

**LUNgevity FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

# **LUNGevity FOUNDATION**

YEARS ENDED JUNE 30, 2022 AND 2021

## CONTENTS

	Page
<b>Independent auditors' report</b>	1-2
<b>Financial statements:</b>	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-18



## **Independent Auditors' Report**

Board of Directors  
LUNGeivity Foundation

### **Opinion**

We have audited the accompanying financial statements of LUNGeivity Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 LUNGeivity Foundation as of June 30, 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 LUNGeivity 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 LUNGeivity 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 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 LUNGeivity 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 LUNGeivity 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.

*Ostrow Reisin Berk & Abrams, Ltd.*

October 3, 2022

# LUNGevity FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

June 30,	2022	2021
<b>ASSETS</b>		
Cash	\$ 9,342,226	\$ 8,682,936
Accounts and grants receivable	1,496,594	872,707
Pledges receivable	791,579	1,125,104
Prepaid expenses	409,484	433,524
Security deposits	16,133	16,133
Property and equipment, net	26,037	37,339
Total assets	\$ 12,082,053	\$ 11,167,743
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 177,586	\$ 200,073
Accrued payroll and vacation	194,210	122,963
Deferred rent	17,047	31,779
Total liabilities	388,843	354,815
Net assets:		
Without donor restrictions	4,800,497	4,918,188
With donor restrictions	6,892,713	5,894,740
Total net assets	11,693,210	10,812,928
Total liabilities and net assets	\$ 12,082,053	\$ 11,167,743

See notes to financial statements.

## LUNgevity FOUNDATION

### STATEMENTS OF ACTIVITIES

Years ended June 30,	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenues:</b>						
Contributions and grants	\$ 3,469,001	\$ 9,329,594	\$ 12,798,595	\$ 9,161,254	\$ 5,470,477	\$ 14,631,731
Contributed goods and services	374,840		374,840	150,850		150,850
Special events and other fundraisers:						
Gross revenue	2,058,659		2,058,659	1,307,107		1,307,107
Expenses	(339,152)		(339,152)	(39,518)		(39,518)
Net investment income (loss)	(2,484)		(2,484)	13,338		13,338
PPP loan forgiveness				269,127		269,127
Net assets released from restrictions	8,331,621	(8,331,621)		2,721,877	(2,721,877)	
<b>Total revenues</b>	<b>13,892,485</b>	<b>997,973</b>	<b>14,890,458</b>	13,584,035	2,748,600	16,332,635
<b>Expenses:</b>						
Program services	12,015,707		12,015,707	8,859,549		8,859,549
Management and general	702,497		702,497	589,628		589,628
Fundraising	1,291,972		1,291,972	1,101,285		1,101,285
<b>Total expenses</b>	<b>14,010,176</b>		<b>14,010,176</b>	10,550,462		10,550,462
Change in net assets	(117,691)	997,973	880,282	3,033,573	2,748,600	5,782,173
<b>Net assets:</b>						
Beginning of year	4,918,188	5,894,740	10,812,928	1,884,615	3,146,140	5,030,755
End of year	\$ 4,800,497	\$ 6,892,713	\$ 11,693,210	\$ 4,918,188	\$ 5,894,740	\$ 10,812,928

