

# LUNG CANCER FOUNDATION OF AMERICA

## FINANCIAL STATEMENTS

December 31, 2021 and 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Lung Cancer Foundation of America

### **Opinion**

We have audited the accompanying financial statements of Lung Cancer Foundation of America (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lung Cancer Foundation of America (the Foundation) as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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



Long Beach, California  
May 27, 2022

**LUNG CANCER FOUNDATION OF AMERICA**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 854,939	\$ 920,791
Certificate of deposit	-	51,870
Prepaid expenses	4,722	8,055
Pledges receivable, net	<u>444,132</u>	<u>578,200</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,303,793</u></b>	<b><u>\$ 1,558,916</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 44,346	\$ 33,094
Grants payable	<u>400,000</u>	<u>875,000</u>
	<u>444,346</u>	<u>908,094</u>
<b>NET ASSETS</b>		
Without donor restrictions	229,716	235,885
With donor restrictions	<u>629,731</u>	<u>414,937</u>
	<u>859,447</u>	<u>650,822</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,303,793</u></b>	<b><u>\$ 1,558,916</u></b>

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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 625,848	\$ 648,250	\$ 1,274,098
Special events, net of direct expenses of \$26,239 - 2021	23,823	-	23,823
Interest and investment income	414	-	414
Net assets released from restrictions	<u>433,456</u>	<u>(433,456)</u>	<u>-</u>
Total Support and Revenue	<u>1,083,541</u>	<u>214,794</u>	<u>1,298,335</u>
<b>EXPENSES</b>			
Program services	816,429	-	816,429
General and administrative	58,268	-	58,268
Fund-raising	<u>215,013</u>	<u>-</u>	<u>215,013</u>
Total Expenses	<u>1,089,710</u>	<u>-</u>	<u>1,089,710</u>
<b>CHANGE IN NET ASSETS</b>	(6,169)	214,794	208,625
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>235,885</u>	<u>414,937</u>	<u>650,822</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 229,716</u>	<u>\$ 629,731</u>	<u>\$ 859,447</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>
<b>SUPPORT AND REVENUE</b>			
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>
<b>EXPENSES</b>			
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>
<b>CHANGE IN NET ASSETS</b>	(59,277)	140,587	81,310
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>295,162</u>	<u>274,350</u>	<u>569,512</u>
<b>NET ASSETS AT END OF YEAR</b>	<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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Grants	\$ 210,000	\$ -	\$ -	\$ 210,000
Salaries	177,105	35,421	141,684	354,210
Employee benefits	10,962	2,192	8,264	21,418
Payroll taxes	12,874	2,575	10,299	25,748
Fundraising fees	6,738	180	17,792	24,710
Accounting fees	16,422	3,284	12,938	32,644
Professional fees	-	490	21,600	22,090
Education awareness	331,776	-	-	331,776
Patient education	23,690	-	-	23,690
Speakers bureau	18,174	-	-	18,174
Postage	-	3,716	-	3,716
Printing & copying	4,026	-	276	4,302
Rent	-	2,212	-	2,212
Travel	1,002	-	-	1,002
Conference, convention, meeting	223	-	-	223
Insurance	-	2,114	-	2,114
Other expenses	<u>3,437</u>	<u>6,084</u>	<u>2,160</u>	<u>11,681</u>
 Total	 <u>\$ 816,429</u>	 <u>\$ 58,268</u>	 <u>\$ 215,013</u>	 <u>\$ 1,089,710</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	-	-	6,798
Conference, convention, meeting	21,611	-	2,509	24,120
Insurance	-	7,617	113	7,730
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**

**STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 208,625	\$ 81,310
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	134,068	(42,740)
Other assets	51,870	(625)
Prepaid assets	3,333	(8,055)
Accounts payable	11,252	9,656
Grants payable	(475,000)	150,000
Net Cash Provided By (Used In) Operating Activities	<u>(65,852)</u>	<u>147,346</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds received under Paycheck Protection Program	-	42,200
Net Cash Provided By Financing Activities	<u>-</u>	<u>42,200</u>
<b>NET CHANGE IN CASH</b>	(65,852)	189,546
<b>CASH AT BEGINNING OF YEAR</b>	<u>920,791</u>	<u>731,245</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 854,939</u></u>	<u><u>\$ 920,791</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, 2021 AND 2020

### NOTE 1 – Summary of Significant Accounting Policies

#### *Nature of the Foundation*

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.

