Financial Statements
December 31, 2022

# Lazarex Cancer Foundation

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**Independent Auditor's Report**

To the Board of Directors
Lazarex Cancer Foundation
Danville, California

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Lazarex Cancer Foundation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lazarex Cancer Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 (GAAS). 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 Lazarex Cancer 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.

***Adoption of New Accounting Standards***

As discussed in Note 1 to the financial statements, Lazarex Cancer Foundation has adopted the provisions of Accounting Standards Codification Topic 842, *Leases*, and Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* for the year ended December 31, 2022. Our opinion is not modified with respect to these matters.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Lazarex Cancer Foundation's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Lazarex Cancer 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 Lazarex Cancer 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.

***Report on Summarized Comparative Information***

We have previously audited the 2021 financial statements of Lazarex Cancer Foundation, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

San Ramon, California
June 14, 2023

# Lazarex Cancer Foundation
Statement of Financial Position
December 31, 2022
(with comparative totals for December 31, 2021)

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash | $ 2,306,875 | $ 1,487,541 |
| Grants and contributions receivable | 186,727 | 45,066 |
| Interest receivable | 9 | 1,009 |
| Other receivable | - | 340 |
| Prepaid expenses | 1,211 | 6,400 |
| Investments, net of fees | 3,234,466 | 5,658,792 |
| Other assets | 4,969 | 375 |
| Total current assets | 5,734,257 | 7,199,523 |
| Noncurrent Assets | | |
| Restricted cash | 450,780 | 450,780 |
| Property and equipment, net | 18,904 | 25,998 |
| Operating lease right-of-use asset | 698,496 | - |
| Total noncurrent assets | 1,168,180 | 476,778 |
| Total assets | $ 6,902,437 | $ 7,676,301 |
| **Liabilities and Net Assets** | | |
| Current Liabilities | | |
| Accounts payable | $ 20,794 | $ 47,456 |
| Accrued patient reimbursements | 533,386 | 367,254 |
| Accrued payroll | 53,292 | 28,798 |
| Accrued vacation | 32,853 | 21,517 |
| Other accrued expenses | - | 8,732 |
| Refundable grant advances | 487,927 | 450,780 |
| Deferred events revenue | - | 2,966 |
| Current portion of operating lease liability | 73,505 | - |
| Total current liabilities | 1,201,757 | 927,503 |
| Noncurrent Liabilities | | |
| Operating lease liability, less current portion | 631,445 | - |
| Total liabilities | 1,833,202 | 927,503 |
| Net Assets | | |
| Without donor restrictions | | |
| Undesignated | 675,577 | 716,436 |
| Total unrestricted net assets | 675,577 | 716,436 |
| With donor restrictions | | |
| Purpose restrictions | 4,393,658 | 6,032,362 |
| Total with donor restrictions | 4,393,658 | 6,032,362 |
| Total net assets | 5,069,235 | 6,748,798 |
| Total liabilities and net assets | $ 6,902,437 | $ 7,676,301 |

# Lazarex Cancer Foundation
Statement of Activities
Year Ended December 31, 2022
(with comparative totals for year ended December 31, 2021)

| | Without Donor Restrictions | With Donor Restrictions | 2022 Total | 2021 Total |
|---|---|---|---|---|
| Support and Revenues | | | | |
| Corporate and foundation grants | $ 124,759 | $ 1,832,955 | $ 1,957,714 | $ 879,669 |
| Corporate contributions | 119,237 | - | 119,237 | 328,417 |
| Contributions - paycheck protection program loans | - | - | - | 230,701 |
| Individual contributions | 810,897 | - | 810,897 | 761,966 |
| Sponsor revenue | 26,443 | | 26,443 | - |
| In-kind contributions | 14,614 | - | 14,614 | 2,643 |
| Fundraising activities, net of $72,923 direct donor benefit costs | 331,243 | - | 331,243 | 388,940 |
| Investment return, net of fees | 33,224 | - | 33,224 | 929 |
| Interest income | 661 | - | 661 | 700 |
| Other revenue | 32,000 | - | 32,000 | - |
| Net assets released from restrictions | 3,471,659 | (3,471,659) | - | - |
| Total support and revenues | 4,964,737 | (1,638,704) | 3,326,033 | 2,593,965 |
| Expenses | | | | |
| Program services | 4,587,088 | - | 4,587,088 | 2,961,795 |
| General and administrative | 211,895 | - | 211,895 | 136,234 |
| Fundraising | 206,613 | - | 206,613 | 182,324 |
| Total expenses | 5,005,596 | - | 5,005,596 | 3,280,353 |
| Change in Net Assets | (40,859) | (1,638,704) | (1,679,563) | (686,388) |
| Net Assets, Beginning of Year | 716,436 | 6,032,362 | 6,748,798 | 7,435,186 |
| Net Assets, End of Year | $ 675,577 | $ 4,393,658 | $ 5,069,235 | $ 6,748,798 |