*See notes to financial statements.*

## LUNgevity FOUNDATION

### STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2022	Program services					Management and general	Fundraising	Direct benefit to donors	Total
	Support services	Improving access to care	Patient and public education	Research	Total				
Advertising and marketing	\$ 24,394	\$ 515	\$ 1,421,627	\$ 4,391	\$ 1,450,927		\$ 289,728	\$ 5,895	\$ 1,746,550
Depreciation and amortization	1,065	2,485	3,296	1,596	8,442	\$ 1,259	1,601		11,302
Grants		509,908		2,514,228	3,024,136				3,024,136
Meetings and events	197,786	20,137	113,883	27,455	359,261	1,483	37,752	295,368	693,864
Occupancy	26,191	61,110	81,045	39,247	207,593	30,962	39,381		277,936
Office expenses	31,255	72,791	329,372	27,922	461,340	27,994	50,321	37,889	577,544
Professional fees	79,784	791,744	170,935	1,228,286	2,270,749	10,540	20,865		2,302,154
Salaries and personnel costs	520,315	1,253,862	1,620,356	779,695	4,174,228	630,259	782,620		5,587,107
Website content licensing and other software fees			59,031		59,031		69,704		128,735
<b>Total expenses</b>	<b>880,790</b>	<b>2,712,552</b>	<b>3,799,545</b>	<b>4,622,820</b>	<b>12,015,707</b>	<b>702,497</b>	<b>1,291,972</b>	<b>339,152</b>	<b>14,349,328</b>
Less expenses included with revenues on the statements of activities								(339,152)	(339,152)
<b>Total expenses included in the expenses section on the statements of activities</b>	<b>\$ 880,790</b>	<b>\$ 2,712,552</b>	<b>\$ 3,799,545</b>	<b>\$ 4,622,820</b>	<b>\$ 12,015,707</b>	<b>\$ 702,497</b>	<b>\$ 1,291,972</b>	<b>\$ -</b>	<b>\$ 14,010,176</b>

*See notes to financial statements.*

## LUNgevity FOUNDATION

### STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended June 30, 2021	Program services					Management and general	Fundraising	Direct benefit to donors	Total
	Support services	Improving access to care	Patient and public education	Research	Total				
Advertising and marketing	\$ 2,005	\$ 76,293	\$ 674,096	\$ 1,125	\$ 753,519		\$ 77	\$ 5,165	\$ 758,761
Depreciation and amortization	913	2,493	3,027	1,280	7,713	\$ 1,435	2,156		11,304
Grants				2,463,771	2,463,771				2,463,771
Meetings and events	65,044	3,996	20,279	33,442	122,761	424	19,451	33,088	175,724
Occupancy	23,097	63,077	76,585	32,375	195,134	36,297	54,536		285,967
Office expenses	21,025	196,928	198,047	54,872	470,872	11,130	94,372	1,265	577,639
Professional fees	75,538	684,621	770,183	374,388	1,904,730	3,972	65,146		1,973,848
Salaries and personnel costs	341,313	480,562	933,043	1,128,617	2,883,535	536,370	805,888		4,225,793
Website content licensing and other software fees			57,514		57,514		59,659		117,173
<b>Total expenses</b>	<b>528,935</b>	<b>1,507,970</b>	<b>2,732,774</b>	<b>4,089,870</b>	<b>8,859,549</b>	<b>589,628</b>	<b>1,101,285</b>	<b>39,518</b>	<b>10,589,980</b>
Less expenses included with revenues on the statements of activities								(39,518)	(39,518)
<b>Total expenses included in the expenses section on the statements of activities</b>	<b>\$ 528,935</b>	<b>\$ 1,507,970</b>	<b>\$ 2,732,774</b>	<b>\$ 4,089,870</b>	<b>\$ 8,859,549</b>	<b>\$ 589,628</b>	<b>\$ 1,101,285</b>	<b>\$ -</b>	<b>\$ 10,550,462</b>

*See notes to financial statements.*



# LUNGevity FOUNDATION

## STATEMENTS OF CASH FLOWS

Years ended June 30,	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 880,282	\$ 5,782,173
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,302	11,304
Deferred rent	(14,732)	4,156
PPP loan forgiveness		(269,127)
(Increase) decrease in operating assets:		
Accounts and grants receivable	(623,887)	(46,670)
Pledges receivable	333,525	388,054
Prepaid expenses	24,040	(159,916)
Security deposits		600
Increase (decrease) in operating liabilities:		
Accounts payable	(22,487)	98,054
Accrued payroll and vacation	71,247	(63,867)
Net cash provided by operating activities	659,290	5,744,761
Cash flows from investing activities:		
Redemption of certificate of deposit		756,172
Purchase of property and equipment		(11,374)
Net cash provided by investing activities		744,798
Net increase in cash	659,290	6,489,559
Cash, beginning of year	8,682,936	2,193,377
Cash, end of year	\$ 9,342,226	\$ 8,682,936

See notes to financial statements.

