

LUNG CANCER FOUNDATION OF AMERICA

FINANCIAL STATEMENTS

December 31, 2020 and 2019

CONTENTS

Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to the Financial Statements	8-14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lung Cancer Foundation of America

We have audited the accompanying financial statements of Lung Cancer Foundation of America, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lung Cancer Foundation of America as of December 31, 2020 and 2019, 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.

Windes, Inc.

Long Beach, California
June 16, 2021

LUNG CANCER FOUNDATION OF AMERICA

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2020	2019
CURRENT ASSETS		
Cash	\$ 920,791	\$ 731,245
Certificate of deposit	51,870	51,245
Prepaid expenses	8,055	-
Pledges receivable, net	<u>578,200</u>	<u>535,460</u>
TOTAL ASSETS	<u>\$ 1,558,916</u>	<u>\$ 1,317,950</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 33,094	\$ 23,438
Grants payable	<u>875,000</u>	<u>725,000</u>
	<u>908,094</u>	<u>748,438</u>
NET ASSETS		
Without donor restrictions	235,885	295,162
With donor restrictions	<u>414,937</u>	<u>274,350</u>
	<u>650,822</u>	<u>569,512</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,558,916</u>	<u>\$ 1,317,950</u>

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

LUNG CANCER FOUNDATION OF AMERICA

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 487,919	\$ 901,000	\$ 1,388,919
PPP loan grant	42,200	-	42,200
Interest and investment income	1,720	-	1,720
Net assets released from restrictions	<u>760,413</u>	<u>(760,413)</u>	<u>-</u>
Total Support and Revenue	<u>1,292,252</u>	<u>140,587</u>	<u>1,432,839</u>
EXPENSES			
Program services	1,122,321	-	1,122,321
General and administrative	79,752	-	79,752
Fund-raising	<u>149,456</u>	<u>-</u>	<u>149,456</u>
Total Expenses	<u>1,351,529</u>	<u>-</u>	<u>1,351,529</u>
CHANGE IN NET ASSETS	(59,277)	140,587	81,310
NET ASSETS AT BEGINNING OF YEAR	<u>295,162</u>	<u>274,350</u>	<u>569,512</u>
NET ASSETS AT END OF YEAR	<u>\$ 235,885</u>	<u>\$ 414,937</u>	<u>\$ 650,822</u>

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

LUNG CANCER FOUNDATION OF AMERICA

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 695,656	\$ 295,600	\$ 991,256
Special events, net of direct expenses of \$9,907 - 2019	5,633	-	5,633
Interest and investment income	6,576	-	6,576
Net assets released from restrictions	<u>486,450</u>	<u>(486,450)</u>	<u>-</u>
Total Support and Revenue	<u>1,194,315</u>	<u>(190,850)</u>	<u>1,003,465</u>
EXPENSES			
Program services	1,116,019	-	1,116,019
General and administrative	65,734	-	65,734
Fund-raising	<u>127,209</u>	<u>-</u>	<u>127,209</u>
Total Expenses	<u>1,308,962</u>	<u>-</u>	<u>1,308,962</u>
CHANGE IN NET ASSETS	(114,647)	(190,850)	(305,497)
NET ASSETS AT BEGINNING OF YEAR	<u>409,809</u>	<u>465,200</u>	<u>875,009</u>
NET ASSETS AT END OF YEAR	<u>\$ 295,162</u>	<u>\$ 274,350</u>	<u>\$ 569,512</u>

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

LUNG CANCER FOUNDATION OF AMERICA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Grants	\$ 600,000	\$ -	\$ -	\$ 600,000
Salaries	106,201	21,240	84,961	212,402
Employee benefits	13,094	2,619	10,475	26,188
Payroll taxes	7,890	1,578	6,312	15,780
Fundraising fees	-	230	16,580	16,810
Accounting fees	-	34,416	-	34,416
Advertising	15,950	-	-	15,950
Professional fees	-	6,025	28,320	34,345
Education awareness	287,313	-	-	287,313
Patient education	29,840	-	-	29,840
Speakers bureau	26,304	-	-	26,304
Postage	3,483	439	-	3,922
Printing & copying	3,837	-	-	3,837
Rent	-	2,204	-	2,204
Travel	6,798	-	2,509	9,307
Conference, convention, meeting	21,611	-	113	21,724
Insurance	-	7,617	-	7,617
Other expenses	-	3,384	186	3,570
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,122,321</u>	<u>\$ 79,752</u>	<u>\$ 149,456</u>	<u>\$ 1,351,529</u>

