



THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Consolidated Financial Statements

June 30, 2024

(With summarized comparative information as of and for the year
ended June 30, 2023)

(With Independent Auditors' Report Thereon)

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
The Leukemia & Lymphoma Society, Inc.:

Opinion

We have audited the consolidated financial statements of The Leukemia & Lymphoma Society, Inc. (the Society), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Society as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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 Consolidated Financial Statements section of our report. We are required to be independent of the Society 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Society'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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 Leukemia & Lymphoma Society, Inc. 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
November 12, 2024

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Consolidated Balance Sheet

June 30, 2024

(with comparative information at June 30, 2023)

(In thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 5,028	2,850
Prepaid expenses and other assets	6,169	5,559
Contributions and other receivables, net (note 7)	46,145	30,240
Investments, short-term (note 4)	159,950	203,275
Investments, long-term (note 4)	196,844	183,707
Investment held for co-pay program (note 4)	182,263	203,623
Fixed assets, net (note 10)	11,163	13,631
Right-of-use assets, net (note 12)	3,961	12,472
Other long-term assets	317	517
Total assets	\$ 611,840	655,874
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 37,144	22,105
Deferred revenue (note 8)	15,169	15,923
Awards and grants payable (note 2)	65,380	62,949
Co-pay assistance payable (note 3)	87,578	155,659
Other long-term liabilities (note 11)	2,983	3,132
Lease liability (note 12)	4,198	14,425
Total liabilities	212,452	274,193
Commitments and contingencies (notes 2, 3, 12, and 14)		
Net assets:		
Without donor restrictions	248,519	288,026
With donor restrictions (notes 3 and 6)	150,869	93,655
Total net assets	399,388	381,681
Total liabilities and net assets	\$ 611,840	655,874

See accompanying notes to consolidated financial statements.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Consolidated Statement of Activities

Year ended June 30, 2024

(with summarized totals for the year ended June, 2023)

(In thousands)

	Without donor restriction	With donor restriction	Year ended	
			June 30, 2024	June 30, 2023
Operating revenue:				
Contributions	\$ 217,316	51,170	268,486	274,279
Less direct donor benefit costs	(23,369)	—	(23,369)	(23,456)
Net campaign contributions	193,947	51,170	245,117	250,823
Co-pay contributions	—	83,500	83,500	104,150
Therapy Acceleration Program contractual return and royalties	3,796	—	3,796	1,865
Service revenue	14,875	58	14,933	9,531
Donated services, goods, and media	12,193	—	12,193	7,621
Legacies and other revenue	11,569	2,312	13,881	7,593
Net interest and dividend income	9,249	5,542	14,791	11,073
Net assets released from restrictions:				
Co-pay assistance	47,617	(47,617)	—	—
Satisfaction of other donor restrictions	43,007	(43,007)	—	—
Total operating revenue	336,253	51,958	388,211	392,656
Operating expenses:				
Program services:				
Research	142,152	—	142,152	114,302
Patient and community service	110,894	—	110,894	147,773
Public health education	23,972	—	23,972	25,211
Professional education	23,519	—	23,519	12,124
Total program services	300,537	—	300,537	299,410
Supporting services:				
Management and general	47,319	—	47,319	54,960
Fundraising	46,889	—	46,889	51,286
Total supporting services	94,208	—	94,208	106,246
Total operating expenses	394,745	—	394,745	405,656
Change in net assets from operating activities	(58,492)	51,958	(6,534)	(13,000)
Foreign currency translation adjustment and other	(284)	9	(275)	(240)
Net increase in fair value of investments	19,269	5,247	24,516	12,732
Change in net assets	(39,507)	57,214	17,707	(508)
Net assets:				
Beginning of period	288,026	93,655	381,681	382,189
End of period	\$ 248,519	150,869	399,388	381,681

See accompanying notes to consolidated financial statements.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.
Consolidated Statement of Functional Expenses
Year ending June 30, 2024
(with summarized totals for the Year ended June 30, 2023)
(In thousands)

