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# THE BLOOD CANCER FOUNDATION OF MICHIGAN

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**Financial Report  
For The Year Ended  
June 30, 2021**



certified public accountants

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**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Farmington Hills, Michigan**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Children's Leukemia Foundation of Michigan d/b/a The Blood Cancer Foundation of Michigan (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Children's Leukemia Foundation of Michigan as of June 30, 2021, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Children's Leukemia Foundation of Michigan's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gordon Advisors, P.C.*

October 27, 2021

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Financial Position**  
**June 30, 2021**  
**(With Summarized Information for June 30, 2020)**

	2021			2020	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 180,942	\$ 264,289	\$ 317,805	\$ 763,036	\$ 353,206
Investments	0	759,304	2,821,679	3,580,983	3,092,760
Receivables	55,525	0	40,180	95,705	72,480
Prepaid expenses and deposits	9,390	0	0	9,390	24,503
Property and equipment	14,205	0	0	14,205	24,964
<b>Total Assets</b>	<b>\$ 260,062</b>	<b>\$ 1,023,593</b>	<b>\$ 3,179,664</b>	<b>\$ 4,463,319</b>	<b>\$ 3,567,913</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ 8,480	\$ 0	\$ 0	\$ 8,480	\$ 34,972
Capital lease payable	680	0	0	680	2,579
Accrued payroll and withholding	17,252	0	0	17,252	12,736
Paycheck Protection Program loan payable	137,960	0	0	137,960	142,200
<b>Total Liabilities</b>	<b>164,372</b>	<b>0</b>	<b>0</b>	<b>164,372</b>	<b>192,487</b>
<b>Net Assets</b>					
Without donor restrictions					
Undesignated	95,690	0	0	95,690	76,273
Designated by the board	0	1,023,593	0	1,023,593	964,035
Total net assets without donor restrictions	95,690	1,023,593	0	1,119,283	1,040,308
With donor restrictions					
Time-restricted	0	0	40,180	40,180	39,980
Purpose restricted	0	0	17,640	17,640	15,959
Perpetual in nature	0	0	3,121,844	3,121,844	2,279,179
Total net assets with donor restrictions	0	0	3,179,664	3,179,664	2,335,118
<b>Total Net Assets</b>	<b>95,690</b>	<b>1,023,593</b>	<b>3,179,664</b>	<b>4,298,947</b>	<b>3,375,426</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 260,062</b>	<b>\$ 1,023,593</b>	<b>\$ 3,179,664</b>	<b>\$ 4,463,319</b>	<b>\$ 3,567,913</b>

See Independent Auditors' Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Activities and Changes In Net Assets**  
**For The Year Ended June 30, 2021**  
**(With Summarized Information For The Year Ended June 30, 2020)**

	2021			2020	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
<b>Revenue, Gains and Other Support</b>					
Public support:					
United Way support	\$ 41,886	\$ 0	\$ 0	\$ 41,886	\$ 136,253
Gifts	294,758	0	314,771	609,529	395,607
Grant income	43,331	0	0	43,331	64,760
Paycheck Protection Program forgiveness	143,540	0	0	143,540	0
Legacies and bequests	1,681	0	0	1,681	1,000
Third-party fund-raising	13,972	0	0	13,972	11,417
Special fund-raising events, net	121,419	0	0	121,419	71,493
<b>Total Public Support</b>	<b>660,587</b>	<b>0</b>	<b>314,771</b>	<b>975,358</b>	<b>680,530</b>
Other revenue:					
Investment income, net	3,839	213,489	627,650	844,978	31,113
Endowment income	0	0	80,359	80,359	79,960
Miscellaneous	0	0	0	0	800
<b>Total Other Revenue</b>	<b>3,839</b>	<b>213,489</b>	<b>708,009</b>	<b>925,337</b>	<b>111,873</b>
Net assets released from restrictions:					
Satisfaction of restrictions	332,166	(153,931)	(178,235)	0	0
<b>Total Revenue, Gains and Other Support</b>	<b>996,592</b>	<b>59,558</b>	<b>844,545</b>	<b>1,900,695</b>	<b>792,403</b>
<b>Expenses</b>					
Program services:					
Patient services	550,447	0	0	550,447	600,466
Community education and public information	249,156	0	0	249,156	345,754
<b>Total Program Services</b>	<b>799,603</b>	<b>0</b>	<b>0</b>	<b>799,603</b>	<b>946,220</b>
Supporting services:					
Management and general	97,189	0	0	97,189	60,558
Fund-raising	80,383	0	0	80,383	103,229
<b>Total Supporting Services</b>	<b>177,572</b>	<b>0</b>	<b>0</b>	<b>177,572</b>	<b>163,787</b>
<b>Total Expenses</b>	<b>977,175</b>	<b>0</b>	<b>0</b>	<b>977,175</b>	<b>1,110,007</b>
<b>Change In Net Assets</b>	<b>19,417</b>	<b>59,558</b>	<b>844,545</b>	<b>923,520</b>	<b>(317,604)</b>
<b>Net Assets - Beginning of Year</b>	<b>76,273</b>	<b>964,035</b>	<b>2,335,118</b>	<b>3,375,426</b>	<b>3,693,030</b>
<b>Net Assets - End of Year</b>	<b>\$ 95,690</b>	<b>\$ 1,023,593</b>	<b>\$ 3,179,663</b>	<b>\$ 4,298,946</b>	<b>\$ 3,375,426</b>

