



MELANOMA RESEARCH FOUNDATION

Financial Statements

For the Year Ended March 31, 2024

(With Summarized Financial Information for the Year Ended March 31, 2023)



**and
Report Thereon**



MELANOMA RESEARCH FOUNDATION

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For the Year Ended March 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Melanoma Research Foundation

Opinion

We have audited the financial statements of the Melanoma Research Foundation (the Foundation), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 24, 2024

MELANOMA RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
March 31, 2024
(With Summarized Financial Information as of March 31, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 93,261	\$ 1,538,055
Investments	1,706,411	1,216,701
Pledges and grants receivable, net	3,900,412	1,623,544
Prepaid expenses and deposits	269,601	343,988
Property and equipment, net	214,562	200,844
Right of use asset – operating	1,086,625	1,250,242
TOTAL ASSETS	\$ 7,270,872	\$ 6,173,374
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 416,597	\$ 303,727
Grants payable	1,007,941	1,081,859
Operating lease liability	1,397,433	1,580,131
TOTAL LIABILITIES	2,821,971	2,965,717
Net Assets		
Without donor restrictions	1,009,170	313,439
With donor restrictions	3,439,731	2,894,218
TOTAL NET ASSETS	4,448,901	3,207,657
TOTAL LIABILITIES AND NET ASSETS	\$ 7,270,872	\$ 6,173,374

The accompanying notes are an integral part of these financial statements.

MELANOMA RESEARCH FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2024

(With Summarized Financial Information for the Year Ended March 31, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
REVENUE AND SUPPORT				
Grants and contributions	\$ 2,953,254	\$ 2,402,769	\$ 5,356,023	\$ 4,659,225
Special events	-	2,919,473	2,919,473	2,517,695
In-kind contributions	943,513	-	943,513	882,094
Registration fees	235,095	-	235,095	172,775
Investment (loss) income, net	224,844	175,027	399,871	(13,925)
Net assets released from restrictions:				
Satisfaction of program restrictions	2,195,083	(2,195,083)	-	-
Satisfaction of time restrictions	2,756,673	(2,756,673)	-	-
TOTAL REVENUE AND SUPPORT	<u>9,308,462</u>	<u>545,513</u>	<u>9,853,975</u>	<u>8,217,864</u>
EXPENSES				
Program Services:				
Research	3,868,932	-	3,868,932	3,698,583
Education	1,988,842	-	1,988,842	1,986,706
Advocacy	1,332,149	-	1,332,149	1,147,877
Total Program Services	<u>7,189,923</u>	<u>-</u>	<u>7,189,923</u>	<u>6,833,166</u>
Supporting Services:				
General and administrative	829,832	-	829,832	823,935
Fundraising – other	501,426	-	501,426	371,542
Fundraising – cost of direct benefit to donors	91,550	-	91,550	150,150
Total Supporting Services	<u>1,422,808</u>	<u>-</u>	<u>1,422,808</u>	<u>1,345,627</u>
TOTAL EXPENSES	<u>8,612,731</u>	<u>-</u>	<u>8,612,731</u>	<u>8,178,793</u>
CHANGE IN NET ASSETS	695,731	545,513	1,241,244	39,071
NET ASSETS, BEGINNING OF YEAR	<u>313,439</u>	<u>2,894,218</u>	<u>3,207,657</u>	<u>3,168,586</u>
NET ASSETS, END OF YEAR	<u>\$ 1,009,170</u>	<u>\$ 3,439,731</u>	<u>\$ 4,448,901</u>	<u>\$ 3,207,657</u>

The accompanying notes are an integral part of these financial statements.

