



**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, 2021

(With Summarized Comparative Information for the Year Ended December 31, 2020)

**Fanconi Anemia Research Fund**  
Year Ended December 31, 2021  
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## Independent Auditor's Report

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

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### Opinion

We have audited the accompanying financial statements of Fanconi Anemia Research Fund, which comprise the statement of financial position as of December 31, 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.

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, 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Fanconi Anemia Research Fund 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.

### Responsibility of Management 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.

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 Fanconi Anemia Research Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Fanconi Anemia Research Fund'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 Fanconi Anemia Research Fund'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 Supplementary Information**

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 14 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 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 03, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Isler CPA  
June 02, 2022

## **FINANCIAL STATEMENTS**

**Fanconi Anemia Research Fund**  
Statement of Financial Position  
December 31, 2021  
(With Summarized Comparative Information December 31, 2020)

	<b>ASSETS</b>	
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,603,409	\$ 1,587,453
Other Current Assets	47,392	64,954
Total Current Assets	1,650,801	1,652,407
Investments	7,298,361	6,863,256
Beneficial Interest in Assets held by OCF	165,877	150,681
Total Assets	\$ 9,115,039	\$ 8,666,344
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 12,359	\$ 33,630
Grants Payable	118,580	464,698
Accrued Payroll	79,352	77,294
Debt, Current	-	171,118
Total Current Liabilities	210,291	746,740
Grants Payable, Noncurrent	-	-
Total Liabilities	210,291	746,740
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Designated by the Board for Endowment	165,877	150,681
Undesignated	8,738,871	7,768,923
Total Net Assets	8,904,748	7,919,604
Total Net Assets and Liabilities	\$ 9,115,039	\$ 8,666,344

See accompanying notes to financial statements

**Fanconi Anemia Research Fund**  
Statement of Activities  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>	<b>2020 Comparative Total</b>
<b>REVENUES AND SUPPORT</b>				
Contributions and Grants	\$ 2,990,378	\$ -	\$ 2,990,378	\$ 2,860,743
Net Investment Income (Loss)	669,177	-	669,177	638,552
Other Income	<u>326,493</u>	<u>-</u>	<u>326,493</u>	<u>556,939</u>
Total revenue and support	<u>3,986,048</u>	<u>-</u>	<u>3,986,048</u>	<u>4,056,234</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program Services:				
Research	1,836,716	-	1,836,716	732,400
Family Support	272,798	-	272,798	245,854
Events	<u>80,680</u>	<u>-</u>	<u>80,680</u>	<u>63,848</u>
Total Program Services	<u>2,190,194</u>	<u>-</u>	<u>2,190,194</u>	<u>1,042,102</u>
Support Services:				
Management and General	536,467	-	536,467	713,498
Fundraising	<u>274,243</u>	<u>-</u>	<u>274,243</u>	<u>231,705</u>
Total Support Services	<u>810,710</u>	<u>-</u>	<u>810,710</u>	<u>945,203</u>
Total Expenses	<u>3,000,904</u>	<u>-</u>	<u>3,000,904</u>	<u>1,987,305</u>
<b>CHANGE IN NET ASSETS</b>	985,144	-	985,144	2,068,929
Net Assets, Beginning of Year	<u>7,919,604</u>	<u>-</u>	<u>7,919,604</u>	<u>5,850,675</u>
Net Assets, End of Year	<u>\$ 8,904,748</u>	<u>\$ -</u>	<u>\$ 8,904,748</u>	<u>\$ 7,919,604</u>

See accompanying notes to financial statements

**Fanconi Anemia Research Fund**  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	Program Services			Total Program Services	Support Services			2021 Total Expenses	2020 Total Expenses
	Research	Family Support	Events		Management and General	Fundraising	Total Support Services		
Research Grants	\$ 1,478,573	\$ -	\$ -	\$ 1,478,573	\$ -	\$ -	\$ -	\$ 1,478,573	\$ 479,336
Scholarships and Grants - Other	2,500	9,600	-	12,100	-	-	-	12,100	-
Support Grants to International Organizations	-	10,000	-	10,000	-	-	-	10,000	26,512
Confrences and Meetings	3,145	-	79,861	83,006	17,745	10,967	28,712	111,718	181,194
Salaries and Wages	256,898	165,637	-	422,535	146,779	195,527	342,306	764,841	750,402
Payroll Taxes & Benefits	44,525	41,906	-	86,431	46,531	46,175	92,706	179,137	198,338
Printing	-	6,700	-	6,700	46,787	4,937	51,724	58,424	26,299
Postage	-	2,382	-	2,382	13,851	2,448	16,299	18,681	24,347
Professional Fees	47,935	29,120	-	77,055	73,674	1,893	75,567	152,622	65,935
Supplies	-	113	-	113	4,871	2,446	7,317	7,430	15,938
Rent	-	-	-	-	52,204	4,850	57,054	57,054	42,832
Computer and Equipment	-	-	-	-	20,440	-	20,440	20,440	27,477
Miscellaneous	3,000	94	819	3,913	47,850	-	47,850	51,763	31,907
Office Expenses	-	-	-	-	26	-	26	26	-
Bank Charges	140	1,746	-	1,886	42,187	-	42,187	44,073	46,308
Licenses and Permits	-	-	-	-	-	-	-	-	911
Maintenance	-	-	-	-	4,500	-	4,500	4,500	801
Event Expense	-	5,500	-	5,500	-	5,000	5,000	10,500	-
Contract Services	-	-	-	-	19,022	-	19,022	19,022	68,768
<b>Total</b>	<b>\$ 1,836,716</b>	<b>\$ 272,798</b>	<b>\$ 80,680</b>	<b>\$ 2,190,194</b>	<b>\$ 536,467</b>	<b>\$ 274,243</b>	<b>\$ 810,710</b>	<b>\$ 3,000,904</b>	<b>\$ 1,987,305</b>