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

LUNG CANCER FOUNDATION OF AMERICA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Grants	\$ 600,000	\$ -	\$ -	\$ 600,000
Salaries	138,062	21,240	53,101	212,403
Employee benefits	25,608	3,940	9,849	39,397
Payroll taxes	10,100	1,554	3,885	15,539
Fundraising fees	-	5,175	8,215	13,390
Accounting fees	-	23,683	-	23,683
Professional fees	5,000	3,139	31,795	39,934
Education awareness	159,421	-	-	159,421
Patient education	34,777	-	-	34,777
Speakers bureau	54,693	-	-	54,693
Postage	401	255	512	1,168
Printing & copying	5,151	43	1,981	7,175
Books, subscriptions, reference	1,794	250	459	2,503
Rent	1,425	244	409	2,078
Travel	29,549	-	-	29,549
Conference, convention, meeting	41,015	-	5,457	46,472
Insurance	8,107	-	-	8,107
Credit card fees	-	-	5,236	5,236
Other expenses	916	6,211	6,310	13,437
	<u>916</u>	<u>6,211</u>	<u>6,310</u>	<u>13,437</u>
 Total	 <u>\$ 1,116,019</u>	 <u>\$ 65,734</u>	 <u>\$ 127,209</u>	 <u>\$ 1,308,962</u>

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

LUNG CANCER FOUNDATION OF AMERICA

STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 81,310	\$ (305,497)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain from forgiveness of PPP loan	(42,200)	-
Change in operating assets and liabilities:		
Pledges receivable	(42,740)	(45,737)
Other assets	(625)	(963)
Prepaid assets	(8,055)	-
Accounts payable	9,656	6,688
Grants payable	150,000	300,000
Net Cash Provided By (Used In) Operating Activities	<u>147,346</u>	<u>(45,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received under Paycheck Protection Program	<u>42,200</u>	<u>-</u>
Net Cash Provided By Financing Activities	<u>42,200</u>	<u>-</u>
NET CHANGE IN CASH	189,546	(45,509)
CASH AT BEGINNING OF YEAR	<u>731,245</u>	<u>776,754</u>
CASH AT END OF YEAR	<u><u>\$ 920,791</u></u>	<u><u>\$ 731,245</u></u>

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

LUNG CANCER FOUNDATION OF AMERICA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

NOTE 1 – Nature of Business

Lung Cancer Foundation of America (the Foundation) was established in 2007 as a Minnesota nonprofit corporation. The purpose of the Foundation is to dramatically improve the survivorship of lung cancer patients through the funding of transformative science, with the ultimate goal of curing the disease. To accomplish this, the Foundation works to raise both the funds and the national profile of lung cancer in order to substantially increase support of innovative and groundbreaking research efforts.

NOTE 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Foundation have been prepared under the accrual basis of accounting. The accompanying financial statements include statements of financial position that present the amounts for each of two classes of net assets – net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. They also include statements of activities that reflect the changes in those categories of net assets, and statements of functional expenses that associate expenses with service efforts.

Net assets without donor restrictions include those net assets that may be used by the Foundation for any of its programs or administrative support. Net assets with donor restrictions include those net assets whose use by the Foundation has been limited by donors to specified purposes or time restrictions, including those that would restrict the net assets into perpetuity. However, donor-imposed stipulations on contributions who's stipulations are met in the same reporting period are recorded as net assets without donor restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Certificate of Deposit

The Foundation holds a certificate of deposit with an original maturity of more than one year, with these instruments being reported in the accompanying statements of financial position at fair value.

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. Conditional pledges are recorded when such conditions have been satisfied. An allowance for uncollectible contributions receivable is provided, based on management's judgment, including such factors as prior collection history, type of donation, nature of fundraising activity and when time requirements are expected to be met. Management believes the remaining outstanding receivables as of December 31, 2020 and 2019 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided. Receivables expected to be collected in more than 12 months are recorded at the net present value of the estimated future cash flows, when such discount is determined to be material.

Revenue and Support

Contributions, including pledges, whether with or without donor restrictions, are recognized as support in the period received or pledged. Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases those net asset classes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Special event revenue is recognized in the period earned.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's purpose. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services for which fair value can be validated and requiring specific expertise have been reflected in the financial statements at their estimated fair value. During the years ended December 31, 2020 and 2019, the Foundation recorded no donated goods or services within contributions or special event revenue or expenses.