MELANOMA RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2024
(With Summarized Financial Information for the Year Ended March 31, 2023)

	Program Services			Supporting Services			2024 Total	2023 Total	
	Research	Education	Advocacy	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Personnel	\$ 567,661	\$ 696,505	\$ 443,060	\$ 1,707,226	\$ 322,847	\$ 189,897	\$ 512,744	\$ 2,219,970	\$ 1,984,518
Contract services	788,626	494,948	382,143	1,665,717	277,885	121,425	399,310	2,065,027	1,969,830
Grants	1,839,954	10,000	-	1,849,954	-	-	-	1,849,954	1,898,768
Conferences	239,766	341,016	241,118	821,900	4	166,908	166,912	988,812	744,309
Facilities	194,142	183,393	105,848	483,383	118,038	38,889	156,927	640,310	693,079
Other	136,204	113,875	49,839	299,918	73,561	21,736	95,297	395,215	365,186
Travel	53,978	77,990	73,061	205,029	14,057	24,278	38,335	243,364	295,794
Operations	48,601	71,115	37,080	156,796	23,440	29,843	53,283	210,079	227,309
TOTAL EXPENSES	<u>\$ 3,868,932</u>	<u>\$ 1,988,842</u>	<u>\$ 1,332,149</u>	<u>\$ 7,189,923</u>	<u>\$ 829,832</u>	<u>\$ 592,976</u>	<u>\$ 1,422,808</u>	<u>\$ 8,612,731</u>	<u>\$ 8,178,793</u>

The accompanying notes are an integral part of these financial statements.

MELANOMA RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2024

(With Summarized Financial Information for the Year Ended March 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,241,244	\$ 39,071
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Loan forgiveness	-	(249,487)
Depreciation and amortization	51,716	34,950
Net realized and unrealized investment (gains) losses	(337,052)	38,842
Amortization of operating right-of-use asset	163,617	158,901
Contributions restricted for long-term purposes	(301,672)	(394,060)
Changes in assets and liabilities:		
Pledges and grants receivable	(2,276,868)	(795,186)
Prepaid expenses and deposits	74,387	(61,388)
Accounts payable and accrued expenses	112,870	(38,781)
Grants payable	(73,918)	117,752
Operating lease liability	(182,698)	(168,412)
NET CASH USED IN OPERATING ACTIVITIES	(1,528,374)	(1,317,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(811,228)	(798,848)
Sales of investments	540,339	420,530
Purchase of property and equipment	(65,434)	(59,237)
NET CASH USED IN INVESTING ACTIVITIES	(336,323)	(437,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	301,672	394,060
NET CASH PROVIDED BY FINANCING ACTIVITIES	301,672	394,060
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,563,025)	(1,361,293)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,953,706	3,314,999
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 390,681	\$ 1,953,706
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and cash equivalents	\$ 93,261	\$ 1,538,055
Cash and cash equivalents held within investments	297,420	415,651
TOTAL CASH AND CASH EQUIVALENTS	\$ 390,681	\$ 1,953,706
NON-CASH FINANCING ACTIVITIES		
Loan forgiveness	\$ -	\$ 249,487

The accompanying notes are an integral part of these financial statements.

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies

Organization

The Melanoma Research Foundation (the Foundation) was incorporated on October 7, 1996, under the laws of Texas. Its mission is to eradicate melanoma by accelerating medical research while educating to and advocating for the melanoma community. The activities of the Foundation are funded primarily from grants and contributions from individuals and foundations.

Cash Equivalents

The Foundation considers all money market accounts to be cash equivalents.

Pledges and Grants Receivable

Pledges and grants receivable represent unconditional contributions from foundations and individuals. Unconditional pledges and grants receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Pledges and grants receivable are reviewed for collectibility, and a provision for doubtful pledges and grants receivable is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Property and Equipment and Related Depreciation and Amortization

Furniture, office equipment, computer and software, and eligible website costs with an acquisition value of \$1,000 or greater are stated at cost and are depreciated/amortized using the straight-line method over the assets' estimated service lives of three to seven years. Leasehold improvements are amortized over the shorter of their useful life or the remaining life of the lease. Expenditures for major additions, renewals and betterments are capitalized. Expenditures for equipment with an acquisition value of less than \$1,000, minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses.

