



FANCONI ANEMIA
RESEARCH FUND
Advancing Research. Supporting Families.

FANCONI ANEMIA RESEARCH FUND, INC.

Financial Statements and Report of Independent Auditors

For the Year Ended December 31, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

Fanconi Anemia Research Fund
Year Ended December 31, 2020
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Independent Auditor's Report

To the Board of Directors
Fanconi Anemia Research Fund
Eugene, Oregon

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Report on the Financial Statements

We have audited the accompanying financial statements of Fanconi Anemia Research Fund, which comprise the statement of financial position as of December 31, 2020, 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 Fanconi Anemia Research Fund as of December 31, 2020, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants awarded on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Fanconi Anemia Research Fund's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 02, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Isler CPA". The signature is written in a cursive, flowing style.

Isler CPA

FINANCIAL STATEMENTS

Fanconi Anemia Research Fund
Statement of Financial Position
December 31, 2020
(With Summarized Comparative Information December 31, 2019)

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,587,453	\$ 1,533,944
Other Current Assets	64,954	30,279
Total current assets	1,652,407	1,564,223
Investments	6,863,256	6,158,691
Beneficial Interest in Assets held by OCF	150,681	133,887
Total assets	\$ 8,666,344	\$ 7,856,801
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 33,630	\$ 62,681
Grants Payable, Current	464,698	1,295,299
Accrued Payroll	77,294	71,946
Debt, Current	171,118	-
Total current liabilities	746,740	1,429,926
Grants Payable, Noncurrent	-	576,200
Total liabilities	746,740	2,006,126
NET ASSETS		
With Donor Restrictions:		
Purpose Restricted	-	1,541,516
Without Donor Restrictions:		
Designated by the Board for Endowment	150,681	133,887
Undesignated	7,768,923	4,175,272
Total net assets	7,919,604	5,850,675
Total net assets and liabilities	\$ 8,666,344	\$ 7,856,801

See accompanying notes to financial statements

Fanconi Anemia Research Fund
Statement of Activities
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Comparative Total
REVENUES AND SUPPORT				
Contributions and Grants	\$ 2,860,743	\$ -	\$ 2,860,743	\$ 3,213,828
Net investment income (loss)	638,552	-	638,552	859,852
Other Income	<u>556,939</u>	<u>-</u>	<u>556,939</u>	<u>48,572</u>
Total revenue and support	<u>4,056,234</u>	<u>-</u>	<u>4,056,234</u>	<u>4,122,252</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>1,541,516</u>	<u>(1,541,516)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program Services:				
Research	732,400	-	732,400	2,438,823
Family Support	245,854	-	245,854	-
Events	<u>63,848</u>	<u>-</u>	<u>63,848</u>	<u>438,104</u>
Total Program Services	<u>1,042,102</u>	<u>-</u>	<u>1,042,102</u>	<u>2,876,927</u>
Support Services:				
Management and General	713,498	-	713,498	530,418
Fundraising	<u>231,705</u>	<u>-</u>	<u>231,705</u>	<u>316,490</u>
Total Support Services	<u>945,203</u>	<u>-</u>	<u>945,203</u>	<u>846,908</u>
Total expenses	<u>1,987,305</u>	<u>-</u>	<u>1,987,305</u>	<u>3,723,835</u>
CHANGE IN NET ASSETS	3,610,445	(1,541,516)	2,068,929	398,417
Net Assets, Beginning of Year	<u>4,309,159</u>	<u>1,541,516</u>	<u>5,850,675</u>	<u>5,452,258</u>
Net Assets, End of Year	<u>\$ 7,919,604</u>	<u>\$ -</u>	<u>\$ 7,919,604</u>	<u>\$ 5,850,675</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