	Program services				Supporting services			Year ended		Direct donor benefit costs		
	Research	Patient and community service	Public health education	Professional education	Total	Management and general	Fund raising	Total	June 30,	June 30,	June 30,	June 30,
									2024	2023	2024	2023
Awards and grants	\$ 56,520	—	—	—	56,520	—	—	56,520	56,722	—	—	
Therapy acceleration program	9,977	—	—	—	9,977	—	—	9,977	2,250	—	—	
Financial aid to patients	—	14,518	—	—	14,518	—	—	14,518	17,253	—	—	
Clinical Trial	18,282	—	—	—	18,282	—	—	18,282	11,908	—	—	
Co-pay assistance	—	40,841	—	—	40,841	—	—	40,841	75,108	—	—	
Co-pay processing fees	—	6,366	—	—	6,366	—	—	6,366	12,988	—	—	
Donated services, goods, and media	979	346	212	7,839	9,376	115	2,701	2,816	12,192	7,620	—	
Salaries and employee benefits and taxes	38,880	27,211	12,751	9,624	88,466	30,873	24,182	55,055	143,521	125,570	—	
Occupancy, telephone, and insurance	1,927	1,502	569	427	4,425	1,365	1,314	2,679	7,104	8,855	—	
Travel and meetings	2,546	2,539	1,720	1,246	8,051	1,335	1,200	2,535	10,586	8,479	14,192	
Printing, advertising, and supplies	2,749	4,292	2,784	1,254	11,079	1,677	4,463	6,140	17,219	19,276	2,767	
Equipment rentals and maintenance	808	1,895	55	32	2,790	4,035	4,124	8,159	10,949	9,623	—	
Postage and shipping	284	1,881	987	89	3,241	161	1,863	2,024	5,265	4,315	—	
Professional fees	6,110	6,314	4,008	2,412	18,844	6,666	5,419	12,085	30,929	37,671	5,753	
Miscellaneous	1,687	2,009	360	272	4,328	(90)	727	637	4,965	3,218	656	
Depreciation and amortization	1,403	1,180	526	324	3,433	1,182	896	2,078	5,511	4,800	—	
Total expenses	<u>\$ 142,152</u>	<u>110,894</u>	<u>23,972</u>	<u>23,519</u>	<u>300,537</u>	<u>47,319</u>	<u>46,889</u>	<u>94,208</u>	<u>394,745</u>	<u>405,656</u>	<u>23,368</u>	<u>23,456</u>

See accompanying notes to consolidated financial statements.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Consolidated Statement of Cash Flows

Year ending June 30, 2024

(with summarized totals for the Year ended June 30, 2023)

(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 17,707	(508)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net increase in fair value of investments	(24,516)	(12,732)
Net write-down of right-of-use asset and lease liability and impairment of fixed asset	(1,115)	—
Depreciation and amortization	5,194	4,800
Right-of-use amortization	—	4,164
Deferred rent liability	—	1,953
(Recovering) provision for uncollectible accounts	(5,966)	3,036
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(610)	302
Contributions and other receivables	(9,939)	(7,894)
Accounts payable and accrued expenses	15,039	(3,624)
Other long-term liabilities	(149)	(1,438)
Operating lease liability	(1,743)	(4,164)
Other long-term assets	1,660	(517)
Deferred revenue	(754)	1,789
Awards and grants payable	2,431	12,724
Co-pay assistance payable	(68,081)	(73,536)
Net cash used in operating activities	<u>(70,842)</u>	<u>(75,645)</u>
Cash flows from investing activities:		
Purchases of fixed assets	(3,045)	(7,516)
Purchases of long-term investments	(104,823)	(168,443)
Sales of investments	180,888	243,458
Net cash provided by investing activities	<u>73,020</u>	<u>67,499</u>
Net increase (decrease) in cash and cash equivalents	2,178	(8,146)
Cash and cash equivalents at beginning of period	2,972	11,118
Cash and cash equivalents at end of period	\$ <u>5,150</u>	<u>2,972</u>
Reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown above:		
Cash and cash equivalents	\$ 5,028	2,850
Cash included in investments	122	122
Total cash, cash equivalents, and restricted cash	\$ <u>5,150</u>	<u>2,972</u>
Supplement disclosure of cashflow information:		
Right-of-use assets acquired and operating lease liability through adoption of ASC 842	\$ —	16,636
Deferred rent liability included in operating lease liability	—	(1,960)
Termination of lease (non-cash):		
Right-of-use assets	7,052	—
Lease Liability	8,484	—
Net write-down of right-of-use asset and lease liability	1,432	—