# Lazarex Cancer Foundation

Statement of Functional Expenses
Year Ended December 31, 2022
(with comparative totals for year ended December 31, 2021)

| | Lazarex CARE | IMPACT | Cancer Wellness Hub | Lazarex PATH | Program Services | General and Administrative | Fundraising | Total 2022 Expenses | Total 2021 Expenses |
|---|---|---|---|---|---|---|---|---|---|
| Advertising | $ 4,176 | $ 19,589 | $ - | $ - | $ 23,765 | $ - | $ 4,176 | $ 27,941 | $ 38,279 |
| Bank charges | - | - | - | - | - | 901 | 4,083 | 4,984 | 3,277 |
| Cancer wellness hub | - | - | 430,172 | - | 430,172 | - | - | 430,172 | 83,481 |
| Community education events | 375 | 1,137 | 526 | - | 2,038 | - | - | 2,038 | 4,180 |
| Depreciation | 4,966 | - | - | - | 4,966 | 709 | 1,419 | 7,094 | 7,204 |
| Dues, registration, gov't fees | - | - | - | - | - | 3,296 | 3,296 | 6,592 | 24,829 |
| Institutional partnerships | - | 258,400 | - | - | 258,400 | - | - | 258,400 | 346,144 |
| Insurance | - | - | - | - | - | 839 | - | 839 | 1,087 |
| Legal and professional | 22,061 | 80,344 | 34,052 | - | 136,457 | 73,069 | 6,268 | 215,794 | 69,125 |
| Occupancy | - | 42,216 | 14,663 | - | 56,879 | 12,532 | 12,122 | 81,533 | 91,984 |
| Patient reimbursements | 1,221,095 | 1,585,890 | - | 914 | 2,807,899 | - | - | 2,807,899 | 1,751,272 |
| Payroll expenses | 221,297 | 277,875 | 235,130 | - | 734,302 | 116,654 | 159,498 | 1,010,454 | 771,034 |
| Postage | 2,622 | 98 | 27 | - | 2,747 | 374 | 6,535 | 9,656 | 8,266 |
| Printing | - | 4,954 | 6,836 | - | 11,790 | - | 1,933 | 13,723 | 4,607 |
| Professional development | 97 | - | - | - | 97 | 14 | 28 | 139 | 3,377 |
| Software | 19,672 | 40,572 | 7,500 | - | 67,744 | 1,739 | 3,477 | 72,960 | 45,502 |
| Supplies and office | 9,571 | 13,701 | 2,160 | - | 25,432 | 1,260 | 2,763 | 29,455 | 11,070 |
| Telephone and internet | 3,554 | 11,848 | 749 | - | 16,151 | 508 | 1,015 | 17,674 | 12,732 |
| Travel, meals and entertainment | - | 6,673 | 1,576 | - | 8,249 | - | - | 8,249 | 2,903 |
| Total expenses | $ 1,509,486 | $ 2,343,297 | $ 733,391 | $ 914 | $ 4,587,088 | $ 211,895 | $ 206,613 | $ 5,005,596 | $ 3,280,353 |

| | 2022 | 2021 |
|---|---|---|
| Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities | | |
| Change in net assets | $ (1,679,563) | $ (686,388) |
| Adjustments to reconcile change in net assets to net cash from (used for) operating activities | | |
| Depreciation | 7,094 | 7,204 |
| Net realized and unrealized (gain) loss on investments | (19,405) | 3,075 |
| Contributions - PPP paycheck protection program loan | - | (230,701) |
| Change in operating assets and liabilities | | |
| Grants and contributions receivable | (141,661) | 2,440,191 |
| Interest receivable | 1,000 | 1,417 |
| Other receivable | 340 | 101 |
| Prepaid expenses | 5,189 | 29,826 |
| Other assets | (4,594) | 24,725 |
| Operating lease asset and liability | 6,454 | - |
| Accounts payable | (26,662) | (148,434) |
| Accrued patient reimbursements | 166,132 | 154,240 |
| Accrued payroll | 24,494 | 316 |
| Accrued vacation | 11,336 | (2,448) |
| Other accrued expenses | (8,732) | 8,732 |
| Refundable grant advance | 37,147 | 450,780 |
| Deferred event revenue | (2,966) | 2,966 |
| Refundable advance - PPP loan | - | 125,590 |
| Net Cash Flows From (Used For) Operating Activities | (1,624,397) | 2,181,192 |
| Investing Activities | | |
| Maturities/sales of investments | 5,906,000 | 3,677,224 |
| Purchases of investments | (3,462,269) | (5,661,867) |
| Purchases of capital assets | - | (7,182) |
| Net Cash Flows Used For Investing Activities | 2,443,731 | (1,991,825) |
| Net Change in Cash, Cash equivalents, and Restricted Cash | 819,334 | 189,367 |
| Cash, Cash Equivalents, and Restricted Cash, Beginning of Year | 1,938,321 | 1,748,954 |
| Cash, Cash Equivalents, and Restricted Cash, End of Year | $ 2,757,655 | $ 1,938,321 |
| Supplemental Disclosure of Noncash Amounts | | |
| In-kind donations | $ 14,614 | $ 2,643 |

