

LUNG CANCER RESEARCH FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

**LUNG CANCER RESEARCH FOUNDATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 17

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lung Cancer Research Foundation

Opinion

We have audited the accompanying financial statements of Lung Cancer Research Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, 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 Research Foundation as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lung Cancer Research 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 Lung Cancer Research Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

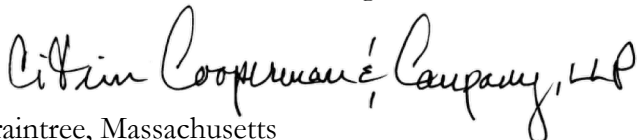
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 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 Lung Cancer Research 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 Lung Cancer Research 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.



Braintree, Massachusetts
November 8, 2024

**LUNG CANCER RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,967,713	\$ 3,784,430
Contributions receivable, net	732,857	1,506,082
Prepaid expenses	140,415	121,571
Security deposits	15,870	15,870
Operating lease right-of-use assets	65,076	129,389
Other receivables	<u>24,466</u>	<u>-</u>
TOTAL ASSETS	\$ <u>6,946,397</u>	\$ <u>5,557,342</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 419,291	\$ 242,499
Grants payable	2,423,603	1,567,602
Refundable advances	401,269	32,735
Operating lease liabilities	<u>66,338</u>	<u>130,286</u>
Total liabilities	<u>3,310,501</u>	<u>1,973,122</u>
Commitments and contingencies (Notes 8 and 12)		
Net assets:		
Without donor restrictions	1,662,625	2,427,004
With donor restrictions	<u>1,973,271</u>	<u>1,157,216</u>
Total net assets	<u>3,635,896</u>	<u>3,584,220</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,946,397</u>	\$ <u>5,557,342</u>

See accompanying notes to financial statements.

**LUNG CANCER RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Grants and contributions	\$ 965,406	\$ 3,446,059	\$ 4,411,465
Revenue from special events:			
Gross receipts	\$ 2,149,459		
Less: direct costs	<u>386,150</u>		
Revenue from special events, net	1,559,325	203,984	1,763,309
Donated services	13,618	-	13,618
Investment income	212,398	-	212,398
Net assets released from restrictions	<u>2,833,988</u>	<u>(2,833,988)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>5,584,735</u>	<u>816,055</u>	<u>6,400,790</u>
Expenses:			
Program services	<u>5,266,348</u>	<u>-</u>	<u>5,266,348</u>
Supporting services:			
Management and general	323,634	-	323,634
Fundraising	<u>759,132</u>	<u>-</u>	<u>759,132</u>
Total supporting services	<u>1,082,766</u>	<u>-</u>	<u>1,082,766</u>
Total expenses	<u>6,349,114</u>	<u>-</u>	<u>6,349,114</u>
Changes in net assets	(764,379)	816,055	51,676
Net assets - beginning of year	<u>2,427,004</u>	<u>1,157,216</u>	<u>3,584,220</u>
NET ASSETS - END OF YEAR	<u>\$ 1,662,625</u>	<u>\$ 1,973,271</u>	<u>\$ 3,635,896</u>

See accompanying notes to financial statements.

**LUNG CANCER RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Grants and contributions	\$ 1,262,762	\$ 3,661,821	\$ 4,924,583
Revenue from special events:			
Gross receipts	\$ 2,120,723		
Less: direct costs	<u>598,046</u>		
Revenue from special events, net	1,318,677	204,000	1,522,677
Donated services	16,935	-	16,935
Investment income	28,829	-	28,829
Net assets released from restrictions	<u>4,006,660</u>	<u>(4,006,660)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>6,633,863</u>	<u>(140,839)</u>	<u>6,493,024</u>
Expenses:			
Program services	<u>5,570,258</u>	<u>-</u>	<u>5,570,258</u>
Supporting services:			
Management and general	279,307	-	279,307
Fundraising	<u>567,237</u>	<u>-</u>	<u>567,237</u>
Total supporting services	<u>846,544</u>	<u>-</u>	<u>846,544</u>
Total expenses	<u>6,416,802</u>	<u>-</u>	<u>6,416,802</u>
Changes in net assets	217,061	(140,839)	76,222
Net assets - beginning of year	<u>2,209,943</u>	<u>1,298,055</u>	<u>3,507,998</u>
NET ASSETS - END OF YEAR	<u>\$ 2,427,004</u>	<u>\$ 1,157,216</u>	<u>\$ 3,584,220</u>

See accompanying notes to financial statements.