See accompanying notes to consolidated financial statements.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Leukemia & Lymphoma Society, Inc. (LLS) is the world's largest voluntary health agency dedicated to finding cures for blood cancers and providing services to blood cancer patients, their families, and caregivers. LLS's mission is to cure leukemia, lymphoma, Hodgkin's disease, and myeloma and improve the quality of life of patients and their families. LLS research grants have funded many of today's most promising advances for the treatment of blood cancer patients, including targeted therapies and immunotherapies. LLS clinical trials are utilizing a collaborative approach to change the paradigm of treatment through precision medicine. LLS is a leading source of publicly available information regarding blood cancer and education and support programs. LLS influences public policies that accelerate the development and approval of new blood cancer therapies and advocates for all blood cancer patients and their families, helping patients navigate their cancer treatments and access to quality, affordable and coordinated care. LLS is dedicated to removing barriers to care by representing the healthcare and medical research interests of patients and families to policy makers at all levels of government.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of LLS and LLS's not-for-profit affiliates, including The Leukemia & Lymphoma Society of Canada, Inc. (LLSC), The Leukemia & Lymphoma Society Research Programs, Inc. (LLSRP), and The Leukemia & Lymphoma Society Research Foundation (LLSRF). Additionally, LLS is the sole member of various limited liability companies, which support LLS clinical trials and research activities. All significant intercompany and intra-LLS accounts and transactions have been eliminated in consolidation.

(c) Tax-Exempt Status

LLS, LLSRP, and LLSRF qualify as charitable organizations as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, are exempt from federal income taxes under Internal Revenue Code Section 501(a). LLS's limited liability companies are disregarded pass through entities and are exempt from federal income taxes under Internal Revenue Code Section 501(a). Additionally, since these organizations are publicly supported, contributions qualify for the maximum charitable contribution deduction under the Internal Revenue Code.

LLSC is registered as a charitable organization under the Income Tax Act (Canada) and is, therefore, not subject to income taxes if certain disbursement requirements are met.

LLS and its related entities recognize the effect of income tax positions only if those tax positions are more likely than not to be sustained. Income generated from activities unrelated to exempt purposes are subject to tax under Internal Revenue Code Section 511. There were no entities that recognized any unrelated business income tax liability for the years ended June 30, 2024 and 2023.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(d) Estimates

The preparation of the consolidated financial statements in conformity with US generally accepted accounting principles requires LLS's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates made in the preparation of these consolidated financial statements include collectibility of contributions and other receivables, allocation of expenses, and valuation of lease liability and donated goods, services, and media. Actual results could differ from those estimates.

(e) Risks and Uncertainties

LLS invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, fluctuations in market values, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

LLS's principal source of revenue is contributions by the general public. Accordingly, LLS's operations are dependent upon individual contributions, that are affected by general economic conditions, employment levels, and other factors over which LLS has little or no control. By contrast to the granularity of the general public donations, the co-pay program in 2024 and 2023 was funded by five and four corporate donors, respectively. In addition, the Beat AML Master Trial was primarily funded by five and four donors in 2024 and 2023, respectively. The Pediatric Acute Leukemia Clinical Trial (PedAL) was primarily funded by three and one donors in 2024 and 2023, respectively.

