

LYNN SAGE BREAST CANCER FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lynn Sage Breast Cancer Foundation
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of LYNN SAGE BREAST CANCER FOUNDATION (a Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 LYNN SAGE BREAST CANCER FOUNDATION as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LYNN SAGE BREAST CANCER FOUNDATION and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 LYNN SAGE BREAST CANCER FOUNDATION'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, including omissions, 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 LYNN SAGE BREAST CANCER FOUNDATION'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 LYNN SAGE BREAST CANCER FOUNDATION'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.

Warady & Davis LLP

September 13, 2023

LYNN SAGE BREAST CANCER FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of December 31	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,462,277	\$ 1,692,385
Certificate Of Deposit	201,875	200,453
Investments	3,854,947	4,288,424
Contributions Receivable	—	20,000
Prepaid Expenses	750	750
Other Assets	125	125
TOTAL ASSETS	\$ 5,519,974	\$ 6,202,137
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants Payable	\$ 300,000	\$ 100,000
Accounts Payable	—	3,200
Total Current Liabilities	<u>300,000</u>	<u>103,200</u>
NET ASSETS		
Without Donor Restriction	5,219,974	6,098,937
TOTAL LIABILITIES AND NET ASSETS	\$ 5,519,974	\$ 6,202,137

LYNN SAGE BREAST CANCER FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31	2022	2021
	<u>Without Donor Restriction</u>	<u>Without Donor Restriction</u>
SUPPORT REVENUES		
Contributions	\$ 907,696	\$ 736,913
Donated Goods and Services	5,675	19,220
Special Events	224,359	591,487
Total Support Revenues	<u>1,137,730</u>	<u>1,347,620</u>
OTHER REVENUE AND GAINS (LOSSES)		
Investment Income (Loss), net	(436,982)	461,115
Grant Refunds	—	571,519
Miscellaneous Income	—	467
Total Other Revenues and Gains (Losses)	<u>(436,982)</u>	<u>1,033,101</u>
Total Support, Revenues, and Gains (Losses)	<u>700,748</u>	<u>2,380,721</u>
FUNCTIONAL EXPENSES		
Program Services	1,197,146	577,540
Management and General	210,376	327,235
Fundraising	133,440	97,546
Direct Expenses for Special Events	38,749	91,858
Total Expenses	<u>1,579,711</u>	<u>1,094,179</u>
CHANGE IN NET ASSETS	<u>(878,963)</u>	<u>1,286,542</u>
Net Assets, Beginning - Lynn Sage Cancer Research Foundation	6,098,937	4,090,701
Net Assets of Merged Organization - The Lynn Sage Foundation	—	721,694
Net Assets, Beginning after Merger	<u>6,098,937</u>	<u>4,812,395</u>
NET ASSETS, ENDING	<u>\$ 5,219,974</u>	<u>\$ 6,098,937</u>

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Direct Expenses for Special Events	
Payroll	\$ —	\$ 55,230	\$ 78,732	\$ —	\$ 133,962
Employee Benefits	—	2,646	4,549	—	7,195
Payroll Taxes	—	4,201	6,046	—	10,247
Bank and Credit Cards Fees	—	5,146	19,142	—	24,288
Food and Beverage	—	3,244	—	568	3,812
Gifts and Awards	—	98	5,045	—	5,143
Grants and Donations	1,189,740	—	—	—	1,189,740
Insurance	—	4,690	—	—	4,690
Information Technology	—	4,598	—	—	4,598
Meetings	—	320	—	—	320
Office Expense and Supplies	—	492	456	15,317	16,265
Postage	—	473	334	—	807
Printing	—	365	1,197	—	1,562
Professional Fees	—	114,936	3,675	10,379	128,990
Public Relations and Media	—	—	1,921	—	1,921
Rent and Storage	—	9,000	—	—	9,000
Venue	—	—	—	12,485	12,485
Website	7,406	4,937	12,343	—	24,686
	\$ 1,197,146	\$ 210,376	\$ 133,440	\$ 38,749	\$ 1,579,711

LYNN SAGE BREAST CANCER FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2021

