10,056	10,056	12,778
0	9,900	9,900	9,900	5,975
29	20,090	20,119	20,826	20,327
<u>29,315</u>	<u>150,403</u>	<u>179,718</u>	<u>634,542</u>	<u>683,658</u>
61,392	247,229	308,621	1,520,730	1,518,935
0	(79,554)	(79,554)	(79,554)	(129,617)
<u>\$ 61,392</u>	<u>\$ 167,675</u>	<u>\$ 229,067</u>	<u>\$ 1,441,176</u>	<u>\$ 1,389,318</u>
<u>4.3%</u>	<u>11.6%</u>	<u>15.9%</u>	<u>100.0%</u>	

See Independent Auditor's Report and Accompanying Notes.

THE BLOOD CANCER FOUNDATION OF MICHIGAN

Statement of Cash Flows

	For the Years Ended June 30,	
	2024	2023
Operating Activities		
Change in net assets	\$ (12,485)	\$ 80,774
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,231	4,447
Net realized and unrealized gain on investments	(214,071)	(62,305)
Gain on disposal of property and equipment	0	(11,029)
Operating right of use asset amortization	3,408	0
Decrease (increase) in operating assets:		
Receivables	80,220	(2,842)
Prepaid expenses and deposits	(2,235)	11,010
Increase (decrease) in operating liabilities:		
Accounts payable	(156,275)	198,528
Lease liability	(2,989)	0
Accrued payroll and withholding	(5,302)	9,255
Net Cash Provided By (Used In) Operating Activities	(305,498)	227,838
Investing Activities		
Purchase of investments	(230,386)	(150,695)
Proceeds from sale of investments	532,765	9,001
Proceeds from sale of property and equipment	0	12,000
Purchase of property and equipment	(26,131)	0
Net Cash Provided By (Used In) Investing Activities	276,248	(129,694)
Financing Activities		
Repayment (Borrowings) from endowment fund	100,525	(100,525)
Net Cash Provided By (Used In) Financing Activities	100,525	(100,525)
Net Increase (Decrease) In Cash and Cash Equivalents	71,275	(2,381)
Cash and Cash Equivalents -		
Beginning of Year	557,579	559,960
End of Year	\$ 628,854	\$ 557,579
Supplemental Disclosure of Cash Flow Information -		
Cash paid for interest	\$ 0	\$ 16

See Independent Auditor's Report and Accompanying Notes.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:

1. Summary of Significant Accounting Policies

Description of Entity – The Children's Leukemia Foundation of Michigan doing business as The Blood Cancer Foundation of Michigan (the "Foundation") is a non-profit corporation organized under the laws of the State of Michigan whose sources of revenue are principally allocations and contributions from individual contributions, grants, and special fundraising events. The Foundation assists people in Michigan coping with leukemia and related disorders and distributes educational information to improve the well-being of patients and their families.

The Foundation records transactions based on the nature of the activity and classifies net assets without donor restrictions or with donor restrictions.

The following are accounting principles generally accepted in the United States of America and policies followed by the Foundation:

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

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Total fair market value of investments at June 30, 2024 is maintained in investment funds. Accounting pronouncements for fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no investments valued using Level 2 or Level 3 inputs.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, business risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Property and Equipment – The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation on property and equipment is provided on a straight-line basis over their estimated useful lives.

Receivables – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The receivables are reported net of allowances for credit losses. An allowance for is based on prior years' experience and management's analysis of specific promises made. Amounts deemed uncollectible are written-off in the period that the determination is made.

Contributions Without Conditions – Gifts received by the Foundation that do not include conditions are recorded as either increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:**1. Summary of Significant Accounting Policies (Continued)**

Classification of Net Assets – Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain net assets may need to be maintained in perpetuity.

Tax Status – The Foundation is exempt from income tax as provided for under Internal Revenue Code Section 501(c)(3). Therefore, a provision for Federal income taxes is not required.

Uncertain Tax Position – Management evaluates, at least annually, whether any tax positions reported on tax returns are more likely than not to be sustained if challenged. Management believes no such positions exist that would have significant impact on the Foundation's financial position and results of operations. As of June 30, 2024 no liability for uncertain tax benefits was recorded.

Donated Services – No amounts have been reflected in the financial statements for donated services since these services did not meet the criteria mandated by professional standards; however, volunteers have donated significant amounts of time in the Foundation's program services and its fundraising campaigns.

Donated Assets – Donated assets are recorded as contributions at estimated fair value at date of receipt.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's prior year financial statements from which the summarized information was derived.

Use of 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising – Advertising costs are expensed over the time period the advertising takes place.