(f) Summarized Financial Information

The consolidated financial statements are presented with 2023 summarized information. With respect to the consolidated statement of activities, such prior year information is not presented by net asset class and, in the consolidated statement of functional expenses, 2023 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with LLS's 2023 consolidated financial statements from which the summarized information was derived.

(g) Net Asset Classifications

To ensure observance of limitations and restrictions placed on the use of resources available to LLS, funds that have similar characteristics have been classified into two net asset categories as follows:

Net assets without donor restrictions: Consist of funds that are fully available, at the discretion of LLS's Board of Directors, for LLS to utilize in any of its programs or supporting services.

Net assets with donor restrictions: Consist of funds that are restricted by donors for a specific time period and/or purpose. Also included in this category are net assets subject to donor imposed restrictions, which stipulate that the principal be maintained by LLS, but permits LLS to expend part or all of the income and gains derived therefrom. Expirations of restrictions are reported as net

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

assets released from restrictions when the donor stipulated purpose has been fulfilled and/or the amount has been appropriated in compliance with the Board-approved spending policy (note 6).

Revenue and gains and losses on investments and other assets and liabilities are reported as changes in net assets without restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions.

LLS delineates changes in net assets without donor restrictions as operating or nonoperating activities. Operating activities include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations include support for operating activities from both with donor restrictions and without donor restrictions designated for long-term investment according to LLS's spending rate policy (note 6). Nonoperating activities include changes in fair value of investments and foreign currency translation adjustment and other nonrecurring items.

(h) Foreign Currency Translation

LLSC uses the Canadian dollar as its functional currency. Accordingly, the currency translation of the financial statements of LLSC to US dollars is included as a translation adjustment in the consolidated statement of activities.

(i) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices or published net asset value for funds with characteristics similar to a mutual fund (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices or published net asset value included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

LLS follows the provisions of Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, for its alternative investments that do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value (NAV) per share or its equivalent, as reported by the investment managers.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(j) Contributions, Grants, and Deferred Revenue

Contributions are recorded as revenue, at their fair value, when received or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as revenues with donor restrictions. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions expected to be received after one year are discounted at a risk-adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to the transferred assets. Conditional contributions are recognized as revenue when the barriers on which they depend have been met. Certain grants are accounted for as exchange transactions whereby revenue is recognized when the related expenses are incurred. Amounts received under these arrangements but not yet expended are reported as deferred revenue.

(k) Sponsorship Revenue

Sponsorship revenue is accounted for as an exchange transaction whereby revenue is recognized when the related benefit to the sponsor is delivered. Amounts received under these arrangements but for which benefits have not been delivered are reported as deferred revenue. When sponsorship agreements specify multiple benefits spread over more than one period the revenue is distributed proportionately to the estimated value of the benefit as required under Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606).

(l) Service Revenue

Service revenue is accounted for as an exchange transaction whereby revenue is recognized when the related expenses are incurred. Amounts received under these arrangements but not yet expended are reported as deferred revenue. LLS has entered into multiple contracts dealing with passthrough funds. LLS receives funds from third parties and passes them onto the specific research grant-recipients in accordance with the grantors instructions. LLS does not recognize any revenue or expenses pertaining to these deals except for the Service Revenue that is bill to the grantors to administer this service. As of June 30, 2024, LLS has recognized \$58 in total service revenue and \$1,427 in cash and other long-term liabilities for amounts received not yet provided to specified recipients.

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(m) Donated Goods and Services

LLS has determined that certain of the donated goods and services it receives meet the criteria for recognition in the consolidated financial statements. The value of contributed goods was determined based on fair market value estimates. The value of contributed services was determined for volunteers that possess specialized skills and would otherwise need to be purchased based on the fair market value of the services. These goods and services are recognized as revenue and expense (note 9).

(n) Donated Media

LLS has conducted national public service announcements (PSA) media campaigns and benefited from donated media time that was aired on television and radio. The value of contributed media, which is recognized in the consolidated financial statements, was estimated based on the placement, audience, and demographics of the PSA's (note 9).