**LUNG CANCER RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Supporting Services</u>			Direct Benefit to Donors	Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and employee benefits	\$ 1,855,429	\$ 247,391	\$ 371,088	\$ -	\$ 2,473,908
Grants	2,393,719	-	-	-	2,393,719
Professional fees	297,341	35,404	21,169	180,642	534,556
Rent	56,880	7,584	11,375	-	75,839
Conferences and meetings	14,023	738	-	147,912	162,673
Bad debt	-	-	202,023	-	202,023
Computer	148,008	19,732	29,598	-	197,338
Public relations	245,240	-	-	17,988	263,228
Office	133,442	7,024	117,094	11,469	269,029
Travel	65,854	3,467	-	23,286	92,607
Telephone	16,472	2,196	3,294	-	21,962
Postage	<u>39,940</u>	<u>98</u>	<u>3,491</u>	<u>4,853</u>	<u>48,382</u>
	5,266,348	323,634	759,132	386,150	6,735,264
Expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,150)</u>	<u>(386,150)</u>
TOTAL EXPENSES	<u>\$ 5,266,348</u>	<u>\$ 323,634</u>	<u>\$ 759,132</u>	<u>\$ -</u>	<u>\$ 6,349,114</u>

See accompanying notes to financial statements.

**LUNG CANCER RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Supporting Services</u>			Direct Benefit to Donors	Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and employee benefits	\$ 1,519,291	\$ 223,837	\$ 414,212	\$ -	\$ 2,157,340
Grants	3,022,712	-	-	-	3,022,712
Professional fees	397,073	18,907	23,867	333,587	773,434
Rent	53,665	6,434	15,839	-	75,938
Conferences and meetings	2,574	135	-	198,972	201,681
Bad debt	-	-	16,952	-	16,952
Computer	156,607	19,097	47,006	-	222,710
Public relations	259,136	-	-	19,353	278,489
Office	64,689	4,862	36,168	11,600	117,319
Travel	30,976	1,606	-	24,062	56,644
Telephone	17,667	2,154	5,303	-	25,124
Postage	30,105	354	3,159	10,472	44,090
Depreciation	<u>15,763</u>	<u>1,921</u>	<u>4,731</u>	<u>-</u>	<u>22,415</u>
	5,570,258	279,307	567,237	598,046	7,014,848
Expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(598,046)</u>	<u>(598,046)</u>
TOTAL EXPENSES	<u>\$ 5,570,258</u>	<u>\$ 279,307</u>	<u>\$ 567,237</u>	<u>\$ -</u>	<u>\$ 6,416,802</u>

See accompanying notes to financial statements.

**LUNG CANCER RESEARCH FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ 51,676	\$ 76,222
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	202,023	16,952
Depreciation	-	22,415
Non-cash lease expense	365	897
Changes in assets and liabilities:		
Contributions receivable, net	571,202	(927,808)
Prepaid expenses	(18,844)	22,344
Security deposits	-	(12,370)
Other receivables	(24,466)	-
Accounts payable and accrued expenses	176,792	(99,184)
Refundable advances	368,534	(328,632)
Grants payable	<u>856,001</u>	<u>40,555</u>
Net cash provided by (used in) operating activities	<u>2,183,283</u>	<u>(1,188,609)</u>
Net increase (decrease) in cash and cash equivalents	2,183,283	(1,188,609)
Cash and cash equivalents - beginning	<u>3,784,430</u>	<u>4,973,039</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 5,967,713</u></u>	<u><u>\$ 3,784,430</u></u>

See accompanying notes to financial statements.

LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Lung Cancer Research Foundation (the "Foundation"), formed in 2005, is a non-profit organization operating under the laws of the state of New York. The Foundation's mission is to improve and save lives by funding ground-breaking research for the prevention, diagnosis, treatment and cure of lung cancer.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following nets assets classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other restrictions are perpetual in nature, where by the donor had stipulated the funds be maintained in perpetuity. The Foundation does not have any net assets restricted by donors in perpetuity at December 31, 2023 and 2022.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Foundation's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Foundation adopted ASC 326 using the modified retrospective method on January 1, 2023, and it did not have a material impact on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit and a money market fund. The Foundation considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.

LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation has entered into an operating lease agreement for space under terms through 2024. The Foundation determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the statements of financial position.

Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Foundation has a lease agreement with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Foundation uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Leases that contain fixed and determinable escalation clauses for which the Foundation recognizes rental expense under these leases on the straight-line basis over the lease terms is included in the period of time from when the Foundation takes possession of the leased space. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position; the Foundation recognizes lease expense for these leases on a straight-line basis over the lease term.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

In accordance with Accounting Standards Codification Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Foundation's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Foundation determines the transaction price based on contractually agreed-upon rates, adjusted for any variable consideration, if any.

LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Program services, walks, conventions and meetings, and educational programs are offered by the Foundation throughout the course of the year. Revenues from these services are recognized over time as services are rendered. Event revenue is recognized over the period the event takes place.

Grants and Contributions

Contributions are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barriers, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Refundable Advance

Refundable advances include cash advances on grant received in advance of the conditions being met.

Donated Goods and Services

Donated goods and services are recognized as contributions if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated legal and media services amounting to \$13,618 and \$16,935 were provided to the Foundation and have been recorded in the accompanying statements of activities as "Grants" and as "Professional fees" on the accompanying statements of functional expenses for the years ended December 31, 2023 and 2022, respectively. Donated services are valued based on hours of services provided and rates for services the Foundation would otherwise have to pay through third parties at comparable rates.

In addition, a number of unpaid volunteers have made or have agreed to make significant contributions of their time. The value of such contributions is not reflected in these financial statements since these services do not require specialized skills.

LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At both December 31, 2023 and 2022, the allowance for doubtful accounts amounted to \$10,000.

Property and Equipment

The Foundation follows the policy of capitalizing property and equipment purchases of \$5,000 or more. Property and equipment are recorded at cost, less accumulated depreciation. Major expenditures for property and equipment and those which substantially increase useful lives of assets are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Foundation's long-lived assets, including its right-of-use assets, are reviewed for impairment in accordance with the guidance of FASB ASC 360, *Property, Plant, and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At December 31, 2023 and 2022, management has determined that no long-lived assets are impaired.

Grants Payable

Grant expense and the related grants payable are recorded upon approval by the board of directors.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and employee benefits	Time and effort
Rent	Time and effort

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is organized as a New York State nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as organizations described in IRC Section 501(c)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax.

The Foundation recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Foundation assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has evaluated the Foundation's tax positions and believes that the Foundation has taken no uncertain tax positions that would require adjustments to the financial statements.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through November 8, 2024, the date on which these financial statements were available to be issued. The Foundation is not aware of any other material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Foundation receives contributions with and without donor restrictions. Contributions received with donor restrictions are to be used in accordance with the associated purpose and/or time restrictions. Typically, restrictions are released during the year received and combined support with and without donor restrictions have historically represented 100% of annual program funding needs.

The Foundation considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant program expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- (1) Operating within a prudent range of financial soundness and stability;
- (2) Maintaining adequate liquid assets to fund near-term operating needs; and
- (3) Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments that support the mission's fulfillment will continue to be met, ensuring the sustainability of the Foundation.

**LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures at December 31, 2023:

Cash and cash equivalents	\$ 5,967,713
Contributions receivable, net	732,857
Other receivables	<u>24,466</u>
Total financial assets	6,725,036
Less amounts not available for general obligations within one year:	
Net assets with donor restrictions	<u>1,973,271</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,751,765</u>

The Foundation's board of directors meets annually in October to review and approve grant requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents eight months of expenses for administrative, general and fundraising expenses plus an amount that represents the next expected payment for semi-annual grant commitments approved by the committee, which typically represents approximately 80% of the expected annual grant cash needs.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents. The Foundation places cash with high credit quality financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation believes it is not exposed to any significant credit risk regarding its cash and cash equivalents.

Approximately 61% of the Foundation's total contributions receivable, net were due from four donors at December 31, 2023. Approximately 51% of the Foundation's total contributions receivable, net were due from two donor at December 31, 2022.

NOTE 5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 767,323	\$ 1,516,082
Less: allowance for doubtful accounts	<u>10,000</u>	<u>10,000</u>
	<u>\$ 757,323</u>	<u>\$ 1,506,082</u>

**LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6. GRANTS PAYABLE

The Foundation made seven grants for approximately \$150,000 (Minority CDA, Early Detection, Understanding Resistance and Leading Edge Grants), three grants for approximately \$270,000 (AZ-DS ADC Research Grants) for the year ended December 31, 2023, and 13 grants for approximately \$150,000 (Pilot, Minority CDA, Early Detection, EGFR, MET and KRAS Research Grants) and two grants for \$250,000 (ALK Research Grants), seven grants ranging from \$10,675 to \$315,000 (Neoadjuvant Leader Study grant) for the year ended December 31, 2022. The grants made by the Foundation are each payable over a two-year period. Grant expense amounting to \$2,393,719 and \$3,022,712 has been recognized in the accompanying statements of activities for the years ended December 31, 2023 and 2022, respectively.