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Direct Expenses for Special Events	
Payroll	\$ —	\$ 50,028	\$ 34,366	\$ —	\$ 84,394
Employee Benefits	—	5,036	—	—	5,036
Payroll Taxes	—	3,293	2,288	—	5,581
Audiovisual	—	—	—	25,100	25,100
Bank and Credit Cards Fees	—	1,280	16,555	—	17,835
Entertainment	—	—	—	60,000	60,000
Gifts and Awards	—	761	6,379	2,381	9,521
Grants and Donations	570,790	—	—	—	570,790
Insurance	—	3,904	—	—	3,904
Information Technology	—	27,209	248	—	27,457
Office Expense and Supplies	—	16,053	2,508	3,163	21,724
Postage	—	570	3,125	—	3,695
Printing	—	1,150	1,302	—	2,452
Professional Fees	—	204,451	9,980	—	214,431
Public Relations and Media	—	—	9,545	—	9,545
Rent and Storage	—	9,000	—	—	9,000
Venue	—	—	—	1,214	1,214
Website	6,750	4,500	11,250	—	22,500
	\$ 577,540	\$ 327,235	\$ 97,546	\$ 91,858	\$ 1,094,179

LYNN SAGE BREAST CANCER FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (878,963)</u>	<u>\$ 1,286,542</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Net Realized and Unrealized Losses (Gains) on Investments	537,763	(255,176)
Donated Stock	(5,131)	—
Proceeds from Sale of Donated Stock	5,093	—
Decrease in Assets		
Contributions Receivable	20,000	33,143
Prepaid Expenses and Other Assets	—	2,250
Increase (Decrease) in Liabilities		
Grants Payable	200,000	—
Accounts Payable	(3,200)	3,200
Total Adjustments	<u>754,525</u>	<u>(216,583)</u>
Net Cash Provided (Used) by Operating Activities	<u>(124,438)</u>	<u>1,069,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	—	(200,000)
Reinvested Certificate of Deposit Interest	(1,422)	(453)
Purchases of Investments	(866,214)	(934,787)
Reinvested Interest and Dividends	(121,627)	(227,652)
Net Change in Money Market Funds Held in Investment Portfolio	(12,864)	38,515
Proceeds from Sales and Redemptions of Investments	<u>896,457</u>	<u>918,824</u>
Net Cash Used by Investing Activities	<u>(105,670)</u>	<u>(405,553)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(230,108)</u>	664,406
Cash and Cash Equivalents, Beginning	<u>1,692,385</u>	1,027,979
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,462,277</u>	<u>\$ 1,692,385</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Operating Activities		
Donated Goods and Services	<u><u>\$ 5,675</u></u>	<u><u>\$ 19,220</u></u>

NOTES TO FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

On January 1, 2021, the Lynn Sage Cancer Research Foundation merged with another not-for-profit, Lynn Sage Foundation (“LSF”). The Lynn Sage Cancer Research Foundation became the surviving entity. As a result of the merger, the surviving entity’s name was changed to Lynn Sage Breast Cancer Research Foundation (“the Foundation”) and the Foundation received \$816,662 of cash and assumed a \$125 other asset, \$4,907 of marketable securities, \$100,000 of grants payable for a total net asset change transfer of \$721,694.

Lynn Sage Breast Cancer Foundation formerly the Lynn Sage Cancer Research Foundation is an Illinois not-for-profit corporation incorporated on September 14, 1990 to raise funds and support research and medical education. Significant funding sources include contributions, gifts and grants, fundraising events and investment activities, to support breast cancer research and medical education through grants made to local research hospitals through awards to researchers fellowship grants and travel awards for symposiums.

The Lynn Sage Breast Cancer Foundation’s mission is to raise funds for research and education to prevent breast cancer and improve outcomes for individuals with breast cancer. Investments are directed locally within the Chicago area, but drive impact globally.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with GAAP.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the FASB Codification) topic related to “Financial Statements of Not-for-Profit Organizations.” This guidance requires the Foundation to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restriction – Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restriction – Net assets whose use by the Foundation is subject to donor-imposed stipulations that could be fulfilled either by actions of the Foundation, pursuant to those stipulations and/or that expire by the passage of time. Net assets with donor restriction are reclassified to net assets without donor restriction when the restrictions have been met and presented on the statements of activities as net assets released from restrictions.