	Program Services			Total Program Services	Support Services			2020 Total Expenses	2019 Total Expenses
	Research	Family Support	Events		Management and General	Fundraising	Total Support Services		
Research Grants	\$ 447,825	\$ 31,511	\$ -	\$ 479,336	\$ -	\$ -	\$ -	\$ 479,336	\$ 1,608,945
Scholarships	-	-	-	-	-	-	-	-	25,502
Support Grants to International Organizations	-	26,512	-	26,512	-	-	-	26,512	-
Confrences and meetings	7,537	1,100	63,848	72,485	85,755	22,954	108,709	181,194	849,428
Payroll	218,448	130,661	-	349,109	261,643	139,650	401,293	750,402	753,202
Special Projects	-	-	-	-	-	-	-	-	4,563
Payroll Taxes & Benefits	43,848	31,404	-	75,252	93,069	30,017	123,086	198,338	141,894
Printing	900	10,181	-	11,081	9,065	6,153	15,218	26,299	14,969
Postage	-	1,520	-	1,520	8,359	14,468	22,827	24,347	39,834
Professional Fees	4,068	10,929	-	14,997	48,348	2,590	50,938	65,935	31,800
Supplies	33	1,138	-	1,171	8,643	6,124	14,767	15,938	13,998
Rent	-	-	-	-	38,708	4,124	42,832	42,832	29,062
Computer and Equipment	70	155	-	225	22,072	5,180	27,252	27,477	45,786
Miscellaneous	8,074	-	-	8,074	23,833	-	23,833	31,907	3,071
Office expenses	-	-	-	-	-	-	-	-	19,715
Recruiting	-	-	-	-	-	-	-	-	2,976
Legal	-	-	-	-	-	-	-	-	270
Bank Charges	-	252	-	252	46,056	-	46,056	46,308	60,522
Licenses and permits	911	-	-	911	-	-	-	911	16,853
Insurance	-	-	-	-	-	-	-	-	9,439
Maintenance	-	-	-	-	801	-	801	801	128
Awards and Grants	-	-	-	-	-	-	-	-	50,000
Contract Services	686	491	-	1,177	67,146	445	67,591	68,768	1,877
Total	\$ 732,400	\$ 245,854	\$ 63,848	\$ 1,042,102	\$ 713,498	\$ 231,705	\$ 945,203	\$ 1,987,305	\$ 3,723,834

See accompanying notes to financial statements.

Fanconi Anemia Research Fund
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,068,929	\$ 398,419
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized Loss (Gain) on Investments	(503,880)	(672,184)
Donated Securities Received	-	(80,134)
Transfers out of investments	(100,000)	1,200,000
Changes in:		
Other Current Assets	(34,673)	(30,282)
Accounts Payable	(29,051)	52,014
Payroll Accrual	(5,900)	31,727
Vacation Accrual	11,246	7,586
Grants Payable	<u>(1,406,801)</u>	<u>523,139</u>
Net Cash Flow from Operating Activities	<u>(130)</u>	<u>1,430,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(122,919)	(112,070)
Proceeds from Sale of Investments	5,440	-
Net Cash Flow from Investing Activities	<u>(117,479)</u>	<u>(112,070)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>171,118</u>	<u>-</u>
Net cash Flow From Financing Activities	<u>171,118</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	53,509	1,318,215
Cash and Cash Equivalents, Beginning of Year	<u>1,533,944</u>	<u>215,729</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,587,453</u>	<u>\$ 1,533,944</u>
Schedule of Noncash Investing Activities:		
Investment Income Reinvested, Net of Fees	<u>\$ 157,728</u>	<u>\$ 157,728</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities - Fanconi Anemia Research Fund (the "Organization") is a nonprofit organization incorporated in the State of Oregon on February 27, 1989. The Organization was established to fund research into a cure or effective treatment for victims of Fanconi Anemia and to offer support services to affected families. The primary funding sources are contributions from individuals and foundations.

The Organization's current programs consist of the following:

Research - This program supports various scientific studies, which may lead to a cure or effective treatment for Fanconi Anemia, and education on the progress of current research.

Family Support - This program provides support to Fanconi Anemia families through education and networking.

Events - This program provides educational opportunities regarding Fanconi Anemia.