# **LUNGevity FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Organization and purpose**

LUNGevity Foundation (the Foundation) is an Illinois nonprofit entity incorporated on March 13, 2001, to provide funding for the most promising research into the early detection and successful treatment of lung cancer. The Foundation also supports one of the largest national grassroots lung cancer networks, as well as one of the largest online support communities for those affected by lung cancer. These activities are primarily funded by contributions and grants, special events and other fundraisers.

The following summarizes the Foundation's programs:

#### **Support services:**

The Foundation offers one of the largest online network of support and survivorship programs for all people affected by lung cancer. Services include peer-to-peer message boards, one-on-one counseling, survivorship conferences and meetings, and public and private social media platforms for both patients and caregivers to connect with others.

#### **Improving access to care:**

The Foundation aims to provide equity in access to enable quality healthcare and improve outcomes for all. The Foundation has developed a national, collaborative strategy focused on community partnerships, health literacy, lung cancer screening, biomarker testing, inclusion in clinical trials, and policy to ensure that all people with lung cancer have access to optimal care.

#### **Patient and public education:**

The Foundation educates the public in the detection, diagnosis and treatment of lung cancer, and empowers patients to be active decision makers in their treatment process through extensive educational resources.

#### **Research:**

The Foundation conducts and funds research that has the potential to revolutionize outcomes for those diagnosed with cancer focusing on early detection and effective treatments. The Foundation partners and collaborates with other organizations to make the greatest progress in advancing science for patients.

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of significant accounting policies

The significant accounting policies of the Foundation are summarized below:

#### **Basis of accounting:**

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Recent accounting pronouncement:**

During the year ended June 30, 2022, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item on the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity has received. The adoption of this standard did not have a significant impact on the financial statements of the Foundation, with the exception of increased disclosure.

#### **Basis of presentation:**

The Foundation is required to report information regarding its financial position and activities in two classes of net assets: Without donor restrictions and with donor restrictions.

**Net assets without donor restrictions** - Net assets available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the environment in which it operates.

**Net assets with donor restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such that they will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. The Foundation reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of significant accounting policies (continued)

#### Contributions and grants:

Contributions and grants are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. See Note 10.

#### Accounts and grants receivable:

Accounts and grants receivable are stated at the amount management expects to collect from the outstanding balances. Accounts and grants receivable are due in less than one year. The Foundation estimates an allowance for doubtful accounts based on an analysis of specific account history and experience. It is the Foundation's policy to charge off uncollectible accounts and grants receivable when management determines that the receivable will not be collected. Management believes that all accounts and grants receivable as of June 30, 2022 and 2021 are fully collectible; therefore, no allowance for doubtful accounts was recorded.

#### Pledges receivable:

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Pledges receivable consist of unconditional promises to give at June 30, 2022 and 2021. As of June 30, 2022 and 2021, 97% and 96%, respectively, of pledges receivable were due from Board members. Pledges receivable due in more than one year were discounted using a risk-adjusted rate of return (2.85% as of June 30, 2022 and 2021) to reflect the present value of the receivables. Amortization of the discount is included in contributions and grants revenue. Management believes that all pledges receivable as of June 30, 2022 and 2021 are fully collectible; therefore, no allowance for doubtful accounts was recorded.

June 30,	2022	2021
Pledges receivable due in less than one year	\$ 325,000	\$ 375,122
Pledges receivable due in one to five years	500,481	865,327
Total pledges receivable, gross	825,481	1,240,449
Less discount to net present value	(33,902)	(115,345)
Total pledges receivable	\$ 791,579	\$ 1,125,104

# **LUNGevity FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Property and equipment and related depreciation and amortization:**

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Depreciation and amortization of property and equipment is provided over the estimated life of the assets using the straight-line method. Additions over \$1,000 are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed.

#### **Deferred rent:**

The Foundation recognizes rent on a straight-line basis over the life of the lease. The difference between the cash paid and straight-line rent expense is charged to deferred rent.

#### **Advertising:**

Advertising costs are expensed when incurred. Total advertising costs were \$288,104 and \$309 for the years ended June 30, 2022 and 2021, respectively.

#### **Expense allocation:**

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Operating expenses identified with a functional area are charged directly to that area and where those expenses affect more than one area, they are allocated on a reasonable basis that is consistently applied. These expenses, allocated on the basis of estimates of time and effort, were salaries and personnel costs, meetings and events, professional fees and office expenses. Occupancy is allocated based on estimates of square footage.