See accompanying notes to financial statements.



**Fanconi Anemia Research Fund**  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 985,144	\$ 2,068,929
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized Loss (Gain) on Investments	(396,706)	(503,880)
Other Nonoperating income	(587,187)	(121,218)
Transfers in/(out) of investments	217,559	(100,000)
Changes in:		
Other Current Assets	17,563	(34,673)
Accounts Payable	(21,272)	(29,051)
Payroll Accrual	2,256	(5,900)
Vacation Accrual	(198)	11,246
Grants Payable	<u>(346,118)</u>	<u>(1,406,801)</u>
Net Cash Flow from Operating Activities	<u>(128,959)</u>	<u>(130)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	-	(1,700)
Proceeds from Sale of investments	<u>-</u>	<u>5,440</u>
Net Cash Flow from Investing Activities	<u>-</u>	<u>(117,479)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	<u>144,915</u>	<u>171,118</u>
Net cash Flow From Financing Activities	<u>144,915</u>	<u>171,118</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	15,956	53,509
Cash and Cash Equivalents, Beginning of Year	<u>1,587,453</u>	<u>1,533,944</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,603,409</u></u>	<u><u>\$ 1,587,453</u></u>
Schedule of Noncash Investing and Financing Activities:		
Investment Income Reinvested, Net of Fees	\$ 271,154	\$ 121,218
PPP loan forgiveness	<u>316,033</u>	<u>-</u>
Net Noncash Activities	<u><u>\$ 587,187</u></u>	<u><u>\$ 121,218</u></u>

See accompanying notes to financial statements

**Fanconi Anemia Research Fund**  
Notes to Financial Statements  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

**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 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. 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, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

**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 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 4.30% in 2021 and 4.35% in 2020, respectively. 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, 2021:

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	\$ 4,419,077	\$ 4,419,077	\$ -	\$ -
Fixed income	2,395,948	2,395,948	-	-
Cash, money market and sweeps	483,336	483,336	-	-
Beneficial interest in assets held by Oregon Community Foundation	<u>165,877</u>	<u>-</u>	<u>-</u>	<u>165,877</u>
Total	<u>\$ 7,464,238</u>	<u>\$ 7,298,361</u>	<u>\$ -</u>	<u>\$ 165,877</u>

**Fanconi Anemia Research Fund**  
Notes to Financial Statements  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fair value measurements (continued)***

Investment gain of \$669,177 includes interest and dividend income of \$279,590, realized gain of \$2,323, and a gain in value of \$415,693. Related investment fees totaled \$(28,429) for 2021. 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, 2021:

	2021
Beginning Balance	\$ 150,681
Investment return, net	20,664
Contributions	-
Distributions	(5,468)
Ending balance	\$ 165,877

***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, 2020, from which the summarized information was derived.

**Fanconi Anemia Research Fund**  
Notes to Financial Statements  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent events** - The Organization has evaluated subsequent events through June 02, 2022, which is the date the financial statements were available to be issued. There were no 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, 2021 and 2020.

	2021	2020
US equities	\$ 4,419,077	\$ 3,369,977
Beneficial interest in assets of OCF	165,877	150,681
Fixed income bonds	2,395,948	1,565,143
Cash, money market, and sweeps	483,336	1,928,136
Total investments	\$ 7,464,238	\$ 7,013,936

**NOTE 3 - NET ASSETS**

The Organization had no funds subject to donor restrictions during 2021 and 2020.

**NOTE 4 - GRANTS PAYABLE**

The Organization has entered into contracts to provide grants to researchers that will be made in installments over the terms of the contracts. These grants are considered to be current liabilities at December 31:

	2021	2020
Grants payable - current portion	\$ 118,580	\$ 464,698

**NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$8,901,769 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures at December 31, 2021. Financial assets consist of \$1,603,409 in cash and \$7,298,361 in investments as of December 31, 2021. Investments are listed as noncurrent on the Statement of Financial Position as the Organization intends to hold them for more than 12 months, but if the need arose, these investments could be converted to cash for use within the next year. Not included in this amount \$165,877 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 6% in cash and CDs, which it could easily withdraw in the event of an unanticipated liquidity need. The Organization had \$8,450,709 in financial assets available within one year of the balance sheet date to meet cash needs for general expenditures at December 31, 2020.