Basis of presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions include amounts designated by the board of directors for specified purposes. During 2015 the board established the David B. Frohnmayer Scientific Research Fund ("DBF Fund"). The board of directors approved an operating reserve policy in 2017 which sets a target minimum balance for the DBF Fund. This amount is adjusted each year based upon project load.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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. Net assets with donor restrictions include donor-restricted support received during the year specifically for cancer research within the David B. Frohnmayer Scientific Research Fund. Certain net assets with donor restrictions include stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no net assets with donor restrictions at the end of the fiscal year.

Revenue recognition - Contributions are recognized when cash, securities or other assets are received; or criteria for an unconditional promise to give is met. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Governmental grant revenue from cost-reimbursement contracts are recognized to the extent of eligible expenses. Governmental grant revenue not subject to restrictions is recognized upon execution of the agreement.

Cash and cash equivalents - For purposes of the Statement of Cash Flows, the Organization considers all bank time deposits and highly liquid investments, that are not held in brokerage accounts, that are available for current use with an initial maturity of three months or less to be cash equivalents. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At times, the Organization's balances may exceed amounts insured by the FDIC.

Investments - The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value. Net investment return (loss) is reported in the statement of activities and consists of the realized gains or losses and the unrealized appreciation (decline) of those investments.

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board-designated endowment fund - During 2018 the Organization established the Amy Winn and Christopher Byrd award endowment fund. The initial allocation of funds to the endowment fund was made by the board of directors and has no donor restrictions. As such the endowment fund is part of net assets without donor restrictions. The endowment fund was set up to fund the Amy Winn and Christopher Byrd award that is presented annually to someone who is striving to to make a difference and has set high goals for him/herself. In addition to funding the award, the endowment is scheduled to fund the travel cost of the award winner to the annual meeting for adults with Fanconi Anemia. All funds within the endowment fund were invested in the Social Impact Pool with the Oregon Community Foundation (OCF). Investments within this fund are subjected to an environmental, social and governance screening. Distributions out of the endowment fund are subject to OCF discretion. Distributions are based on the grant percentage payout policy for permanent funds which is periodically updated by the board of directors of OCF. This payout rate ranges from 4% to 5% and is applied to a 13-quarter trailing average of fund market values. This rate is reviewed annually and was 4.35 % in 2020. In no event will such percentages be less than a reasonable rate of return.

Fair value measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;

Level 3 - Significant unobservable inputs for assets or liabilities.

A significant portion of our investment assets are classified within Level 1 because they comprise money market accounts, equities and ETF funds with readily determinable fair values based on daily redemption values. The fair value of our beneficial interest in assets held by the Oregon Community Foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements. The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2020:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments:				
Equities	\$ 3,369,042	\$ 3,369,042	\$ -	\$ -
Real estate	934	934	-	-
Fixed income	1,565,144	1,565,144	-	-
Cash, money market and sweeps	1,928,136	1,928,136	-	-
Beneficial interest in assets held by Oregon Community Foundation	<u>150,681</u>	<u>-</u>	<u>-</u>	<u>150,681</u>
Total	<u>\$ 7,013,937</u>	<u>\$ 6,863,256</u>	<u>\$ -</u>	<u>\$ 150,681</u>

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Investment gain of \$638,552 includes interest and dividend income of \$90,388, realized gain of \$1,745 and a gain in value of \$513,032. Related investment fees totaled \$22,086 for 2020. The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2020:

	2020
Beginning Balance	\$ 133,887
Investment return, net	20,533
Contributions	1,700
Distributions	(5,439)
Ending balance	\$ 150,681

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restriction support that increase those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Donated materials and services - The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its program services and fundraising campaigns. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. Donated materials and supplies are reflected as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional expense allocation - The expenses of the Organization are categorized as either program services or supporting services. Program services include direct and indirect costs related to providing the services and activities for which purpose the Organization exists. Supporting services include administration and fundraising activities. Administration expenses relate to the overall direction of the Organization, including board activities, general record keeping, business management, and budgeting. Fundraising expenses relate to the solicitation of contributions to support organizational goals. The Organization has elected to not allocate costs amongst the various services.