## Note 1 - Organization and Significant Accounting Policies

**Organization and Nature of Activities**

Lazarex Cancer Foundation (the "Organization") was incorporated in the State of California in 2006 as a nonprofit public benefit corporation. The Organization provides programs and services related to building a bridge to hope, dignity and life for cancer patients and their families. The Organization provides financial assistance to defray the costs associated with patient participation in approved Federal Food and Drug Administration (FDA) clinical trials. The Organization helps patients navigate their clinical trial options and provides community education and outreach services. The Organization is supported primarily through public contributions, grants, and fundraising events.

The Organization's programs and services include the following:

- Lazarex CARE – this program focuses on improving the outcome of cancer care for advanced stage cancer patients and the medically underserved, by identifying approved FDA clinical trial options, providing assistance with out-of-pocket costs for clinical trial participation for the patient and a travel companion, and facilitating community outreach and engagement.

- IMPACT – is a multiyear nationwide program to increase cancer clinical trial enrollment, retention, minority participation and equitable access – getting cancer drugs to market faster and finishing oncology clinical trials on time and on budget. This program focuses on improving patient access to cancer clinical trials by providing a sustainable action plan to transform the status quo of clinical trial recruitment, enrollment, retention, minority participation, completion, and translational science – providing equitable and timely access to cancer discovery to all patients.

- Cancer Wellness HUB – is a place based, community led, and culturally appropriate model of community engagement intended to answer questions, address cultural barriers, facilitate access to screenings, quality care, and clinical trials. It offers equitable access to the cancer programs and support that could help achieve better results for prevention through treatment and survivorship. HUBS connect residents, patients, and caregivers to the resources and tools needed to manage the cancer journey. Certified Neighborhood Ambassadors are hired from the local "neighborhood" and introduce community members to the HUB Cancer Care Companion.

- Lazarex PATH – this program is a transactional expense reimbursement platform for patients' clinical trial related travel expenses. This program offers a pathway to reduce disparities in cancer treatment access and outcomes and improve minority participation in drug development to benefit all cancer patients.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

**Basis of Presentation**

The accompanying financial statement presentation follows the recommendations prescribed by accounting principles generally accepted in the United States of America. (U.S. GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate net assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2022, the Organization had no net assets to be held in perpetuity.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**Grants and Contributions**

Unconditional grants and contributions are recognized when promised and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Some of the Organization's grants and contributions may be conditioned upon certain performance requirements.

At December 31, 2022 there was a $40,000 conditional grant. Cash received that is a conditional grant is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

**Cash, Cash Equivalents, and Restricted Cash**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Restricted cash includes funds received on deposit from pharma companies restricted for the PATH sponsor program. The cash reserves are to be used exclusively for transaction fees and the covered reimbursement amounts per the direction of the service agreement with each drug sponsor.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

| | |
|---|---|
| Cash and cash equivalents | $ 2,306,875 |
| Restricted cash | 450,780 |
| | $ 2,757,655 |

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in grant and contribution revenue in the statements of activities. The allowance for uncollectible grants and contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and contributions receivable are written off when deemed uncollectible. At December 31, 2022, all amounts are considered fully collectible by the Organization therefore, no allowance for uncollectible grants and contributions receivable is necessary at year-end.

**In-kind Contributions**

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contribute goods are recorded at fair value at the date of donation.

**Investments**

Investments are purchased at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Property and Equipment**

Property and equipment additions over $500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Deferred Events Revenue**

Deferred events revenue includes funds received in advance of fundraising events. The deferred event revenue is recognized in the period the fundraising event occurs.