Grants Payable

In March 2017, the Board of Directors approved the awarding of a multi-year lung cancer research grant. This grant called for the awarding of \$200,000 in 2017. The Foundation paid \$100,000 and \$75,000 of the award during the years ended December 31, 2018 and 2019, respectively. The remaining \$25,000 was paid during the year ended December 31, 2020.

In March 2018, the Board of Directors approved the awarding of a multi-year lung cancer research grant. This grant called for the awarding of \$400,000 in 2018. The Foundation paid \$75,000 and \$225,000 of the award during the years ended December 31, 2018 and 2019, respectively. The remaining \$100,000 was paid during the year ended December 31, 2020.

The Board of Directors approved the awarding of a multi-year lung cancer research grant. This grant called for the awarding of \$600,000 in 2019. The Foundation paid \$0 and \$200,000 of the award during the years ended December 31, 2019 and 2020, respectively. The remaining \$400,000 will be paid out in the years ended December 31, 2021 and 2022.

During 2020, the Board of Directors approved the awarding of multi-year lung cancer research grants. These grants called for the awarding of \$600,000 in 2020. The Foundation paid \$125,000 of the award during the year ended December 31, 2020. The remaining \$475,000 will be paid out in the years ended December 31, 2021 and 2022.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation has received tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of tax positions, such as its position of being tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and state purposes is generally three and four years, respectively.

Concentration of Risk

During the year ended December 31, 2020, three donors represented 59% of the Foundation's revenue. During the year ended December 31, 2019, three donors represented 51% of the Foundation's revenue. As of December 31, 2020 and 2019, there were no outstanding accounts receivable from these donors.

The Foundation had one vendor in 2020, which represented 13% of the Foundation's expenses for the year then ended. The Foundation had one vendor in 2019, which represented 10% of the Foundation's expenses for the year then ended.

Recent Accounting Pronouncement

In February 2016, the FASB issued new lease accounting guidance in ASU 2016-02 *Leases* (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date of the lease and disclose key information about leasing arrangements. ASU 2016-02 will be effective for the Foundation on January 1, 2021 and will be applied on a modified-retrospective basis. The Foundation is evaluating the requirements of this guidance and has not yet determined the impact of the adoption on its financial position, results of operations, and cash flows.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Foundation’s management has evaluated subsequent events from the statement of financial position date through June 16, 2021, the date the financial statements were available to be issued for the year ended December 31, 2020, and except for the subsequent event described in Note 5, management has determined that there were no other items to disclose.

NOTE 3 – 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 balance sheet date, comprise the following:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 920,791	\$ 731,245
Certificate of deposit	51,870	51,245
Contributions receivable	<u>427,500</u>	<u>200,000</u>
	1,400,161	982,490
Less amounts unavailable for general expenditure within one year due to:		
Donor imposed purpose or time restrictions	<u>(414,937)</u>	<u>(274,350)</u>
	<u>\$ 985,224</u>	<u>\$ 708,140</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. During the year ended December 31, 2020, the Foundation received a loan in the amount of \$42,200 through the Paycheck Protection Program to cover eligible expenditures and the full amount was forgiven subsequent to year-end.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 – Pledges Receivable

Pledges receivable are expected to be collected as follows:

	December 31,	
	2020	2019
Amounts due in:		
One year	\$ 427,500	\$ 200,000
Two to five years	<u>175,000</u>	<u>375,000</u>
	602,500	575,000
Present value discount	<u>(24,300)</u>	<u>(39,540)</u>
Pledge receivable, net	<u>\$ 578,200</u>	<u>\$ 535,460</u>

NOTE 5 – PPP Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In April 2020, the Foundation received a loan in the amount of \$42,200 through the Paycheck Protection Program (PPP loan). To the extent it is not forgiven, the Foundation would be required to repay that portion at an interest rate of 1% over a period of two years, beginning November 2020 with a final installment in April 2022. Subsequent to year-end, the Foundation was notified by the SBA that the entire loan amount was forgiven. As of December 31, 2020, the Foundation spent the entire loan amount on qualifying costs and has chosen to recognize that portion of the loan as forgiven, recognizing the forgiveness as revenue and included in other income in the accompanying statements of activities and changes in net assets.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 – Net Assets With Donor Restrictions

At December 31, 2020 and 2019, net assets with donor restrictions consists of the following:

	December 31,	
	2020	2019
Young Investigator Research Fellowship	\$ 110,000	\$ 210,600
Satellite TV, Radio Media, and Podcast	192,187	63,750
Speaker Bureau Workshop	85,000	-
Other	<u>27,750</u>	<u>-</u>
	<u>\$ 414,937</u>	<u>\$ 274,350</u>