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# THE BLOOD CANCER FOUNDATION OF MICHIGAN

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**Financial Report  
For The Year Ended  
June 30, 2023**



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, 2023, 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gordon Advisors, P.C.*

November 16, 2023

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Financial Position**  
**June 30, 2023**  
**(With Summarized Information for June 30, 2022)**

	2023			2022	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 69,582	\$ 6,303	\$ 481,694	\$ 557,579	\$ 559,960
Investments	0	700,658	2,706,440	3,407,098	3,203,100
Receivables	96,130	0	43,886	140,016	137,172
Prepaid expenses and deposits	4,438	0	0	4,438	15,448
Property and equipment	6,916	0	0	6,916	12,334
<b>Total Assets</b>	<b>\$ 177,066</b>	<b>\$ 706,961</b>	<b>\$ 3,232,020</b>	<b>\$ 4,116,047</b>	<b>\$ 3,928,014</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ 15,427	\$ 0	\$ 0	\$ 15,427	\$ 17,949
Loan due to endowment fund	100,525	0	0	100,525	0
Accrued payroll and withholding	32,620	0	0	32,620	23,364
<b>Total Liabilities</b>	<b>148,572</b>	<b>0</b>	<b>0</b>	<b>148,572</b>	<b>41,313</b>
<b>Net Assets</b>					
Without donor restrictions					
Undesignated	28,494	0	0	28,494	97,270
Designated by the board	0	706,961	0	706,961	772,777
Total net assets without donor restrictions	28,494	706,961	0	735,455	870,047
With donor restrictions					
Time-restricted	0	0	43,886	43,886	43,127
Purpose restricted	0	0	115,962	115,962	26,013
Perpetual in nature	0	0	3,072,172	3,072,172	2,947,514
Total net assets with donor restrictions	0	0	3,232,020	3,232,020	3,016,654
<b>Total Net Assets</b>	<b>28,494</b>	<b>706,961</b>	<b>3,232,020</b>	<b>3,967,475</b>	<b>3,886,701</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 177,066</b>	<b>\$ 706,961</b>	<b>\$ 3,232,020</b>	<b>\$ 4,116,047</b>	<b>\$ 3,928,014</b>

See Independent Auditor's Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Activities and Changes In Net Assets**  
**For The Year Ended June 30, 2023**  
**(With Summarized Information For The Year Ended June 30, 2022)**

	2023			2022	
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Total
<b>Revenue, Gains and Other Support</b>					
Public support:					
United Way support	\$ 75,663	\$ 0	\$ 0	\$ 75,663	\$ 170,308
Gifts	330,333	0	289,831	620,164	591,170
Grant income	184,403	0	23,723	208,126	55,353
COVID-related grants	127,719	0	0	127,719	137,960
Third-party fund-raising	0	0	0	0	4,776
Special fund-raising events, net	129,660	0	0	129,660	140,500
<b>Total Public Support</b>	<b>847,778</b>	<b>0</b>	<b>313,554</b>	<b>1,161,332</b>	<b>1,100,067</b>
Other revenue:					
Investment income, net	(15,140)	51,288	172,556	208,704	(467,933)
Endowment income	0	0	87,771	87,771	86,254
Gain on disposal of property and equipment	11,029	0	0	11,029	0
Miscellaneous	1,256	0	0	1,256	24,460
<b>Total Other Revenue</b>	<b>(2,855)</b>	<b>51,288</b>	<b>260,327</b>	<b>308,760</b>	<b>(357,219)</b>
Net assets released from restrictions:					
Satisfaction of restrictions	475,619	(117,104)	(358,515)	0	0
<b>Total Revenue, Gains and Other Support</b>	<b>1,320,542</b>	<b>(65,816)</b>	<b>215,366</b>	<b>1,470,092</b>	<b>742,848</b>
<b>Expenses</b>					
Program services:					
Patient services	770,802	0	0	770,802	613,771
Community education and public information	388,312	0	0	388,312	314,008
<b>Total Program Services</b>	<b>1,159,114</b>	<b>0</b>	<b>0</b>	<b>1,159,114</b>	<b>927,779</b>
Supporting services:					
Management and general	75,967	0	0	75,967	106,069
Fund-raising	154,237	0	0	154,237	121,246
<b>Total Supporting Services</b>	<b>230,204</b>	<b>0</b>	<b>0</b>	<b>230,204</b>	<b>227,315</b>
<b>Total Expenses</b>	<b>1,389,318</b>	<b>0</b>	<b>0</b>	<b>1,389,318</b>	<b>1,155,094</b>
<b>Change In Net Assets</b>	<b>(68,776)</b>	<b>(65,816)</b>	<b>215,366</b>	<b>80,774</b>	<b>(412,246)</b>
<b>Net Assets - Beginning of Year</b>	<b>97,270</b>	<b>772,777</b>	<b>3,016,654</b>	<b>3,886,701</b>	<b>4,298,947</b>
<b>Net Assets - End of Year</b>	<b>\$ 28,494</b>	<b>\$ 706,961</b>	<b>\$ 3,232,020</b>	<b>\$ 3,967,475</b>	<b>\$ 3,886,701</b>