Investments

The Foundation invests in a professionally managed portfolio that contains marketable equity securities, exchange-traded funds and mutual funds. Investments are reported in the accompanying statement of financial position at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. Interest, dividends and realized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses. Donated investments are recorded as contributions based on their fair value at the date of donation.

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement

In accordance with accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Foundation has categorized its applicable financial instruments into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of March 31, 2024, the Foundation's investments, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

Classification of Net Assets

The Foundation's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Foundation at the discretion of the Foundation's management and the Board of Directors (the Board).
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various programs, specific future time periods, or the endowment funds of the Foundation, which are required to be held in perpetuity.

Revenue Recognition

The Foundation recognizes revenue and support from grants, contributions and bequests when they become unconditional. Unconditional grants and contributions are recorded as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated asset. When a stipulated time restriction ends or purpose restriction is met, net assets

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

with donor restrictions are reclassified to net assets without donor restriction and reported in the accompanying statement of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Special events revenue consists of mainly unconditional contributions and ticket sales for gala events. Contributions are recorded as with or without donor restrictions based on whether they are restricted for a particular purpose or to a specific time as noted above. Ticket sales are treated as exchange transactions and are recognized at the point in time that the performance obligations are met, in this case at the time the gala event takes place.

In-Kind Contributions

The Foundation's programs are furthered through unconditional contributions of services by various individuals and organizations. In-kind contributions are recorded at fair value as of the date of donation and are included in in-kind contribution revenue in the accompanying statement of activities. In-kind contributions consist of donated advertising and marketing services, which were used in program and fundraising activities.

The Foundation also utilizes volunteers who contribute their time and perform a variety of tasks to assist with the Foundation's program services. No amounts have been recorded in the accompanying statement of activities related to these volunteer services because they do not meet the criteria for recognition as donated services under accounting standards.

Grant Expense Recognition

The Foundation provides multiyear grants to universities for research purposes. Grants are expensed in the year in which an unconditional commitment is made. Unconditional grant awards for which payments have not been made are included in grants payable in the accompanying statement of financial position. Conditional grants are not included as expenses until such time as the conditions are met. As of March 31, 2024, there were no conditional grant awards.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Foundation are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Occupancy and depreciation expenses are allocated by the square footage used by the related department, and costs that are part of the direct mail and telemarketing campaigns are allocated based on the line counts of the direct mail and telemarketing pieces. All other shared costs are allocated based on a time study which is done annually.

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Pledges and Grants Receivable

Pledges and grants receivable include unconditional promises to give from foundations, corporations and individual donors, which were due as follows as of March 31, 2024:

Less than one year	\$ 3,571,770
One to five years	<u>335,000</u>
Total Grants and Contributions Receivable	3,906,770
Less: Discount to Net Present Value (0.90-3.68%)	<u>(6,358)</u>
Grants and Contributions Receivable, Net	<u>\$ 3,900,412</u>

As of March 31, 2024, all pledges and grants were considered by management to be fully collectible.

3. Investments and Fair Value Measurement

The following table summarizes the Foundation's investments measured at fair value on a recurring basis as of March 31, 2024, aggregated by the fair value hierarchy level with which those measurements were made:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equities	\$ 962,157	\$ 962,157	\$ -	\$ -
Exchange-traded funds	68,383	68,383	-	-
Mutual funds	<u>378,451</u>	<u>378,451</u>	<u>-</u>	<u>-</u>
Total Investments				
Classified in the Fair Value Hierarchy	1,408,991	<u>\$ 1,408,991</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>297,420</u>			
Total Investments	<u>\$ 1,706,411</u>			

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

3. Investments and Fair Value Measurement (continued)

The Foundation used the following methods and significant assumptions to estimate fair value for assets measured at fair value:

Equities, exchange-traded funds and mutual funds – Measured using quoted market prices for identical assets in active markets.

4. Property and Equipment

The Foundation held the following property and equipment as of March 31, 2024:

Computers, software and website	\$ 535,812
Leasehold improvements	<u>202,760</u>
Total Property and Equipment	783,572
Less: Accumulated Depreciation and Amortization	<u>(524,010)</u>
Property and Equipment, Net	<u>\$ 214,562</u>

For the year ended March 31, 2024, depreciation and amortization expense was \$51,716. This amount is included in other expenses in the accompanying statement of functional expenses.