Van Dusen Endowment – Accounting for Assets Held by Community Foundation of Southeastern Michigan – The Foundation was a participant in the Van Dusen Endowment Challenge Program sponsored by the Community Foundation for Southeastern Michigan. The objective of the Van Dusen Challenge Program is to create long-term sources of funding for organizations by establishing permanent endowment funds to be held by the Community Foundation for Southeastern Michigan. During 1997, the Foundation attained its challenge grant goal of raising \$1,000,000. Since the challenge goal was met, the Community Foundation provided a 33% matching grant, totaling \$333,333, which has been added to the endowment. The Community Foundation held endowment investments earmarked for the Foundation of \$1,949,156 at June 30, 2024.

In accordance with professional standards, the funds held by the Community Foundation of Southeastern Michigan on behalf of the Foundation are not recognized as net assets of the Foundation because the Community Foundation of Southeastern Michigan maintains variance power over these funds.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:

1. Summary of Significant Accounting Policies (Continued)

Subsequent Events – Management has evaluated subsequent events as of June 26, 2025, the date which the financial statements were available for issue.

Leases – The Foundation leases its office space. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the Foundation's balance sheets.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make 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. As the Foundation's lease does not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made in advance and excludes lease incentives. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if the Foundation has obtained substantially all of the rights to the underlying asset through exclusivity, if the Foundation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Foundation has elected the available practical expedient that allows companies to make an accounting policy election to use a risk-free rate as the discount rate for all leases.

2. Liquidity

At June 30, 2024, the Foundation has \$4,007,440 of liquid assets available to meet needs for general expenditures consisting of cash of \$628,854, investments of \$3,318,791 and accounts receivables of \$59,795. Approximately \$3,376,847 of these financial assets are subject to donor restrictions. The remaining liquid assets are available to meet the cash needs of the Foundation in the next 12 months.

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term money market funds. The Foundation also projects cash flow needs using a budget that is updated at least annually.

3. Investments

The Foundation presents investments at fair value. At June 30, 2024, investments consist of mutual funds in the amount of \$380,903 without donor restrictions and \$2,937,888 with donor restrictions.

Diversification by asset class, investment style, and investment manager is employed to avoid undue risk concentration and to enhance total return. The current long-term return objective is expressed as a range from 7% to 9%, net of investment fees. Actual returns in any year may vary from this amount. To satisfy its long-term rate of return objective, the Foundation 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).

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:**4. Cash Balances**

The Foundation maintains its cash accounts at financial institutions whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. The Foundation at times maintains cash balances in excess of federally insured limits. Management does not believe the Foundation is exposed to any unusual credit risk on uninsured balances.

5. Receivables

As of June 30, 2024, receivables consist of:

	<u>Without Donor Restrictions</u>
Contributions	<u>\$ 59,795</u>

During the year ended June 30, 2024, investment earnings from the Community Foundation of Southeast Michigan endowment of \$89,758 were approved for distribution to The Blood Cancer Foundation of Michigan. This income can be used for general operating support, and as such, recorded as unrestricted net assets.

Management believes all receivables outstanding at June 30, 2024 will be collected. Accordingly, no provision for uncollectible amounts has been made.

6. Property and Equipment

Property and equipment at June 30, 2024 is summarized as follows:

Furniture and fixtures	\$ 44,609
Computer equipment	103,272
Leasehold improvements	7,188
Auto	<u>26,131</u>
Total cost	181,200
Less: Accumulated depreciation	<u>(152,384)</u>
Net carrying amount	<u>\$ 28,816</u>

Depreciation expense for the year ended June 30, 2024 amounted to \$4,231.

7. Net Assets

Board designated funds have been set aside and are to be held until such time as the board approves specific uses of the funds.

Net assets with donor restrictions that are temporary in nature consist of time-restricted Community Foundation of Southeast Michigan endowment income and purpose restricted contributions and grants for patient services and community education.

Net assets with donor restrictions that are perpetual in nature consist of funds raised for the Endowment Campaign, a drive aimed to supplement the operating funds of the Foundation to assure its mission is met and families are served. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:**7. Net Assets (Continued)**

The Foundation classifies net asset that are perpetual in nature (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Foundation has a policy that provides for an annual disbursement up to 5% of the average market value of the fund over the previous twelve quarters and divided between two payouts each year. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment asset to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment asset as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition as of June 30, 2024 is as follows:

Balance – Beginning of year	\$ 3,072,172
Net gifts received and invested	230,386
Disbursement of funds for use in programs	(260,181)
Investment returns:	
Dividends and interest	109,845
Net realized and unrealized gain (loss)	<u>208,900</u>
Balance – End of year	<u>\$ 3,361,122</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of the State of Michigan Prudent Management of Institutional Funds Act (SPMIFA) requires the Foundation to retain as a fund in perpetual duration. No such deficiency exists at June 30, 2024.