Additionally, the Foundation can have net assets subject to donor-imposed stipulations that the resources be maintained permanently by the Foundation. Investment income, including interest, dividends and realized and unrealized gains and losses, would be classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Foundation's Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

As of and for the year ended December 31, 2022 and 2021, the Foundation had no net assets with donor restriction and therefore, no net assets released from restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

RECOGNITION OF SUPPORT, RECEIVABLES AND REVENUES

The Foundation accounts for contributions received and unconditional promises to give under the provisions of the FASB Codification topic related to contributions made and received. Contributions are recognized as support revenue when received. Unconditional promises to give are recognized when received at the estimated present value of future cash flows, net of allowances. Contributions received are recorded as support revenue with or without donor restriction, depending on the existence and/or nature of any donor stipulations. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction would be reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recognized until the condition has been met.

Similarly, an unconditional promise made by a not-for-profit organization is recognized as grant expense and grants payable in the period that the promise is made.

Special events revenue, which includes registration fees, ticket purchases, sponsorships and purchases of auction items or raffle tickets, is recorded as revenue when the event occurs, equal to the amounts received. If received in advance, the direct benefits to donors are deferred until the event occurs while the contribution portion, the excess paid over the direct benefit to donors, is recorded immediately.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED GOODS AND SERVICES

The Foundation records contributions of stock at fair value on the date of the gift.

The Foundation received donated goods comprised of gift cards valued at \$1,600 for 2022 and \$4,970 for 2021. These amounts represent the face value of the gift cards and are used as prizes in the Foundation's special events. These amounts are reflected in the statements of activities as donated goods and services and as gifts and awards expense in the statements of functional expenses.

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. The Foundation received \$4,075 of accounting services in 2022. The Foundation received \$12,700 of donated audiovisual for its fundraising event and \$1,550 of accounting services in 2021. These services are valued based on prevailing hourly rates donated in the Foundation's principal market for the same kind of professional services. These amounts are reflected in the statements of activities as donated goods and services and as professional services expense in the statements of functional expenses.

These amounts are reflected in the statements of activities as donated goods and services and as audiovisual and professional fees expense in the statement of functional expenses.

A number of unpaid volunteers and members of the Board of Directors donate their time to ensure success of the Foundation's activities. The value of these services is not reflected in these financial statements since they do not meet the criteria for recognition under the FASB Codification topic related to accounting for contributions received and made.

CASH AND CASH EQUIVALENTS

The Foundation considers all short-term highly-liquid debt instruments with an original maturity of three months or less, when acquired, to be cash equivalents.

CERTIFICATE OF DEPOSIT

The Foundation purchased a 14-month \$200,000 certificate of deposit maturing on May 23, 2022 which bears interest at 0.3%. The certificate of deposit was renewed for 14 months in May, 2022 bearing interest at 1% and again in July, 2023 for 11 months bearing interest at 5.35%. Interest income for 2022 and 2021 was \$1,422 and \$453, respectively.

RECEIVABLES

Contributions receivable are stated at the amount the Foundation expects to collect from outstanding balances. The Foundation establishes an allowance for uncollectible amounts, should they exist, based on an assessment of the current status of the individual accounts. Balances still outstanding after the Foundation has used reasonable collection efforts are written off to bad debt expense. There was no contribution receivable balance at December 31, 2022. No allowance was deemed necessary at December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

The Foundation follows the provisions of the FASB Codification topic related to accounting for investments held by not-for-profit organizations. This standard requires investments in marketable securities be accounted for at fair value.

Interest income is recognized when earned. Dividend income is recognized on the ex-dividend date. Realized gains and losses are the differences between the proceeds received and the cost of investments sold and unrealized gains and losses are the differences between the fair value and cost of investments held.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are presented on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of other expenses, such as website, based on usage.

CONCENTRATIONS OF RISK

The Foundation's cash balances, at times, may exceed federally-insured limits, however it has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk on cash.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the financial statements. Due to the market volatility in 2022, the Foundation experienced significant unrealized losses in the fair value of its portfolio.

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors/grantors supportive of the Foundation's mission.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**TAX STATUS**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable State law. To the extent unrelated business income exists, the Foundation would be subject to unrelated business income tax.

The Foundation follows the guidance in the FASB Codification topic related to uncertainty in income taxes, which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Foundation has taken or expects to take in its tax returns. Under the guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. Management believes the Foundation has appropriate support for the positions taken on its returns.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents.....	\$ 1,664,152	\$ 1,892,838
Contributions Receivable	-	20,000
Investments.....	<u>3,854,947</u>	<u>4,288,424</u>
	<u>\$ 5,519,099</u>	<u>\$ 6,201,262</u>

The Foundation has no net assets with donor restrictions, nor any board-designated net assets, so the entire amount of its liquid asset balance at December 31, 2022 and 2021 is available for use. The Foundation has sufficient liquid assets to meet more than one year of operating expenses.