**Fanconi Anemia Research Fund**  
Notes to Financial Statements  
For the Year Ended December 31, 2021  
(With Summarized Comparative Information for the Year Ended December 31, 2020)

**NOTE 6 - Long term debt**

Paycheck Protection Program (PPP) loans. 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 Organization obtained a second PPP loan during 2021 in the amount of \$144,915.

The effective interest rate on the loans 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 loans 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 for the first PPP loan. The application for forgiveness for the second PPP loan is due 10 months after the forgiveness period or by maturity date. 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 loans 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	Reductions	End of year	Current portion
Paycheck Protection Program Loan	\$ 171,118	\$ 144,915	\$ (316,033)	\$ -	\$ -

Both PPP loans were forgiven in full by the SBA during 2021.

**NOTE 7 - LEASES**

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

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**NOTE 7 - Leases (CONTINUED)**

rent is increased to \$4,723.05 and continues 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 rents expense related to office space was \$52,120 for the year ended December 31, 2021. Rent expense was \$38,708 for the year ended December 31, 2020 .

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 \$2,823 for the year ended December 31, 2021 . Rent expense related to the copier was \$2,733 for the year ended December 31, 2020.

The Organization also rents a postage machine under an agreement that is accounted for as an operating lease. The base rent for the first 6 months was \$179 per month and \$236 per month thereafter for the remainder of the lease. The initial terms of the lease is a 63 month lease period. The lease is non-cancelable for the full term of the lease. Rent expense related to the postage lease was \$2,832 for the year ended December 31, 2021. Rent expense related to the postage lease was \$2,490 for the year ended December 31, 2020

Future minimum lease payments as of December 31, 2021 are as follows:

<u>Year ending December 31,</u>	<u>Lease requirement</u>
2022	\$ 57,449
2023	57,977
2024	58,340
2025	<u>52,426</u>
Total future payments	<u>\$ 226,192</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 \$20,275 for the year ending December 31, 2021 and was \$16,343 for the year ending December 31, 2020.

**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. The possibility of cancellation of futrue conferences is remote and the potential financial impact of cancellation has been deemed to be not material. Therefore, no liability has been accrued.

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**NOTE 10 - CONCENTRATIONS**

Included in contributions and grants were \$1,472,859 of contributions attributable to the efforts of one family. These contributions comprise 49% of total contribution and grant revenue in 2021. In 2020 these contributions and grants were \$1,449,657, representing 51% of total contributions and grant revenue.

Also included in contributions and grants were \$1,728,485 of contributions attributable to the efforts of the Organization's board members. These contributions comprise 58% of total contributions and grant revenue. In 2020 there were \$1,660,734 of contributions attributable to the efforts of the Organization's board members. These contributions comprised 58% 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, 2021**

<u>Grant recipient</u>	<u>Conditional/ Unconditional</u>	<u>Grant payable at beginning of year</u>	<u>Grants awarded during the year</u>	<u>Grants paid during the year</u>	<u>Grant payable at end of year</u>
VU Medical Center	Unconditional	\$ 58,580	\$ -	\$ -	\$ 58,580
UMASS/UPENN	Conditional	-	-	(160,456)	-
Georgetown/Yale	Conditional	-	-	(125,000)	-
Boston Children's Hospital	Unconditional	50,000	-	(50,000)	-
Boston Children's Hospital (2)	Unconditional	47,663	-	(47,663)	-
Boston Children's Hospital (3)	Conditional	-	250,000	(62,500)	-
Cincinnati Children's Hospital	Unconditional	73,100	-	(73,100)	-
Cincinnati Children's Hospital (2)	Unconditional	75,000	-	(75,000)	-
Oregon Health & Science University	Conditional	-	97,067	(97,067)	-
University of Minnesota	Conditional	-	-	(125,000)	-
University of Minnesota (2)	Conditional	-	35,000	(35,000)	-
University of Minnesota (3)	Unconditional	59,364	-	(59,364)	-
Frandacio Puigert	Conditional	-	103,900	(69,266)	-
University of Washington	Conditional	-	-	(38,627)	-
ETH Zurich	Unconditional	75,000	-	(75,000)	-
Stand Up to Cancer	Conditional	-	1,500,000	(375,000)	-
Stanford University	Conditional	25,991	-	(51,982)	-
Deutsch Fanconi Anemie Hilfe E.V. *	Conditional	-	-	(229,371)	-
University of Washington/ Rockefeller University	Conditional	-	-	(75,294)	-
Research Institute Hospital De San Pau	<u>Conditional</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
<b>Total</b>		<b><u>\$ 464,698</u></b>	<b><u>\$ 2,045,967</u></b>	<b><u>\$ (1,824,690)</u></b>	<b><u>\$ 118,580</u></b>

\* Service grant