Income taxes - The Organization is organized as an Oregon nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS and reports in other states where the Organization has activities. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Comparative 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 generally accepted accounting principles; accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events - The Organization has evaluated subsequent events through January 03, 2022 which is the date the financial statements were available to be issued. On March 9, 2021, the Organization received a letter from Columbia Bank forgiving the full amount of their PPP loan, \$171,118. In October 2021, FARF, along with the American Head and Neck Society, Head and Neck Cancer Alliance, and the Farrah Fawcett Foundation entered into a partnership with Stand Up to Cancer to form and fund a research team that will study head and neck and HPV related cancers. The total project funding is \$3.25 million of which FARF has committed \$1.5 million over a four year period. FARF made thier first of four \$375,000 payments in October 2021. There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 - INVESTMENTS

The Organization's investments, which are carried at fair value, consist of the following at December 31, 2020 and 2019.

	2020	2019
US equities	\$ 3,369,976	\$ 4,181,529
Beneficial interest in assets of OCF	150,681	133,887
Tips bond ETF's	-	244,111
Fixed income bonds	1,565,143	-
Cash, money market, and sweeps	1,928,136	1,733,051
Total investments	\$ 7,013,936	\$ 6,292,578

NOTE 3 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes:

	2020	2019
Cancer research	\$ -	\$ 1,541,516

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors

	2020	2019
Cancer research expenses:		
Grant expenses	\$ -	\$ 663,519
Non-grant expenses	-	164,709
Reclassified due to no external restrictions	1,541,516	-
Total restrictions released	\$ 1,541,516	\$ 828,228

During 2020 it was noted that prior amounts classified as with donor restrictions did not have formal restrictions from the donor and were therefor reclassified to without donor restrictions.

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 4 - GRANTS PAYABLE

The Organization has entered into contracts for grants to researchers that will be made in installments over the terms of the contracts. Accordingly, the grant payments are classified as current and long-term as follows at December 31:

	<u>2020</u>	<u>2019</u>
Grants payable - current portion	\$ 464,698	\$ 1,295,299
Grants payable - noncurrent portion	<u>-</u>	<u>576,200</u>
Total	<u>\$ 464,698</u>	<u>\$ 1,871,499</u>

All noncurrent grant payables are schedule to be paid within two years of the statement of financial position date.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$8,450,709 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures at December 31, 2020. Financial assets consist of \$1,587,453 in cash and \$6,863,256 in investments as of December 31, 2020. Not included in this amount \$150,681 is invested in a quasi endowment fund. The Organization has a goal to maintain financial assets, which consists of cash and short term investments on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests approximately 40% in cash and CDs, which it could easily withdraw in the event of an unanticipated liquidity need. The Organization had \$6,151,118 in financial assets available within one year of the balance sheet date to meet cash needs for general expenditures at December 31, 2019.

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 6 - Long term debt

Paycheck Protection Program (PPP) loan. The Organization and Columbia State Bank entered into a PPP credit agreement dated April 29, 2020. The loan is established under the terms and conditions of the SBA program of the United States Small Business Administration (SBA) and the USA CARES Act. The loan provides the Organization with \$171,118 and is to be used only for purposes authorized under the CARES Act, and specifically the Paycheck Protection Program contained within that Act.

The effective interest rate on the loan is fixed at a rate of 1.00% and will accrue on the outstanding balance. Interest is computed on an actual/365 simple interest basis; that is, by multiplying the applicable interest rate, times the outstanding principal balance, times the actual number of days the principal is outstanding and dividing by a year of 365 days.

Payments under the loan shall be deferred until after a forgiveness application is submitted and a final ruling is provided. The Organization may apply for the loan to be forgiven in whole or in part. The application for forgiveness is due by the end of August 2021. If any part of the principal and/or interest payments are forgiven by the Lender, upon forgiveness, the remaining balance of the loan will be reamortized over the remaining term with the entire principal balance remaining unpaid, along with all accrued and unpaid interest, due and payable upon the maturity date. Interest does not begin accruing until post forgiveness resolution.