#### **Use of estimates:**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

#### **Subsequent events:**

Management of the Foundation has reviewed and evaluated subsequent events through October 3, 2022, the date the financial statements were available to be issued.

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. Liquidity and availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments by reviewing projections of anticipated annual revenue and expenses. As of June 30, 2022 and 2021, the Foundation's sources of liquidity at its disposal included cash and receivables.

The following represents the Foundation's financial assets available to meet general expenditures within one year as of June 30, 2022 and 2021:

June 30,	2022	2021
Financial assets at year-end:		
Cash	\$ 9,342,226	\$ 8,682,936
Accounts and grants receivable	1,496,594	872,707
Pledges receivable	791,579	1,125,104
<b>Total financial assets</b>	<b>11,630,399</b>	<b>10,680,747</b>
Less amounts not available to be used within one year:		
Pledges receivable due in one to five years, net	466,579	749,982
Purpose restricted net assets	4,604,540	3,896,929
<b>Total amounts not available to be used within one year</b>	<b>5,071,119</b>	<b>4,646,911</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 6,559,280</b>	<b>\$ 6,033,836</b>

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Property and equipment

The components of property and equipment were as follows:

June 30,	2022	2021
Equipment	\$ 22,780	\$ 22,780
Computer software and website	55,705	55,705
Leasehold improvements	35,026	35,026
	113,511	113,511
Less accumulated depreciation and amortization	87,474	76,172
Property and equipment, net	\$ 26,037	\$ 37,339

### 5. Paycheck Protection Program (PPP)

On April 22, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from its primary bank, for an aggregate principal amount of \$269,127. The loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was uncollateralized and guaranteed by the SBA. The principal amount of the loan was subject to forgiveness upon the Foundation's request to the extent that the loan proceeds were used to pay allowable expenses. During the year ended June 30, 2021, the Foundation applied for forgiveness for the full amount of the loan and was notified by the SBA and the lender that the loan forgiveness was approved on December 14, 2020.

### 6. Revenue from contracts with customers

The Foundation held one fundraising event during the year ended June 30, 2022. In exchange for the registration fee, participants receive various direct benefits, including food and beverages. The estimated value of direct benefits provided is recognized as revenue from contracts with customers at a point in time when the event took place. The Foundation recognized \$91,000 of special events and other fundraisers revenue from contracts with customers during the year ended June 30, 2022 which is included in special events and other fundraisers revenue on the statements of activities. The Foundation held one event during the year ended June 30, 2021. The event was virtual in format and there was no revenue from contracts with customers as there was no value of direct benefits provided to participants. Significant judgments are made by management to determine the fair value of benefits provided to participants. There were no receivables related to contracts with customers as of June 30, 2022, 2021 and 2020. There were also no contract assets or contract liabilities at June 30, 2022, 2021 and 2020.

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 7. Contributed goods and services

Contributed goods and services are reported at fair value in the financial statements when the services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

The Foundation receives donated services from unpaid volunteers who assist in its fundraising events and programs in the furtherance of its purposes. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. With the exception of the services noted in the following paragraph, none of these amounts have been recognized in the statements of activities because the criteria for recognition have not been met.

The Foundation receives various forms of contributed goods and services. Contributed goods and services are reported at their estimated fair value and reported as revenue without donor restrictions when received and reported as expenses when utilized. Contributed goods are not sold and goods and services are only used for program use. There were no donor restrictions for contributed goods and services during the years ended June 30, 2022 and 2021.

Contributed goods and services consisted of the following:

Non-financial contributions			Years ended June 30,	
category	Type of contributions	Valuation	2022	2021
Food and non-food items	Food and beverage and other costs related to meetings and events	Third-party estimates using costs of similar goods in like circumstances	\$ 27,040	\$ 30,450
In-kind services	Professional services such as advertising and marketing and research provided by the Foundation's Scientific Advisory Board	Standard industry pricing for similar services	347,800	120,400
Total contributed goods and services			\$ 374,840	\$ 150,850



# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8. Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