See Independent Auditors' Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2021**  
**(With Summarized Information For The Year Ended June 30, 2020)**

	<b>2021</b>		
	<b>Patient Services</b>	<b>Community Education and Public Info</b>	<b>Total Program Services</b>
<b>Salaries and Related Expenses</b>			
Salaries and wages	\$ 242,761	\$ 149,964	\$ 392,725
Employee benefits	6,360	5,215	11,575
Payroll taxes	19,391	11,325	30,716
<b>Total Salaries and Related Expenses</b>	<b>268,512</b>	<b>166,504</b>	<b>435,016</b>
<b>Other Expenses</b>			
Awards and financial assistance	96,498	0	96,498
Patient services	67,128	0	67,128
Professional and contract fees	38,703	57,406	96,109
Supplies, postage and printing	12,750	5,435	18,185
Telephone	3,305	755	4,060
Occupancy	45,228	7,699	52,927
Equipment rental and maintenance	11,496	7,129	18,625
Travel and auto	0	0	0
Conferences and meetings	7	0	7
Depreciation	6,323	3,920	10,243
Event expenses	0	0	0
Bad debt	0	0	0
Dues and other	497	308	805
<b>Total Other Expenses</b>	<b>281,935</b>	<b>82,652</b>	<b>364,587</b>
<b>Total Expenses</b>	<b>550,447</b>	<b>249,156</b>	<b>799,603</b>
<b>Less Expense Included With Revenues on the Statement of Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Functional Expenses</b>	<b>\$ 550,447</b>	<b>\$ 249,156</b>	<b>\$ 799,603</b>
<b>Percentage of Total Expenses</b>	<b>56.3%</b>	<b>25.5%</b>	<b>81.8%</b>

<b>2021</b>				<b>2020</b>
<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total</b>	<b>Total</b>
\$ 48,318	\$ 35,924	\$ 84,242	\$ 476,967	\$ 581,983
1,867	1,331	3,198	14,773	20,830
3,827	2,843	6,670	37,386	45,200
<u>54,012</u>	<u>40,098</u>	<u>94,110</u>	<u>529,126</u>	<u>648,013</u>
0	0	0	96,498	108,549
0	0	0	67,128	71,892
25,938	11,531	37,469	133,578	108,711
7,640	2,447	10,087	28,272	19,736
245	182	427	4,487	4,140
3,400	3,186	6,586	59,513	73,788
2,312	1,717	4,029	22,654	26,947
709	23	732	732	5,585
33	181	214	221	2,494
1,272	944	2,216	12,459	12,464
0	64,721	64,721	64,721	22,045
0	0	0	0	7,810
1,628	20,074	21,702	22,507	19,878
<u>43,177</u>	<u>105,006</u>	<u>148,183</u>	<u>512,770</u>	<u>484,039</u>
97,189	145,104	242,293	1,041,896	1,132,052
<u>0</u>	<u>(64,721)</u>	<u>(64,721)</u>	<u>(64,721)</u>	<u>(22,045)</u>
<u>\$ 97,189</u>	<u>\$ 80,383</u>	<u>\$ 177,572</u>	<u>\$ 977,175</u>	<u>\$ 1,110,007</u>
<u>9.9%</u>	<u>8.2%</u>	<u>18.2%</u>	<u>100.0%</u>	

See Independent Auditors' Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Cash Flows**