The PPP loan agreement defines events of default as follows:

1) A payment is not made when it is due; 2) the terms of the agreement are breached in any way; 3) Customer defaults under the terms of any other obligation to Lender; 4) the dissolution or termination of the Borrower's existence or a bankruptcy petition is filled by or against Borrower; 5) commencement of foreclosure or forfeiture proceedings. However this event of default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding; 6) a material adverse change occurs in Borrower's financial condition.

In the event of any default as described above or failure to meet any condition within the agreement, or upon any termination of a loan, Lender may, at its option and without prior notification; 1) declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due; 2) upon default, the total sum due under the note will continue to accrue interest at the interest rate under this note. If judgement is entered in connection with this note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgement is entered.

	Beginning of year	Additions	Payments	End of year	Current portion
Paycheck Protection Program Loan	\$ -	\$ 171,118	\$ -	\$ 171,118	\$ 171,118

NOTE 7 - LEASES

The Organization rents office space under an agreement that is accounted for as an operating lease. The base rent is \$2,813 per month with an inflation adjustment based on the CPI for Portland with any increase not to exceed 3% per year. The original lease was extended and through December 2020. The extension agreement includes a clause allowing for early termination with six months notice of intent. During 2020 notice of termination was provided by the Organization and the lease was terminated as of November 30, 2020. The Organization entered into a new lease agreement for office space during 2020 that is accounted for as an operating lease. The lease commenced on July 1, 2020, and is for a period of 65 months. The Organization received the first five months of rent free of charge. Base rent beginning during month 6 is \$4,467.75 and continues through month 29. Beginning month 30, base rent becomes \$4,595.40 and continues through month 53. Beginning month 54 base rent is increased to \$4,723.05 and continues

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 7 - Leases (CONTINUED)

through the end of the lease. The Organization has the option to renew the lease for a period of 5 years. The agreement includes a clause allowing for early termination after the 53 month which requires 180 days notice. The Organization Rent expense related to office space was \$38,708 for the year ended December 31, 2020. Rent expense was \$29,062 for the year ended December 31, 2019 .

The Organization also rents a copier under an agreement that is accounted for as an operating lease. The base rent is \$219 per month. The initial terms of the lease is a 60 month lease period. The lease requires the lessee to notify the lessor at least 60 days prior to the end of the lease that they will be either purchasing the equipment at fair market value or will not be renewing the lease. Failure to do so will result in an automatic one-year renewal period. The lease is also non-cancelable for the full term of the lease. Rent expense related to the copier was \$2,733 for the year ended December 31, 2020 . Rent expense related to the copier was \$2,628 for the year ended December 31, 2019.

Future minimum lease payments as of December 31, 2020 are as follows:

<u>Year ending June 30,</u>	<u>lease requirement</u>
2021	\$ 56,346
2022	54,652
2023	55,145
2024	55,272
2025	<u>51,954</u>
Total future payments	<u>\$ 273,369</u>

NOTE 8 - RETIREMENT PLAN

The Organization has an IRS Section 403(b)(7) plan ("Fanconi Anemia Research Fund, Inc. Retirement Plan") that covers eligible employees, as defined by the plan. Employees are eligible immediately upon becoming employed and may elect to have elective deferrals up to the maximum amount allowed by law to the plan each year, but not less than \$200 annually. The employer provides a 100% match of employee contributions up to a maximum match of \$2,000 per year. Retirement plan expense was \$16,343 for the year ending December 31, 2020 and was \$18,408 for the year ending December 31, 2019.

NOTE 9 - COMMITMENTS

The Organization has entered into several contractual agreements securing hotel accommodations for future conferences. These agreements often contain cancellation clauses that would require the Organization to pay some portion of the contracted fees if a future conference were cancelled or relocated. Due to the ongoing Covid-19 pandemic the upcoming conferences related to current year commitments have been cancelled, but the potential financial impact of cancellation has been deemed to be not material as all commitments were negotiated to be applied to future conferences. Therefore, no liability has been accrued.