See Independent Auditor's Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2023**  
**(With Summarized Information For The Year Ended June 30, 2022)**

	2023		
	Patient Services	Community Education and Public Info	Total Program Services
<b>Salaries and Related Expenses</b>			
Salaries and wages	\$ 344,922	\$ 260,092	\$ 605,014
Employee benefits	21,706	16,273	37,979
Payroll taxes	27,625	20,828	48,453
<b>Total Salaries and Related Expenses</b>	<b>394,253</b>	<b>297,193</b>	<b>691,446</b>
<b>Other Expenses</b>			
Awards and financial assistance	162,754	0	162,754
Patient services	105,890	0	105,890
Professional and contract fees	41,042	54,004	95,046
Supplies, postage and printing	15,323	12,170	27,493
Telephone	3,965	1,778	5,743
Occupancy	25,475	9,083	34,558
Equipment rental and maintenance	10,900	8,217	19,117
Travel and auto	3,808	686	4,494
Conferences and meetings	519	0	519
Depreciation	2,099	1,582	3,681
Event expenses	0	0	0
Bad debt	0	0	0
Dues and other	4,774	3,599	8,373
<b>Total Other Expenses</b>	<b>376,549</b>	<b>91,119</b>	<b>467,668</b>
<b>Total Expenses</b>	<b>770,802</b>	<b>388,312</b>	<b>1,159,114</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>\$ 770,802</b>	<b>\$ 388,312</b>	<b>\$ 1,159,114</b>
<b>Percentage of Total Expenses</b>	<b>55.5%</b>	<b>27.9%</b>	<b>83.4%</b>

<b>2023</b>				<b>2022</b>
<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total</b>	<b>Total</b>
\$ 35,886	\$ 85,197	\$ 121,083	\$ 726,097	\$ 565,630
2,340	10,699	13,039	51,018	30,028
2,882	6,827	9,709	58,162	46,520
<u>41,108</u>	<u>102,723</u>	<u>143,831</u>	<u>835,277</u>	<u>642,178</u>
0	0	0	162,754	111,633
0	0	0	105,890	77,370
23,520	121,041	144,561	239,607	130,622
4,792	14,267	19,059	46,552	42,391
246	615	861	6,604	6,147
1,985	3,450	5,435	39,993	50,539
1,137	3,453	4,590	23,707	46,670
2,140	3,221	5,361	9,855	3,451
117	4,533	4,650	5,169	3,940
219	547	766	4,447	11,220
0	12,778	12,778	12,778	61,417
0	5,975	5,975	5,975	0
703	11,251	11,954	20,327	28,933
<u>34,859</u>	<u>181,131</u>	<u>215,990</u>	<u>683,658</u>	<u>574,333</u>
75,967	283,854	359,821	1,518,935	1,216,511
<u>0</u>	<u>(129,617)</u>	<u>(129,617)</u>	<u>(129,617)</u>	<u>(61,417)</u>
<u>\$ 75,967</u>	<u>\$ 154,237</u>	<u>\$ 230,204</u>	<u>\$ 1,389,318</u>	<u>\$ 1,155,094</u>
<u>5.5%</u>	<u>11.1%</u>	<u>16.6%</u>	<u>100.0%</u>	

See Independent Auditor's Report and Accompanying Footnotes.



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

	<b>For the Years Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Change in net assets	\$ 80,774	\$ (412,246)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,447	11,220
Net realized and unrealized (gain) loss on investments	(62,305)	742,241
Paycheck Protection Program forgiveness grant	0	(137,960)
Gain on disposal of property and equipment	(11,029)	0
Decrease (increase) in operating assets:		
Receivables	(2,842)	(41,466)
Prepaid expenses and deposits	11,010	(6,059)
Increase (decrease) in operating liabilities:		
Accounts payable	198,528	9,469
Accrued payroll and withholding	9,255	6,112
<b>Net Cash Provided By Operating Activities</b>	<b>227,838</b>	<b>171,311</b>
<b>Investing Activities</b>		
Purchase of investments	(150,695)	(460,810)
Proceeds from sale of investments	9,001	96,452
Proceeds from sale of property and equipment	12,000	0
Purchase of property and equipment	0	(9,349)
<b>Net Cash Used In Investing Activities</b>	<b>(129,694)</b>	<b>(373,707)</b>
<b>Financing Activities</b>		
Payments on capital lease	0	(680)
Broowings from endowment fund	(100,525)	0
<b>Net Cash Used In Financing Activities</b>	<b>(100,525)</b>	<b>(680)</b>
<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(2,381)</b>	<b>(203,076)</b>
<b>Cash and Cash Equivalents -</b>		
Beginning of Year	559,960	763,036
End of Year	\$ 557,579	\$ 559,960
<b>Supplemental Disclosure of Cash Flow Information -</b>		
Cash paid for interest	\$ 16	\$ 15

See Independent Auditor's Report and Accompanying Footnotes.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2023**

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**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, 2023 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, 2023**

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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, 2023 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, 2023**

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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 \$1,845,913 at June 30, 2023.