	<b>For the Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 923,520	\$ (317,604)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,459	12,464
Net realized and unrealized (gain) loss on investments	(503,723)	15,630
Paycheck Protection Program forgiveness grant	(142,200)	0
Decrease (increase) in operating assets:		
Receivables	(23,226)	736
Prepaid expenses and deposits	15,113	(4,417)
Increase (decrease) in operating liabilities:		
Accounts payable	(26,492)	(10,465)
Accrued payroll and withholding	4,517	(1,349)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>259,968</b>	<b>(305,005)</b>
<b>Investing Activities</b>		
Purchase of investments	(275,947)	(70,346)
Proceeds from sale of investments	291,448	54,004
Purchase of property and equipment	(1,700)	(800)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>13,801</b>	<b>(17,142)</b>
<b>Financing Activities</b>		
Payments on capital lease	(1,899)	(1,704)
Proceeds from Paycheck Protection Program loan payable	137,960	142,200
<b>Net Cash Provided By Financing Activities</b>	<b>136,061</b>	<b>140,496</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>409,830</b>	<b>(181,651)</b>
<b>Cash and Cash Equivalents -</b>		
Beginning of Year	353,206	534,857
End of Year	\$ 763,036	\$ 353,206
<b>Supplemental Disclosure of Cash Flow Information -</b>		
Cash paid for interest	\$ 1,528	\$ 466

See Independent Auditors' Report and Accompanying Footnotes.



**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2021**

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**NOTE:**

**1. Summary of Significant Accounting Policies**

Description of Entity – The Children's Leukemia Foundation of Michigan d/b/a 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, 2021 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 doubtful accounts. An allowance for doubtful accounts 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.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2021**

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**NOTE:**

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

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.

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, 2021 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.

Reclassifications – Certain reclassifications were made to the prior year financial statements to conform to classifications made in the current year.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2021**

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**NOTE:**

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

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 \$2,045,510 at June 30, 2021.

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.

Subsequent Events – Management has evaluated subsequent events as of October 27, 2021, the date which the financial statements were available for issue.

**2. Liquidity**

At June 30, 2021, the Foundation has \$4,439,724 of liquid assets available to meet needs for general expenditures consisting of cash of \$763,036, investments of \$3,580,983 and accounts receivables of \$95,705. Approximately \$3,179,664 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. 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.

**4. Investments**

The Foundation presents investments at fair value. At June 30, 2021, investments consist of mutual funds in the amount of \$759,304 without donor restrictions and \$2,821,679 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 (Continued)**  
**For The Year Ended June 30, 2021**

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**NOTE:****5. Receivables**

As of June 30, 2021, receivables consist of:

	Without Donor Restrictions	With Donor Restrictions
Contributions	\$ 55,525	\$ 0
Community Foundation grant	<u>0</u>	<u>40,180</u>
	<u>\$ 55,525</u>	<u>\$ 40,180</u>

During the year ended June 30, 2021, investment earnings from the Community Foundation of Southeast Michigan endowment of \$80,359 were approved for distribution to Children's Leukemia Foundation of Michigan, of which \$40,179 has been received and \$40,180 is included in receivables. This income can be used for general operating support, and as such, will be recorded as unrestricted net assets when received.

Management believes all receivables outstanding at June 30, 2021 will be collected. Accordingly, no provision for uncollectible amounts has been made.

**6. Property and Equipment**

Property and equipment at June 30, 2021 is summarized as follows:

Furniture and fixtures	\$ 44,609
Computer equipment	93,923
Leasehold improvements	7,188
Vehicle	<u>19,421</u>
Total cost	165,141
Less: Accumulated depreciation	<u>(150,936)</u>
Net carrying amount	<u>\$ 14,205</u>

Depreciation expense for the year ended June 30, 2021 amounted to \$12,459.

**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 (Continued)**  
**For The Year Ended June 30, 2021**

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**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 12 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, 2021 is as follows:

Balance – Beginning of year	\$ 2,279,179
Net gifts received and invested	312,884
Disbursement of funds for use in programs	(97,862)
Investment returns:	
Dividends and interest	56,961
Net realized and unrealized gain (loss)	<u>570,682</u>
Balance – End of year	<u>\$ 3,121,844</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, 2021.

**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 \$96,498 for the year ended June 30, 2021. During the year, there were 250 patients who received financial assistance.