The recipients of these grants are unrelated nonprofit organizations and universities with programs focused on developing early diagnostics and better treatment for lung cancer.

Outstanding grants payable amounting to \$2,423,603 and \$1,567,602 have been included in the statements of financial position as of December 31, 2023 and 2022, respectively.

NOTE 7. CONDITIONAL PROMISES TO GIVE

During the year ended December 31, 2023, the Foundation received grants totaling approximately \$3,500,000 (the "Conditional Grants"). The Conditional Grants contain grantor conditions (primarily completion of specifically identified events and milestones) and represent conditional promises to give. As such, they are not recorded as contribution revenue until the conditions are met.

Donations received from donors in advance of the conditions being met amounted to approximately \$401,000 and \$33,000 and are included as "Refundable advances" in the accompanying statements of financial position at December 31, 2023 and 2022, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's net assets with donor restrictions are available to satisfy the following purposes as of December 31, 2023 and 2022:

	2023	2022
Research	\$ 1,814,178	\$ 1,082,216
Marketing, communications, and donor development	159,093	75,000
	\$ 1,973,271	\$ 1,157,216

**LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the years ended December 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or due to the passage of time as follows.

	<u>2023</u>	<u>2022</u>
Research	\$ 1,829,231	\$ 2,798,885
Patient education and outreach	537,257	623,775
Events	-	204,000
Marketing, communication and donor development	<u>467,500</u>	<u>380,000</u>
	<u>\$ 2,833,988</u>	<u>\$ 4,006,660</u>

NOTE 9. LEASES

The Foundation is obligated under operating leases for the rental of office space in New York. The New York office lease at 501 Seventh Avenue, Suite 230 was signed on January 7, 2022, and expires December 31, 2024. Total operating lease expense for the years ended December 31, 2023 and 2022, was \$65,406 and \$52,602, respectively, and is included in rent expense in the accompanying statements of functional expenses.

Maturities of operating lease liabilities as of December 31, 2023, are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
Net minimum lease payments	\$ 66,694
Less: interest	<u>356</u>
Present value of lease liabilities	66,338
Less: current portion	<u>65,076</u>
Lease liabilities, net of current portion	<u>\$ 1,262</u>

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 65,067
--	-----------

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years)	
Operating leases	1.00
Weighted-average discount rate (%)	
Operating leases	1.17 %

NOTE 10. 401(k) PLAN

The Foundation sponsors a 401(k) profit-sharing plan (the "Plan") for all eligible employees. Contributions to the Plan are made at the discretion of the board of directors. For the years ended December 31, 2023 and 2022, the Foundation made contributions to the Plan amounting to \$56,445 and \$58,851, respectively, which are included in "Salaries and employee benefits" in the accompanying statements of functional expenses.

**LUNG CANCER RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 11. RELATED-PARTY TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Foundation received contributions amounting to \$271,971 and \$222,101, respectively, from individuals who are on the board of directors.

NOTE 12. JOINT COSTS

For the years ended December 31, 2023 and 2022, the Foundation incurred expenses to conduct activities that had both fundraising appeals as well as mission program components ("Joint activities"). The Joint activities include direct mail campaigns. Such costs are allocated among functional expense categories as follows:

	2023	2022
Program services	\$ 13,557	\$ 12,824
Fundraising	20,336	19,236
	\$ 33,893	\$ 32,060

NOTE 13. PAYCHECK PROTECTION PROGRAM

In a prior year, the Foundation received government funding under the Paycheck Protection Program (the "PPP") and the Paycheck Protection Program Second Draw Loans (the "PPP SD"), respectively, (collectively the "PPP Loans"). Management believes they are eligible for the funding under these programs, which were received in prior years. If it is determined that the Foundation was not eligible to receive the PPP Loans, or that the Foundation has not adequately complied with the rules, regulations and procedures applicable to these government programs, the Foundation could be subject to penalties and could be required to prepay the amounts previously forgiven.