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 November 16, 2023, the date which the financial statements were available for issue.

Uncertainty from Pandemic – The coronavirus pandemic has caused considerable uncertainty from the resultant disruptions to economy-wide supply chains and other shifts in business practices that have led to inflation and other economic concerns going forward. Therefore, management cannot reasonably estimate how this matter will affect the future results of operations and financial position of the Foundation.

Leases - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification ASC 842 “ Leases”) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

**2. Liquidity**

At June 30, 2023, the Foundation has \$4,104,693 of liquid assets available to meet needs for general expenditures consisting of cash of \$557,579, investments of \$3,407,098 and accounts receivables of \$140,016. Approximately \$3,232,020 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, 2023, investments consist of mutual funds in the amount of \$700,658 without donor restrictions and \$2,706,440 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, 2023**

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**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, 2023, receivables consist of:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>
Contributions	\$ 96,130	\$ 0
Community Foundation grant	<u>0</u>	<u>43,886</u>
	<u>\$ 96,130</u>	<u>\$ 43,886</u>

During the year ended June 30, 2023, investment earnings from the Community Foundation of Southeast Michigan endowment of \$87,771 were approved for distribution to The Blood Cancer Foundation of Michigan, of which \$43,885 has been received and \$43,886 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, 2023 will be collected. Accordingly, no provision for uncollectible amounts has been made.

**6. Property and Equipment**

Property and equipment at June 30, 2023 is summarized as follows:

Furniture and fixtures	\$ 44,609
Computer equipment	103,272
Leasehold improvements	<u>7,188</u>
Total cost	155,069
Less: Accumulated depreciation	<u>(148,153)</u>
Net carrying amount	<u>\$ 6,916</u>

Depreciation expense for the year ended June 30, 2023 amounted to \$4,447.

**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, 2023**

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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 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, 2023 is as follows:

Balance – Beginning of year	\$ 2,947,514
Net gifts received and invested	218,275
Disbursement of funds for use in programs	(266,153)
Investment returns:	
Dividends and interest	125,590
Net realized and unrealized gain (loss)	<u>46,946</u>
Balance – End of year	<u>\$ 3,072,172</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, 2023.

**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 \$162,754 for the year ended June 30, 2023. During the year, there were 449 patients who received financial assistance.

**9. Gifts In Kind**

The Foundation provides a holiday toy program that served 737 children for the year ended June 30, 2023. 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, 2023, 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 \$35,955 as of June 30, 2023.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2023**

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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, 2023 are as follows:

<u>Fundraising Event</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Grays Reef Golf Outing	\$ 136,575	\$ 58,385	\$ 78,190
Movie Marathon	12,358	4,771	7,587
Gala	81,241	49,651	31,590
Walk	<u>29,103</u>	<u>16,810</u>	<u>12,293</u>
	<u>\$ 259,277</u>	<u>\$ 129,617</u>	<u>\$ 129,660</u>

**12. Leases**

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. Rent expense consisted of \$19,200 for the year ended June 30, 2023.

The Foundation has elected to apply the short-term lease exemption to one of the Foundation's classes of underlying assets: equipment. In 2022, the Foundation had only a small number of leases within this class of underlying asset that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2022 is \$3,867.

**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 2% of the employees' salary. The Plan expense was \$7,173 for the year ended June 30, 2023.

**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.

**THE BLOOD CANCER FOUNDATION OF MICHIGAN**  
**Notes to the Financial Statements (Continued)**  
**For The Year Ended June 30, 2023**

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**NOTE:**

**16. COVID-Related Grants**

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 1). These loans were available under the Paycheck Protection Program ("PPP").

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 February 2021 in the amount of \$137,960 was forgiven during the year ended June 30, 2022 and is included as revenue on the statement of activities.

Additionally, the Foundation determined during the year ended June 30, 2023, that it qualified for employee retention tax credits provided by the federal government under legislation similar to the PPP. These credits provide for relief of certain payroll tax liabilities during the period of time that the Foundation's operations were impacted by the pandemic.

Employee retention tax credits for the Foundation were calculated in the amount of \$127,719 and are included as a component of COVID-related grant revenue on the statement of activities for the year ended June 30, 2023.

**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. The amount outstanding at June 30, 2023 was \$100,525. This amount was repaid during December 2023.