**9. Gifts In Kind**

The Foundation provides a holiday toy program that served 705 children for the year ended June 30, 2021. 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, 2021, 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 \$39,600 as of June 30, 2021.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2021**

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**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, 2021 are as follows:

<u>Fundraising Event</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Grays Reef Golf Outing	\$ 137,781	\$ 42,509	\$ 95,272
Walk	44,333	22,332	22,001
Miscellaneous under \$10,000	<u>4,146</u>	<u>0</u>	<u>4,146</u>
	<u>\$ 186,260</u>	<u>\$ 64,841</u>	<u>\$ 121,419</u>

**12. Operating Leases**

On May 6, 2016, the Foundation entered into an operating lease for its facility in Farmington Hills, Michigan. This lease expires July 31, 2021, and renewed smaller space at \$750 per month until December 2021 and will not be renewed. Rental expense consisted of \$44,865 for the year ended June 30, 2021.

In September 2021, the Foundation entered into an operating lease for its facility in Farmington Hills, Michigan. This lease is renewable each year and terminates when either party delivers a 90-day written notice. Monthly payments are \$1,600.

The Foundation leases its office equipment on a combination of long-term leases. The terms of these agreements range from 48 to 63 months and the monthly lease rates range from \$179 to \$299 per month. Total leasing expense for office equipment amounted to \$1,664 for the year ended June 30, 2021.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2021 are:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 12,423
2023	<u>1,912</u>
	<u>\$ 10,585</u>

**13. Retirement Benefits**

The Foundation maintains a defined contribution pension plan covering substantially all of its employees. Contributions are discretionary based on 2.5% of each covered employee's salary. The Foundation recognizes pension plan costs as they accrue. The pension plan was closed as of July 31, 2018. 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 1% of the employees' salary. The Plan expense was \$3,411 for the year ended June 30, 2021.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2021**

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**NOTE:**

**14. Capital Lease Payable**

The Foundation entered into a capital lease for \$8,020. The note requires monthly fixed payments of \$174 which includes interest at a rate of 10.858% through November 2021, when approximately \$680 will be due.

**15. Paycheck Protection Program Loan Payable**

On April 17, 2020, and again on February 26, 2021, the Foundation obtained funding of \$142,200 and \$137,960, respectively through Flagstar Bank from the U.S. Small Business Administration. The Foundation pursued these arrangements to maintain liquidity in response to the coronavirus pandemic (see Note 19). These loans were available under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying entities that can be forgiven if the entity uses the proceeds to fund payroll, and certain other specified operating expenses during a specified period. Under provisions of the program, the amount of loan forgiveness will be reduced if the entity lowers either employee headcount or compensation levels when compared to amounts incurred at specified times prior to the pandemic.

The Blood Cancer Foundation of Michigan has elected to record revenue from PPP loan forgiveness at the time the Foundation is notified of that forgiveness by SBA. The loan obtained in April 2020 in the amount of \$142,200 was forgiven during the year ended June 30, 2021 and is included as revenue on the statement of activities. The Foundation anticipates qualifying for at least partial debt forgiveness for the loan obtained in February in the amount of \$137,960. The remaining PPP loan will bear interest at 1% and mature during the year ending June 30, 2023.

**16. 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.

**17. 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 in the amount of \$100,000 at June 30, 2021 with a variable interest rate of Wall Street Journal prime rate plus 1.0% per annum. Accrued interest shall be paid monthly, and all advances must be approved by the board. The amount outstanding at June 30, 2021 was \$0. Total interest expense was \$0 for the year ended June 30, 2021.

**18. 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.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2021**

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**NOTE:**

**19. Pandemic Uncertainty**

In March 2020, a national emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. To further contain the spread of the virus, the State of Michigan implemented measures to combat this contagious disease that has impacted millions of people worldwide. The impact of these government orders and regulations have placed limits on the social and business activities of individuals from the time the national emergency was declared and have continued into 2021.

After the onset of the emergency, the Foundation was able to alter its operations so that employees perform their assignments in either a remote environment or in a manner that allows for social distancing that complies with government guidelines. Additionally, funding through the Paycheck Protection Program (Note 15) mitigated the effect of this situation and at this time, results of operations have not been significantly impacted.

Management is carefully monitoring the situation. While this disruption is expected to be temporary with multiple approved vaccinations currently in distribution throughout the country, there remains considerable uncertainty as to the duration and spread of the outbreak, its impact on the economy as a whole, and on the Foundation's overall operations. Therefore, management cannot reasonably estimate how this matter will affect the future results of operations and financial position of the Foundation.