(o) Cash Equivalents

Cash equivalents consist of short-term investments with an original maturity of three months or less from date of purchase, except for amounts held in investments.

(p) Investments

Investments are stated at fair value based upon quoted or published market prices, except for the fair values of alternative investments, which are based on NAVs provided by the fund managers or general partners, based upon the underlying net assets of the funds consistent with the concepts of ASC 820. These values are reviewed and evaluated by management.

(q) Fixed Assets and Depreciation

Fixed assets, which consist principally of equipment, software, and leasehold improvements, are recorded at cost, and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets or the terms of the leases, if shorter, ranging from 2 to 10 years (leasehold improvements 7 years; furniture, fixtures, and office equipment 7 to 10 years, and computer equipment and software 2 to 5 years).

(r) Other Long-Term Assets and Liabilities

Other long-term assets and liabilities primarily represent LLS's liability for the Internal Revenue Code Section 457 deferred compensation plans recorded at fair market value (note 11) and Charitable Gift Annuity (CGA) Annuity Payable.

(s) Professional Fees

Professional fees included in the consolidated financial statements principally include professional fundraising fees, contracted software development, marketing and human resource consultants and legal and auditing fees.

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Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(t) Leases

ASU No. 2016-02, *Leases (Topic 842)* – LLS follows ASC 842, which requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments on the consolidated balance sheet and disclosing key information about leasing arrangements. LLS elected the short-term lease exemption for leases with a term of 12 months or less. LLS recognized right-of-use assets and lease liabilities based on the present value of lease payments over the lease terms at commencement date.

(u) Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly certain costs attributable to more than one program or supporting services function are allocated using cost allocation methods such as square footage and estimate of time and effort.

LLS allocates expenses relating to the operation and maintenance of plant and depreciation using building square footage based on functional use.

(v) Subsequent Events

LLS evaluated subsequent events after the consolidated balance sheet date of June 30, 2024 through November 12, 2024, which was the date the consolidated financial statements were available for issuance, and concluded no additional disclosures are required.

(2) Research

LLS has various activities that are utilized to carry out its mission as presented below:

Research

Awards and Grants: Awards and grants for research are approved by LLS's Board of Directors and are recognized as expense when contractual conditions have been satisfied. The budgets for multiyear grants, which are generally two to five years in length, are approved on an annual basis and may be terminated at the discretion of LLS's Board of Directors. LLS has multiyear grant commitments of \$78,046 at June 30, 2024, which are conditioned upon future events and, accordingly, are not recorded. LLS has unconditional grants payable of \$65,380 and \$62,949 at June 30, 2024 and 2023, respectively, which are anticipated to be paid in the next year. Grant refunds and cancellations of approximately \$2,618 and \$953 as of June 30, 2024 and 2023, respectively, have been netted against awards and grants expense.

Therapy Acceleration Program (TAP)

TAP is LLS's strategic initiative to speed the development of blood-cancer treatments and supportive diagnostics by creating business alliances with biotechnology and pharmaceutical companies. TAP provides funding for investigational new drug-enabling studies and clinical-stage projects through awarding grants, purchasing private and public equity, or other funding mechanisms. TAP contracts are recognized and paid in the year program milestones are achieved. Multiyear contracts, which are generally two to three years in length, are reviewed against milestones on a quarterly basis and may be terminated at the discretion of LLS's Board of Directors. LLS has contract commitments of \$1,153 and \$9,753 at June 30,

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Notes to Consolidated Financial Statements

June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

2024 and 2023, respectively, that are conditioned upon future events and, accordingly, are not recorded. LLS has an unconditional TAP payable of \$3,000 at June 30, 2024, which is anticipated to be paid in the next year, which is included in accounts payable and accrued expenses.