8. Financial Assistance

The Foundation provides a financial assistance program whereby the Foundation reimburses patients for medication, treatment, and transportation. This assistance has a limitation of \$1,000 per eligible patient per year. The patients are also eligible for special needs up to \$750 per eligible patient. Special needs are for emergencies and are determined on a case-by-case basis. Total costs for patient financial assistance amounted to \$195,732 for the year ended June 30, 2024. During the year, there were 653 patients who received financial assistance.

9. Gifts In Kind

The Foundation provides a holiday toy program that served 741 children for the year ended June 30, 2024. Many of these toys were donated to the Foundation and recorded as contributions on the financial statements. Other items that were recorded as gifts in kind were various donations for third-party and special fundraising events.

10. Related Party Transaction

During the year ended June 30, 2024, the Foundation entered into a one-year consulting contract with an entity controlled by a board member. The Foundation will outsource their marketing, advertising, public relations, and promotional responsibilities to the related entity. Consulting fees for these services amounted to \$26,400 as of June 30, 2024.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:**11. Special Fundraising Events**

Revenue from special fundraising events is presented net of related expenses. The gross revenue and expense from these events for the year ended June 30, 2024 are as follows:

<u>Fundraising Event</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Grays Reef Golf Outing	\$ 189,081	\$ 61,625	\$ 127,456
Movie Marathon	5,750	228	5,522
Walk	40,196	14,820	25,376
Other	<u>50</u>	<u>2,881</u>	<u>(2,831)</u>
	<u>\$ 235,077</u>	<u>\$ 79,554</u>	<u>\$ 155,523</u>

12. Leases

In January 2024, the Foundation entered into a lease for office space with an unrelated party. The lease is set to expire after 10 years. It requires escalating monthly payments with a monthly base rental payment of \$996 as of June 30, 2024.

Prior to the January 2024 lease agreement, the Foundation lease agreement was renewable each year and terminated when either party delivers a 90-day written notice. Monthly payments were \$1,600.

Rent expense consisted of \$18,804 for the year ended June 30, 2024.

A schedule of future minimum lease payments required under the above operating lease as of June 30, 2024 is as follows:

	<u>Amount</u>
2025	\$ 12,055
2026	12,453
2027	12,852
2028	13,250
2029	13,649
Thereafter	<u>69,035</u>
Total minimum lease payments	133,294
Less: Effects of discounting	<u>6,752</u>
Lease liabilities	<u>\$ 126,542</u>

The weighted average lease term is 116 months, and the weighted average discount rate is .09%.

The Foundation has elected to apply the short-term lease exemption to one of the Foundation's classes of underlying assets: equipment. The foundation has only a small number of leases within this class of underlying assets that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases is \$4,853 for the year ended June 30, 2024.

13. Retirement Benefits

As of August 1, 2018, the Foundation has a 401(k)-retirement plan (the "Plan"). Under the Plan, employees can elect to defer a portion of their compensation and the Foundation will match up to 2% of the employees' salary. The Plan expense was \$9,383 for the year ended June 30, 2024.

THE BLOOD CANCER FOUNDATION OF MICHIGAN
Notes to the Financial Statements
For The Year Ended June 30, 2024

NOTE:

14. Revocable Split-Interest Agreement

The Foundation has been named a beneficiary under a living trust. The assets of the trust are not included in the Statement of Financial Position of the Foundation since the trust is revocable at the discretion of the grantor. The intent of the grantor is to bequest the Foundation \$250,000 upon the death of the donor.

15. Functional Allocation of Expenses

The costs of providing specific program and other supporting services have been reported on a functional basis in the statements of functional expenses. Costs that are not directly applicable to a specific function have been allocated between program and supporting services based on salary expenses on the basis of periodic time studies. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

16. Line of Credit

The Foundation has available a \$100,000 commercial line of credit with Flagstar as of July 24, 2018, with a variable interest rate of Wall Street Journal prime rate plus 1.0% per annum. The loan is guaranteed by a security agreement covering all assets of the Foundation and due upon demand.

The Foundation established an internal line of credit available from board designated funds. The amount outstanding at June 30, 2024 was \$0.

17. Adoption of New Accounting Standard

In January 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurements of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. Financial assets would include trade account receivables.

The new standard is effective for non-public entities for year-ends beginning after December 15, 2022, and for interim period financial statements within 2023. The Foundation adopted the standard effective July 1, 2023 utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Foundation's financial statements but did change how the allowance for credit losses is determined.