June 30,	2022	2021
Purpose restrictions:		
Improving access to care	\$ 1,354,733	\$ 2,304,551
Patient and advocate support	1,863,379	236,069
Public policy initiatives	225,000	
Research:		
ALK Project Fund	561,428	1,259,677
Clinical research	600,000	
Patient FoRCe		96,632
<b>Total net assets with purpose restrictions</b>	<b>4,604,540</b>	<b>3,896,929</b>
Time restrictions:		
Accounts and grants receivable	1,496,594	872,707
Pledges receivable	791,579	1,125,104
<b>Total net assets with time restrictions</b>	<b>2,288,173</b>	<b>1,997,811</b>
<b>Total net assets with donor restrictions</b>	<b>\$ 6,892,713</b>	<b>\$ 5,894,740</b>

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8. Net assets with donor restrictions (continued)

During the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the following purpose restrictions specified by donors and satisfying time restrictions:

Years ended June 30,	2022	2021
Purpose restrictions:		
Improving access to care	\$ 3,239,818	\$ 960,338
Patient and advocate support	2,590,690	540,417
Public policy initiatives		43,068
Research:		
ALK Project Fund	698,250	
Clinical research	500,000	
Patient FoRCe	96,632	
Total net assets released from purpose restrictions	7,125,390	1,543,823
Time restrictions:		
Accounts and grants receivable	872,707	790,000
Pledges receivable	333,524	388,054
Total net assets released from time restrictions	1,206,231	1,178,054
Total net assets released from donor restrictions	\$ 8,331,621	\$ 2,721,877

### 9. Tax status

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service (IRS) has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Code. Management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of June 30, 2022 and 2021.

# LUNgevity FOUNDATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 10. Conditional promises to receive

The Foundation records revenue associated with conditional promises to receive when the conditions have been substantially met.

Conditional promises to receive consist of the following:

June 30,	2022	2021
KRAS community platform	\$ 1,918,000	\$ 1,918,000
RET-positive lung cancer clinical trial research	500,000	500,000
Total	\$ 2,418,000	\$ 2,418,000

### 11. Conditional grant commitments

The Foundation funds requests for research award applications and issues research awards to medical investigators for pre-approved studies. The Foundation's Scientific Advisory Board reviews multi-year research awards annually through progress reports. The Foundation reserves the right to terminate future funding for a multi-year award if a progress report reflects unsatisfactory progress. As such, the Foundation is only committed to funding awards for the following year. As of June 30, 2022, future conditional research award commitments total \$3,611,700 for the year ending June 30, 2023 and \$200,000 for the year ending June 30, 2024. As of June 30, 2021, future conditional research award commitments total \$1,600,000 for the year ended June 30, 2022 and \$400,000 for the year ending June 30, 2023.

### 12. Leases and other agreements

The Foundation leases office space in Chicago, Illinois through May 2025. The Foundation also leases office space in Bethesda, Maryland through November 2022. Rent expense was \$276,610 and \$284,860 for the years ended June 30, 2022 and 2021, respectively.

Future minimum rental payments under these leases are as follows:

Year ending June 30:	Amount
2023	\$ 177,482
2024	98,312
2025	75,381
Total	\$ 351,175

# **LUNGevity FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **13. Retirement plan**

The Foundation sponsors a 401(k) plan (the Plan) covering all employees who meet the eligibility requirements. The Foundation makes matching contributions to the Plan equal to 100% of the first 3% of employee deferrals and 50% of the next 2% of employee deferrals, up to a maximum of 4% of employee compensation for a calendar year. Contributions to the Plan were \$135,452 and \$86,773 for the years ended June 30, 2022 and 2021, respectively.

### **14. Concentration of credit risk**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The uninsured balance was approximately \$9,242,000 and \$8,467,000 as of June 30, 2022 and 2021, respectively. Management believes that the Foundation is not exposed to any significant credit risk on cash.

Credit risk for accounts and grants receivable was concentrated with three donors accounting for approximately 55% of accounts and grants receivable as of June 30, 2022. Credit risk for accounts and grants receivable was concentrated with four donors accounting for 67% of accounts and grants receivable as of June 30, 2021.

One donor accounted for approximately 12% of total revenues for the year ended June 30, 2022. Two donors accounted for 29% of total revenues for the year ended June 30, 2021.