Commitments for the awards and grants and TAP programs are contingent upon the satisfactory completion of milestones and/or other conditions in the grant and contract agreements. If such conditions are satisfied, the amounts are estimated to be paid as follows:

Year ending June 30:		
2025	\$	40,564
2026		25,323
2027		9,940
2028 & Forward		<u>3,372</u>
Total	\$	<u><u>79,199</u></u>

(3) Co-Pay Assistance Program

Co-Pay Assistance Program: The co-pay assistance program offers financial assistance to patients in meeting their insurance co-pay obligations for prescription medications or private/public health insurance premiums. Revenue is recognized when donations are received while expenses are recognized as patient applications are approved for participation according to program criteria and on availability of funding. The Co-Pay Assistance payable of \$87,578 and \$155,659 has been established based on approved patient applications received through June 30, 2024 and 2023, respectively. Net assets with donor restrictions include \$94,222 and \$48,178 at June 30, 2024 and 2023, respectively, which are available for expenditure and are intended to be awarded in future periods (note 6).

The following summarizes the activities of the Co-Pay Assistance program as of June 30, 2024.

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 48,178	24,272
Contributions	83,500	104,150
Investment gain	10,160	4,511
Amount expended during the year:		
Direct assistance to patients	(40,840)	(75,108)
Other expenses incurred and reimbursed	<u>(6,777)</u>	<u>(9,647)</u>
Amounts available for expenditures in subsequent periods	<u>\$ 94,222</u>	<u>48,178</u>

THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

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June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(4) Investments

The following tables present LLS's fair value hierarchy of investments measured at fair value on an annual basis as of June 30, 2024 and June 30, 2023:

	June 30, 2024	Level 1	Level 2	Level 3
Money market funds and cash	\$ 125,785	125,785	—	—
Fixed income:				
Corporate bonds	112,343	112,343	—	—
Government securities and other	120,834	120,834	—	—
Equities:				
Large cap equity	53,509	53,509	—	—
International equity	35,242	35,242	—	—
Small/mid cap equity	44,925	44,925	—	—
Private equity	370	370	—	—
Commodities	7,276	7,276	—	—
US Govt Money Market Fund	23,500	23,500	—	—
	523,784	\$ 523,784	—	—
Investments reported at net asset value:				
Multi strategy hedge fund	15,273			
Total investments reported at net asset value	\$ 539,057			

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(Amount in thousands)

	<u>June 30,</u> <u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash	\$ 79,970	79,970	—	—
Fixed income:				
Corporate bonds	122,011	122,011	—	—
Government securities and other	229,098	229,098	—	—
Equities:				
Large cap equity	48,862	48,862	—	—
International equity	38,958	38,958	—	—
Small/mid cap equity	38,902	38,902	—	—
Commodities	6,542	6,542	—	—
US Govt Money Market Fund	13,000	13,000	—	—
	<u>577,343</u>	<u>\$ 577,343</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Multistrategy hedge fund	<u>13,262</u>			
Total investments reported at net asset value	<u>\$ 590,605</u>			

Within the investment balance as of June 30, 2024 and June 30, 2023 are \$182,263 and \$203,623 restricted to co-pay, respectively.

LLS's alternative investments strategy:

Multistrategy hedge fund – represents an investment in a broad range of investment strategies that seek to exploit opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies and include event-driven strategies, distressed debt, merger and other arbitrage, and value investing.

This strategy creates indirect exposure to LLS through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are investment contracts used to hedge risk. While these financial instruments may contain varying degrees of risk, LLS's risk with respect to such transactions is limited to its capital balance in each investment.

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(Amount in thousands)

LLS's alternative investments contain various redemption restrictions with required written notice ranging from 45–95 days. By contrast, all of LLS's nonalternative investments are highly liquid and can be redeemed daily without restriction. As of June 30, 2024 and 2023, the following table summarizes the redemption provisions for those investments reported at NAV:

	June 30	
	2024	2023
Redemption period:		
Monthly	\$ 8,894	7,542
Quarterly	6,380	5,720
Total	\$ 15,274	13,262

As of June 30, 2024 and 2023, LLS had no unfunded commitments on its alternative investments.