NOTE 3—INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTES TO FINANCIAL STATEMENTS

NOTE 3—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

There have been no changes in the methodologies used at December 31, 2022 and 2021.

Level 1 Fair Value Measurements

The fair value of investments in money market funds, mutual funds and exchange-traded funds are based on quoted market prices in active markets for identical assets.

Level 2 Fair Value Measurements

The Foundation has no Level 2 fair value measurements.

Level 3 Fair Value Measurements

The Foundation has no Level 3 fair value measurements.

Fair value of investments measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 42,841	\$ 42,841	\$ —	\$ —
U.S Treasury Bills	872,973	872,973	—	—
Fixed Income Mutual Funds.....	255,934	255,934	—	—
U.S. Equity Mutual Funds.....	1,773,605	1,773,605	—	—
International Equity Mutual Funds	541,352	541,352	—	—
Equity Exchange Traded Funds.....	<u>368,242</u>	<u>368,242</u>	<u>—</u>	<u>—</u>
Total Investments	<u>\$ 3,854,947</u>	<u>\$ 3,854,947</u>	<u>\$ —</u>	<u>\$ —</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value of investments measured on a recurring basis at December 31, 2021 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 29,977	\$ 29,977	\$ —	\$ —
Fixed Income Mutual Funds.....	1,205,794	1,205,794	—	—
U.S. Equity Mutual Funds.....	2,066,552	2,066,552	—	—
International Equity Mutual Funds	527,648	527,648	—	—
Equity Exchange Traded Funds.....	458,453	458,453	—	—
Total Investments	<u>\$ 4,288,424</u>	<u>\$ 4,288,424</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income (loss) for the years ended December 31 includes:

	2022	2021
Dividend and Interest Income	\$ 130,950	\$ 237,907
Net Realized Gains (Losses).....	(62,599)	65,088
Net Unrealized Gains (Losses)	(475,164)	190,088
Investment Expense	(30,169)	(31,968)
	<u>\$ (436,982)</u>	<u>\$ 461,115</u>

NOTE 4—GRANT COMMITMENTS

In June 2020, the Foundation entered into an agreement with NMF for the naming rights of NMF's principal breast cancer screening and diagnostic center, currently known as Lynn Sage Comprehensive Breast Center (the Center). In exchange for the naming rights, the Foundation has committed to support NMF, its other Affiliates, and Northwestern University's Feinberg School of Medicine, in the minimum aggregate amount of \$300,000 and 55% of the total gifts, grants, and contributions the Foundation raises each year, for a period of twenty-five years commencing January 1, 2020. This 55% is evaluated for review once every five years and once met, that period is no longer part of the calculation. After this period the Foundation has extension rights and first refusal rights to the naming of the Center, should another offer be made at that time to NMF by a third party, in which case the Foundation can retain the rights by meeting the terms of that offer. The entire period is divided into five consecutive five-year review periods. No later than three months after each review period, the Foundation has to demonstrate that it met these and other conditions specified in the agreement in order to retain the naming rights of the Center. The 55% primary support clause ceases to apply if the aggregate support during the 25-year period reaches \$20,000,000.

During 2021, Northwestern Medicine Foundation refunded \$571,519 of grant funding that researchers were unable to utilize for the intended projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 5—LEASE COMMITMENT

The Foundation was obligated under a 2-year lease for office/storage space with a monthly rental payment of \$750 which expired December 31, 2022. A new agreement was signed for space which is charged by employee utilization for the period April 1, 2023 through December 31, 2023. Rental expense for the year ended December 31, 2022 and 2021 was \$9,000.

NOTE 6—RELATED PARTY TRANSACTIONS

During 2022, the Foundation's Board of Directors and Board member family foundations donated \$179,021. During 2021, the Foundation's Board of Directors and Board member family foundations donated \$171,259. Additionally, the Foundation paid \$20,700 for services provided by a Board member's company during 2021.

NOTE 7—RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 8—SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 13, 2023, the date that the financial statements were available for issue. Except for the certificate of deposit renewal disclosed in Note 1, there were no other subsequent events which require disclosure.