#### *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.

#### *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 accompany statements of financial position at fair value.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

***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, 2021 and 2020 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.

***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, 2021 and 2020, the Foundation recorded no donated goods or services within contributions or special event revenue or expenses.

## LUNG CANCER FOUNDATION OF AMERICA

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

##### *Grants Payable*

The Board of Directors approved the awarding of multi-year lung cancer research grants. These grants called for the awarding of \$600,000 in 2019. The Foundation paid \$300,000 and \$200,000 of the award during the years ended December 31, 2021 and 2020, respectively. The remaining \$100,000 will be paid out in the year ended December 31, 2022.

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 and \$275,000 of the award during the years ended December 31, 2020 and 2021, respectively. The remaining \$200,000 will be paid out in the year ended December 31, 2022.

During 2021, 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 2021. The Foundation paid \$100,000 of the award during the year ended December 31, 2021. The remaining \$100,000 will be paid out in the year ended December 31, 2022.

##### *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, 2021, three donors represented 52% of the Foundation's revenue. During the year ended December 31, 2020, three donors represented 59% of the Foundation's revenue. As of December 31, 2021, there was outstanding pledges receivable from these donors totaling \$230,000. As of December 31, 2020, there was no outstanding pledges receivable from these donors.

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### NOTE 1 – Summary of Significant Accounting Policies (Continued)

#### *Concentration of Risk (Continued)*

The Foundation had one vendor in 2021, which represented 19% of the Foundation's expenses for the year then ended. The Foundation had one vendor in 2020, which represented 13% of the Foundation's expenses for the year then ended.

#### *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The FASB has approved a deferral of the effective date of Topic 842 until annual reporting periods beginning after December 15, 2021 (fiscal year ending December 31, 2022 for the Foundation). The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021 (fiscal year ending December 31, 2022 for the Foundation). The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

#### *Subsequent Events*

The Foundation's management has evaluated subsequent events from the statement of position date through May 27, 2022, the date the financial statements were available to be issued for the year ended December 31, 2021, and except for the subsequent event described in Note 6, management has determined that there were no items to disclose.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 – Liquidity and Availability of Resources**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 854,939	\$ 920,791
Certificate of deposit	-	51,870
Contributions receivable	<u>305,000</u>	<u>427,500</u>
	1,159,939	1,400,161
Less amounts unavailable for general expenditure within one year due to:		
Donor imposed purpose or time restrictions	<u>(629,731)</u>	<u>(414,937)</u>
	<u>\$ 530,208</u>	<u>\$ 985,224</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 3 – Pledges Receivable**

Pledges receivable are expected to be collected as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Amounts due in:		
One year	\$ 305,000	\$ 427,500
Two to five years	<u>150,000</u>	<u>175,000</u>
	455,000	602,500
Present value discount	<u>(10,868)</u>	<u>(24,300)</u>
Pledge receivable, net	<u>\$ 444,132</u>	<u>\$ 578,200</u>

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 – 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 PPP. During the year ended December 31, 2020, the Foundation spent the entire loan amount on qualifying costs and has chosen to recognize that loan as forgiven, recognizing the forgiveness as revenue and included in other income in the accompanying statements of activities and changes in net assets for the year ended December 31, 2020.

**NOTE 5 – Net Assets With Donor Restrictions**

At December 31, 2021 and 2020, net assets with donor restrictions consists of the following:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Young Investigator Research Fellowship	\$ 230,000	\$ 110,000
Satellite TV, Radio Media, and Podcast	289,731	192,187
Speaker Bureau Workshop	110,000	85,000
Other	-	27,750
	<u>\$ 629,731</u>	<u>\$ 414,937</u>

**NOTE 6 – Subsequent Events**

Subsequent to the year ending December 31, 2021, the Board of Directors approved the awarding of multi-year lung cancer research grants. These grants called for the awarding of \$400,000 in 2022. The grants will be paid out in the years ended December 31, 2022 and 2023. Additionally, a 50% match pledge from a donor for the grants was received totalling \$200,000. The amounts will be paid to the Foundation during the years ended December 31, 2022 and 2023.