(5) Financial Assets

LLS's goal is to maintain unrestricted financial assets to meet the requirements of all outstanding commitments, both current and conditional as well as a minimum of 25%–50% of annual general expenditures. LLS considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures. As part of LLS liquidity plan, excess cash is invested in short-term investments, including money market accounts, fixed income and equities. In addition to available financial assets, LLS operates with a balanced budget and anticipates collecting sufficient revenue to cover all general expenditures. Refer to the statement of cash flows, which identifies the sources and uses of LLS's cash.

	June 30	
	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,028	2,850
Contributions receivable	46,145	30,240
Investments	539,057	590,605
Total financial assets	590,230	623,695

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(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Less amounts not available to be used within one year:		
Restricted to support co-pay patients	\$ 182,263	203,623
Contributions and other receivable with donor restrictions not to be met in less than a year	38,991	29,369
Amounts held for others	1,427	—
Investments not expected to be redeemed	13,299	12,071
Endowment, net of spending	<u>8,331</u>	<u>7,932</u>
Total financial assets not available for use	<u>244,311</u>	<u>252,995</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 345,919</u>	<u>370,700</u>

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions and the income earned are available for the following purposes at June 30, 2024 and June 30, 2023:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Co-Pay Assistance Program	\$ 94,222	48,178
Research	27,640	32,487
Dare to Dream Initiative	7,453	4,653
Patient and Community Service	4,066	1,704
Public Health Education	2,712	1,952
Professional Education	2,190	2,464
Clinical Trials	189	163
Beat AML Initiative	—	238
Other	<u>12,397</u>	<u>1,816</u>
Total net assets with donor restriction	<u>\$ 150,869</u>	<u>93,655</u>

LLS follows the provisions of the New York Prudent Management of Institutional Funds Act, which imposes guidelines on the management and investment of endowment funds. LLS has interpreted the relevant law as allowing LLS to appropriate for expenditure or accumulate so much of an endowment fund as LLS determines is prudent considering the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

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(Amount in thousands)

LLS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to protect the original value of the gift. The spending rate policy at June 30, 2024 and 2023 was 4%, plus any additional amounts advised by donors. Under this policy, the endowment assets are invested in a manner that is intended to produce results consistent with LLS' overall investment strategy.

The following table presents changes in the donor-restricted endowment funds for the years ended June 30, 2024 and 2023:

	June 30	
	2024	2023
Endowment net assets at July 1	\$ 8,232	7,799
Contributions	80	30
Investment income	863	744
Foreign current translation adjustment	26	(51)
Appropriation for expenditure	(308)	(290)
Endowment net assets at June 30	<u>\$ 8,893</u>	<u>8,232</u>

(7) Contribution and Other Receivables

LLS's contribution and other receivables at June 30, 2024 and 2023 consist of unconditional promises to give, receivables associated with service revenue, and legacies for which the underlying wills have been declared valid by the probate court and no other conditions are required to be met. Contributions and other receivables consist of the following:

	June 30	
	2024	2023
Contributions	\$ 43,420	27,219
Co-pay contributions	1,430	1,650
Service revenue	1,295	1,371
Total	<u>\$ 46,145</u>	<u>30,240</u>

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Notes to Consolidated Financial Statements

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(Amount in thousands)

Contributions and other receivables are originally recorded based on discounted cash flows using a risk-adjusted discount rate. Amounts are scheduled to be received as follows:

	June 30	
	2024	2023
Less than one year	\$ 13,121	8,744
One to five years	38,991	29,369
Subtotal	52,112	38,113
Less:		
Allowance for uncollectible accounts	(4,639)	(5,813)
Discount to present value (5.0%)	(1,328)	(2,060)
Total	\$ 46,145	30,240

(8) Deferred Revenue

The majority of deferred revenue includes amounts received for special events that will be held subsequent to the fiscal year-end. Deferred revenue as of June 30, 2024 and 2023 consists of the following:

	June 30	
	2024	2023
Special events	\$ 11,361	13,718
Service revenue	3,808	2,205
Total	\$ 15,169	15,923

(9) Donated Services, Goods, and Media

The value of donated goods, donated services for family support group facilitators and research grant reviewers, as well as donated media are included in both revenue and expense as shown below:

	June 30	
	2024	2023
Donated goods	\$ 130	140
Donated services	1,817	884
Donated media	10,246	6,597
Total	\$ 12,193	7,621

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June 30, 2024

(with comparative information for the year ended June 30, 2023)

(Amount in thousands)

(10) Fixed Assets, Net

Fixed assets at June 30, 2024 and 2023 consist of the following:

	June 30	
	2024	2023
Leasehold improvements, net	\$ 1,052	1,285
Furnitures, fixtures, and other office equipment, net	1,335	1,868
Computer equipment and software	28,791	26,037
Computers	881	799
Total	32,059	29,989
Less accumulated depreciation and amortization	(20,896)	(16,358)
Fixed assets, net	\$ 11,163	13,631

(11) Retirement Plans

LLS has a defined-contribution 403(b) plan covering all employees meeting age and service requirements. LLS contributions are based on a percentage of each eligible employee's salary and years of service. Expenses under this plan aggregated \$3,638 and \$3,312 for the years ended June 30, 2024 and 2023, respectively.

LLS has nonqualified deferred compensation plans for its executive staff subject to the provisions of the Internal Revenue Code Section 457b (the Plan). There were no expenses incurred for the years ended June 30, 2024 and 2023. The assets of the Plan included in investments in the accompanying consolidated balance sheet and amounted to approximately \$2,164 and \$2,056 at June 30, 2024 and 2023, respectively. The liabilities of the Plan are included in other long-term liabilities in the accompanying consolidated balance sheet and amounted to approximately \$2,164 and \$2,056 at June 30, 2024 and 2023, respectively.

(12) Lease Agreements

The organization has entered into operating leases for office space and equipment, which expire at various dates through March 2031. Operating leases with remaining lease terms greater than one year are reported as right-of-use assets, net and lease liability in the consolidated balance sheet. The rate implicit in the leases are typically not readily determinable. As a result, a risk free rate of a comparable time period is used. In 2024, LLS early terminated several operating leases, including its corporate headquarters. In connection with the terminations, LLS paid early termination fees of \$1,952. As a result of the terminations, LLS wrote-off the remaining right-of-use-asset and lease liability associated with the leases, resulting in a net gain of \$1,432. In addition, LLS also recognized an impairment of certain property and equipment associated with the properties of \$318. The net of these amounts is included in occupancy costs in the accompanying statement of functional expenses.

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The table below represents a maturity analysis of lease liabilities and a reconciliation of the total amount of such liabilities recognized in the consolidated balance sheet at June 30, 2024:

2025	\$	2,780
2026		851
2027		517
2028		<u>160</u>
		4,308
Less discount for net present value		<u>(110)</u>
	\$	<u><u>4,418</u></u>

Lease costs and other related information for the year ended June 30, 2024 were as follows:

Lease cost:

Operating lease cost \$ 3,008

Other information:

Weighted-average remaining lease term – operating leases 1.97 years

Weighted-average discount rate – operating leases 2.8 %

(13) Joint Costs Allocation

For the years ended June 30, 2024 and 2023, LLS incurred expenses to conduct activities that had both fundraising appeals as well as mission program and management and general components (joint activities). Those joint activities included direct mail and media campaigns. Such costs are allocated based on applicable accounting standards and were allocated as follows:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Fundraising	\$ 7,877	7,914
Patient & Community Services	3,898	3,827
Public Health Education	<u>10,243</u>	<u>7,017</u>
Total	\$ <u><u>22,018</u></u>	<u><u>18,758</u></u>

(14) Contingent Liabilities

LLS is a defendant in various lawsuits arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on LLS's financial position.