5. Grants Payable

The Foundation awards unconditional grants that can be payable over several years. Expected payments on grants payable consisted of the following as of March 31, 2024:

Less than one year	\$ 882,941
One to five years	<u>125,000</u>
Total Grants Payable	<u>\$ 1,007,941</u>

6. Net Assets With Donor Restrictions

As of March 31, 2024, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Research grants	\$ 81,000
Education	218,500
Ocular melanoma program	537,343
Advocacy	385,258
Mucosal melanoma program	12,362
Symposia	121,439
Pediatric melanoma program	<u>21,410</u>
Total Subject to Expenditure for Specified Purpose	<u>1,377,312</u>

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

6. Net Assets With Donor Restrictions (continued)

(continued)

Subject to occurrence of specified events and time:

Galas – time-restricted for fiscal year 2025	\$ 198,775
Miles for Melanoma – time-restricted for fiscal year 2025	380,499
Time Restricted	120,000
Permanent endowment	<u>1,363,145</u>
Total Subject to Occurrence of Specified Events and Time	<u>2,062,419</u>
Total Net Assets With Donor Restrictions	<u>\$ 3,439,731</u>

7. Endowment Net Assets

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the enacted version of the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the historical value of gifts donated to the permanent endowment and the related appreciation. Applicable accumulated amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.

Return Objectives and Risk Parameters

The mission of the Foundation's long-term investment pool is to provide a common investment vehicle that will generate a stable and continuously growing income stream for the Foundation's endowment, for which the Foundation is both the trustee and the beneficiary. The overall goal of the investment pool is to preserve the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments and, to the extent this is achieved, to cause the principal to grow in value over time. Other goals include:

- To maximize return within reasonable and prudent levels of risk.

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

7. Endowment Net Assets (continued)

Return Objectives and Risk Parameters (continued)

- To maximize the value of the endowment while maintaining liquidity needed to support spending in prolonged down markets.

Strategies Employed for Achieving Objectives

Extensive diversification is sought at all times. Experience has shown that financial markets and inflation rates are cyclical and, therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse investment styles. The Board of Directors examines the correlation of historic returns among each asset class and manager. Investment managers are appointed following a systematic search for those with demonstrated quality in the style desired. Managers are given discretion to manage funds entrusted in accordance with the style for which they are employed, provided they comply with the restrictions and limitations that may be determined by the Foundation from time to time.

Spending Policy

The Foundation will appropriate for expenditure no more than 5% of the total market value of endowment principal in any single fiscal year in order to balance the effects of inflation as well as continue to maintain endowment principal.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the fair value of the original gifts. Deficiencies of this nature are reported as part of net assets with donor restrictions. The Foundation's policy is not to appropriate from deficient funds in accordance with its spending policy. As of March 31, 2024, deficiencies of this nature do not exist in the endowment funds.

As of March 31, 2024, the Foundation's endowment had the following net asset composition:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ -	\$ 1,195,090	\$ 1,195,090
Appreciation	-	168,055	168,055
Board-designated endowment fund	<u>2,863,698</u>	<u>-</u>	<u>2,863,698</u>
Endowment Net Assets, End of Year	<u>\$ 2,863,698</u>	<u>\$ 1,363,145</u>	<u>\$ 4,226,843</u>

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

7. Endowment Net Assets (continued)

The endowment activity was as follows for the year ended March 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 696,440	\$ 886,446	\$ 1,582,886
Net investment income/(loss)	121,720	175,027	296,747
Contributions/Additions	2,045,538	301,672	2,347,210
Appropriation of endowment assets for expenditure	-	-	-
Endowment Net Assets, End of Year	<u>\$ 2,863,698</u>	<u>\$ 1,363,145</u>	<u>\$ 4,226,843</u>

8. In-Kind Contributions

Donated goods and services are recognized if the services received create or enhance long-lived assets or require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not donated.

