

# LUNG CANCER FOUNDATION OF AMERICA

## FINANCIAL STATEMENTS

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December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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  
June 27, 2023

**LUNG CANCER FOUNDATION OF AMERICA**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 941,073	\$ 854,939
Prepaid expenses	1,389	4,722
Pledges receivable, net	<u>238,284</u>	<u>444,132</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,180,746</u></b>	<b><u>\$ 1,303,793</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 48,900	\$ 44,346
Grants payable	<u>275,000</u>	<u>400,000</u>
	<u>323,900</u>	<u>444,346</u>
<b>NET ASSETS</b>		
Without donor restrictions	51,648	229,716
With donor restrictions	<u>805,198</u>	<u>629,731</u>
	<u>856,846</u>	<u>859,447</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,180,746</u></b>	<b><u>\$ 1,303,793</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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 772,878	\$ 758,000	\$ 1,530,878
Special events, net of direct expenses of \$54,178 - 2022	8,455	-	8,455
Interest and investment income	6,648	-	6,648
Net assets released from restrictions	<u>582,533</u>	<u>(582,533)</u>	<u>-</u>
Total Support and Revenue	<u>1,370,514</u>	<u>175,467</u>	<u>1,545,981</u>
<b>EXPENSES</b>			
Program services	1,412,495	-	1,412,495
Management and general	49,290	-	49,290
Fund-raising	<u>86,797</u>	<u>-</u>	<u>86,797</u>
Total Expenses	<u>1,548,582</u>	<u>-</u>	<u>1,548,582</u>
<b>CHANGE IN NET ASSETS</b>	(178,068)	175,467	(2,601)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>229,716</u>	<u>629,731</u>	<u>859,447</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 51,648</u>	<u>\$ 805,198</u>	<u>\$ 856,846</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, 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>
<b>Total Support and Revenue</b>	<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>
<b>Total Expenses</b>	<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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>
Grants	\$ 400,000	\$ -	\$ -	\$ 400,000
Salaries	325,281	19,135	38,268	382,684
Employee benefits	22,751	1,338	2,677	26,766
Payroll taxes	25,096	1,476	2,953	29,525
Fundraising fees	5,192	211	22,307	27,710
Accounting fees	15,369	6,636	12,296	34,301
Advertising	-	-	1,792	1,792
Professional fees	-	-	3,600	3,600
Education awareness	472,860	1,000	1,241	475,101
Patient education	16,250	-	-	16,250
Speakers bureau	58,916	-	-	58,916
Postage	-	4,578	-	4,578
Printing & copying	5,641	-	-	5,641
Rent	-	2,514	-	2,514
Travel	27,324	85	-	27,409
Conference, convention, meeting	37,518	-	-	37,518
Insurance	-	5,120	-	5,120
Other expenses	297	7,197	1,663	9,157
 Total	 \$ 1,412,495	 \$ 49,290	 \$ 86,797	 \$ 1,548,582

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**

**STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,601)	\$ 208,625
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in operating assets and liabilities:		
Pledges receivable	205,848	134,068
Other assets	-	51,870
Prepaid assets	3,333	3,333
Accounts payable	4,554	11,252
Grants payable	<u>(125,000)</u>	<u>(475,000)</u>
Net Cash Provided By (Used In) Operating Activities	<u>86,134</u>	<u>(65,852)</u>
 <b>NET CHANGE IN CASH</b>	 86,134	 (65,852)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>854,939</u>	 <u>920,791</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 941,073</u>	 <u>\$ 854,939</u>

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

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 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.

#### *Recently Adopted Accounting Standard*

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 statements of activities, disaggregate the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets, and provide additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The Foundation adopted the standard during the year ended December 31, 2022. No reclassifications to prior-year amounts were necessary in order to adopt the new standard.

#### *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 whose stipulations are met in the same reporting period are recorded as net assets without donor restrictions.

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

#### *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.

#### *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, 2022 and 2021 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, 2022 AND 2021**

**NOTE 1 – 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, 2022 and 2021, the Foundation recorded no donated goods or services within contributions or special event revenue or expenses.

*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 was paid during 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 Foundation paid \$175,000 of the award during the year ended December 31, 2022. The remaining \$25,000 will be paid out in the year ended December 31, 2023.

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

During 2022, 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 2022. The Foundation paid \$150,000 of the award during the year ended December 31, 2022. The remaining \$250,000 will be paid out in the years ended December 31, 2023 and 2024.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 – 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, 2022, three donors represented 60% of the Foundation's revenue. During the year ended December 31, 2021, three donors represented 52% of the Foundation's revenue. As of December 31, 2022, there were no outstanding pledges receivable from these donors. As of December 31, 2021, there were outstanding pledges receivable from these donors totaling \$230,000.

The Foundation had one vendor in 2022, which represented 22% of the Foundation's expenses for the year then ended. The Foundation had one vendor in 2021, which represented 19% of the Foundation's expenses for the year then ended.

***Subsequent Events***

The Foundation's management has evaluated subsequent events from the statement of financial position date through June 27, 2023, the date the financial statements were available to be issued for the year ended December 31, 2022, and except for the subsequent event described in Note 5, management has determined that there were no items to disclose.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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 statement of financial position date, comprise the following:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash	\$ 941,073	\$ 854,939
Contributions receivable	194,500	305,000
	<u>1,135,573</u>	<u>1,159,939</u>
Less amounts unavailable for general expenditure within one year due to:		
Donor imposed purpose or time restrictions	<u>(805,198)</u>	<u>(629,731)</u>
	<u>\$ 330,375</u>	<u>\$ 530,208</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:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Amounts due in:		
One year	\$ 194,500	\$ 305,000
Two to five years	25,000	150,000
	<u>219,500</u>	<u>455,000</u>
Present value discount	<u>(11,216)</u>	<u>(10,868)</u>
Pledges receivable, net	<u>\$ 208,284</u>	<u>\$ 444,132</u>

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 – Net Assets With Donor Restrictions**

At December 31, 2022 and 2021, net assets with donor restrictions consists of the following:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Young Investigator Research Fellowship	\$ -	\$ 230,000
Satellite TV, Radio Media, and Podcast	775,198	289,731
Speaker Bureau Workshop	<u>30,000</u>	<u>110,000</u>
	<u>\$ 805,198</u>	<u>\$ 629,731</u>

**NOTE 5 – Subsequent Events**

Subsequent to the year ending December 31, 2022, the Board of Directors approved the awarding of a multi-year lung cancer research grant. The grant called for the awarding of \$200,000 in 2023. The grant will be paid out in the years ended December 31, 2023 and 2024. Additionally, a match pledge from a donor for the grant was received totaling \$146,000. The amounts will be paid to the Foundation during the year ended December 31, 2023.