Fanconi Anemia Research Fund
Notes to Financial Statements
For the Year Ended December 31, 2020
(With Summarized Comparative Information for the Year Ended December 31, 2019)

NOTE 10 - CONCENTRATIONS

Included in contributions and grants were \$1,449,657 of contributions attributable to the efforts of one family. These contributions comprise 51% of total contribution and grant revenue in 2020. In 2019 these contributions and grants were \$1,504,847, representing 47% of total contributions and grant revenue.

Also included in contributions and grants were \$1,660,734 of contributions attributable to the efforts of the Organization's board members. These contributions comprise 58% of total contributions and grant revenue. In 2019 there were \$1,755,925 of contributions attributable to the efforts of the Organization's board members. These contributions comprised 55% of total contribution and grant revenue.

NOTE 11 -RECENTLY ISSUED ACCOUNTING GUIDANCE

Leases. The FASB has issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.
- Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021 (i.e., January 1, 2022, for a calendar year entity). Early application is permitted.

SUPPLEMENTARY INFORMATION

**Fanconi Anemia Research Fund
Schedule of Grants Awarded
Year Ended December 31, 2020**

Grant recipient	Conditional/ Unconditional	Grant payable at beginning of year	Grants awarded during the year	Grants paid during the year	Write-offs	Grant payable at end of year	Payable in next year
VU Medical Center	Unconditional	\$ 87,870	\$ -	\$ (29,290)	\$ -	\$ 58,580	\$ 58,580
UMASS/UPENN	Conditional	-	250,000	(62,500)	-	-	-
Georgetown/Yale	Conditional	-	250,000	(125,000)	-	-	-
Boston Children's Hospital	Unconditional	150,000	-	(100,000)	-	50,000	50,000
Boston Children's Hospital	Unconditional	454,274	-	(66,072)	(340,539)	47,663	47,663
Cincinnati Children's Hospital	Unconditional	219,304	-	(146,204)	-	73,100	73,100
Cincinnati Children's Hospital Medical Center	Unconditional	150,000	-	(75,000)	-	75,000	75,000
Oregon Health & Science University	Unconditional	25,000	-	(25,000)	-	-	-
Oregon Health & Science University	Unconditional	17,939	-	(17,939)	-	-	-
University of Minnesota	Conditional	-	250,000	(62,500)	-	-	-
Fred Hutchinson Cancer Research Institute	Unconditional	43,750	-	(43,750)	-	-	-
University of Washington	Unconditional	43,749	-	(43,749)	-	-	-
ETH Zurich	Unconditional	175,000	-	(100,000)	-	75,000	75,000
The Rockefeller University	Unconditional	30,000	-	(30,000)	-	-	-
University of Washington	Conditional	-	77,255	(38,627)	-	-	-
Stanford University	Unconditional	45,000	-	(45,000)	-	-	-
Deutsch Fanconi Anemie Hilfe E.V. *	Unconditional	68,277	-	(60,872)	(7,405)	-	-
Deutsch Fanconi Anemia	Conditional	-	717,659	(122,072)	-	-	-
Yale University	Unconditional	137,812	-	-	(137,812)	-	-
Rockefeller University	Unconditional	45,431	-	(45,431)	-	-	-
University of Minnesota	Unconditional	178,093	-	(118,729)	-	59,364	59,364
University of Washington/ Rockefeller University	Conditional	-	150,589	(37,647)	-	-	-
Stanford University	<u>Conditional</u>	<u>-</u>	<u>51,982</u>	<u>-</u>	<u>-</u>	<u>25,991</u>	<u>25,991</u>
Total		<u>\$ 1,871,499</u>	<u>\$ 1,747,485</u>	<u>\$ (1,395,382)</u>	<u>\$ (485,756)</u>	<u>\$ 464,698</u>	<u>\$ 464,698</u>

* Service grant