For the year ended March 31, 2024, in-kind contributions received by the Foundation consisted of the following:

Advertising	\$ 400,292
Professional services – branding, marketing, and legal	515,081
Event donation - sunscreen	<u>28,140</u>
Total In-Kind Contributions	<u>\$ 943,513</u>

The donated professional services are recorded at the estimated fair value based on market rates for similar services in the United States. The donated advertising and sunscreen are recorded at the estimated fair value based on current market rates for similar advertising and program materials. The fair value is obtained from independent sources for similar goods and services. These items are reported as in-kind contributions in the statement of activities. There were no donor-imposed restrictions associated with the donated goods and services.

For the year ended March 31, 2024, in-kind expenses were recognized in the following functional areas:

Advocacy	\$ 201,299
Education	285,836
Research	315,361
Management and general	63,337
Fundraising	<u>77,680</u>
Total In-Kind Expenses	<u>\$ 943,513</u>

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

9. Concentration of Credit Risk

At March 31, 2024, the Foundation maintained cash balances in excess of the federally insured limit. Accounts per depositor per institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts held in excess of FDIC insurance coverage at March 31, 2024 were approximately \$0. The Foundation monitors the creditworthiness of these financial institutions and has not experienced any losses on its cash.

10. Operating Lease

In April 2019, the Foundation entered into a noncancelable agreement for office space at a different office building location. The lease term commenced on August 1, 2019 and expires June 30, 2030. The first year base rent was \$188,820 per year, payable in equal monthly installments of \$15,735. The lease contains an escalation clause for increase in the annual base rent of 4% and provisions for 50% abated rent for the first 16 months of the lease term. The Foundation is also be responsible for its proportionate share of building operating expenses and taxes.

Operating lease cost totaled \$199,073 for the year ended March 31, 2024 and are included in facilities in the accompanying statement of functional expenses. Cash paid for operating leases for the year ended March 31, 2024 totaled \$218,061. The Foundation used a risk-free rate of 2.5% to calculate the present value discount. There were no noncash investing and financing transactions related to leasing.

As of March 31, 2024, future minimum lease payments under the lease were as follows:

For the Year	
<u>Ending March 31:</u>	
2025	\$ 226,783
2026	235,855
2027	245,289
2028	255,100
2029	265,304
Thereafter	<u>275,916</u>
Total	1,504,247
Less: Present Value Discount	<u>(106,814)</u>
Operating Lease Liability	<u>\$ 1,397,433</u>

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

11. Liquidity and Availability of Funds

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Foundation's financial assets available within one year of the statement of financial position date for general expenditures at March 31, 2024, were as follows:

Cash and cash equivalents	\$ 93,261
Investments	1,706,411
Pledges and grants receivable, net	<u>3,900,412</u>
Total Financial Assets Available Within One Year	5,700,084
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(3,439,731)
Net assets expected to be released from time restrictions in 2024	<u>699,274</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,959,627</u>

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Foundation's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

12. Pension Plan

The Foundation has a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA) plan. Employees are allowed to participate in the plan following a 90-day probationary period after hire. The Foundation contributes up to a 3% match of the employee's base salary. Employees are immediately fully vested in any employer match. Total pension expense for the year ended March 31, 2024, was \$33,175.

13. Income Taxes

The Foundation is exempt from the payment of taxes on income other than unrelated business income under Internal Revenue Code Section 501(c)(3) and has been classified as public charities. For the year ended March 31, 2024, no provision for income taxes was made, as the Foundation had no significant net unrelated business income.

The Foundation adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's

MELANOMA RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Year Ended March 31, 2024

13. Income Taxes (continued)

financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertainty in income taxes for the year ended March 31, 2024, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of March 31, 2024, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns; however, there are currently no audits for any tax periods pending or in progress. It is the Foundation’s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of March 31, 2024, the Foundation had no accruals for interest and/or penalties.

14. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 24, 2024, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.