**Income Taxes**

The Organization is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be private foundations. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on an equitable basis using a time and effort methodology.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. At December 31, 2022, approximately $841,900 was uninsured. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because all of the outstanding amounts are due from foundations, corporations and individual donors supportive of the Organization's mission. Although the fairs of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Reclassification**

A reclassification of the amount previously reported in the accompanying financial statements as deferred PATH sponsor revenue has been made to refundable grant advances to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

**Adoption of Accounting Standards Codification (ASC) Topic 842**

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Organization elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost.

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of an operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets, an operating lease liability of $193,076, and an operating right-of-use asset of $193,076. The operating lease right of use asset and liability were recorded as of January 1, 2022 at the carrying value under prior guidance. The adoption of the new standard did not materially impact the Organization's statement of activities or statement of cash flows. See Note 7 for further disclosure of the Organization's lease contract.

**Adoption of Accounting Standards Update (ASU) Topic 958**

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the period, information on donor-imposed restrictions and valuation techniques. The standard requires disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements with the exception of increased disclosure.

**Subsequent Events**

The Organization has evaluated subsequent events through June 14, 2023, the date the financial statements were available be issued.

## Note 2 - Liquidity and Availability

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:

| | |
|---|---|
| Cash | $ 2,306,875 |
| Grants and contributions receivable | 186,727 |
| Interest receivable | 9 |
| | $ 2,493,611 |

As part of the a liquidity management plan, management has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization could liquidate certificate of deposit and U.S Treasury bill investments totaling $3,234,466 at December 31, 2022. These funds would only be used for the purposes to which they were given for their specific programs.

## Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency or the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise U.S. Treasury bills with readily determinable fair value based on daily redemption values. The Organization invests in CDs traded in the financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table presents the balances of assets measured at fair value on a recurring basis as of December 31, 2022. The Organization did not have any liabilities measured at fair value on a recurring basis as of December 31, 2022.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| U.S Treasury bills | $ 2,990,162 | $ - | $ - | $ 2,990,162 |
| Certificates of deposit | - | 244,304 | - | 244,304 |
| Total | $ 2,990,162 | $ 244,304 | $ - | $ 3,234,466 |

## Note 4 - Investments

Investments are recorded at fair value on the statements of financial position. The following table summarizes the investment returns which are recorded in the statement of activities at December 31, 2022:

| | |
|---|---|
| Unrealized gains on investments | $ 19,405 |
| Interest and dividends | 13,819 |
| Total investment return | 33,224 |
| Investment fees | - |
| Total investment income, net of expenses | $ 33,224 |

## Note 5 - Grants and Contributions Receivable

Grants and contributions receivable consist of the following unconditional promises to give:

| | |
|---|---|
| Receivable in less than one year | $ 186,727 |
| Grants and contributions receivable | $ 186,727 |

## Note 6 - Property and Equipment

Property and equipment consist of the following as of December 31, 2022:

| | |
|---|---|
| Furniture and equipment | $ 53,252 |
| Less accumulated depreciation | (34,348) |
| Total capital assets | $ 18,904 |

Depreciation expense for the year ended December 31, 2022 was $7,094.

## Note 7 - Leases

The Organization leases office space under a long-term, non-cancelable operating lease agreement. The lease expires in 2027 and provides for three additional one-year renewal options. The Organization included in the determination of the right-of-use asset and lease liability any renewal options when the options are reasonably certain to be exercised. The lease provides for increases in future minimum annual rental payments of three percent.

The discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization’s applicable borrowing rates and the contractual lease term.

The Organization has no short-term leases with a term of 12 months or less.

The Organization elected the practical expedient to not separate lease and non-lease components.

Total lease costs for the year ended December 31, 2022, were as follows:

| | 2022 |
|---|---|
| Operating lease cost | $ 82,674 |

The remaining lease term for the operating lease is 7.5 years. The discount rate for the operating lease is 4.0 percent.

The future minimum lease payments under the noncancelable operating lease with a term greater than one year is listed below as of December 31, 2022.

| | |
|---|---|
| 2023 | $ 100,379 |
| 2024 | 103,396 |
| 2025 | 106,503 |
| 2026 | 109,768 |
| 2027 | 113,114 |
| Thereafter | 474,227 |
| Total lease payments | 1,007,387 |
| Less interest | 302,437 |
| Present value of lease liabilities | $ 704,950 |

## Note 8 - Refundable Grant Advances

Refundable grant advances consist of the following at December 31, 2022:

| | 2022 |
|---|---|
| PATH program (MorphoSys AG) | $ 447,927 |
| Cancer Wellness Hub program (Amgen) | 40,000 |
| Total refundable grant advances | $ 487,927 |

## Note 9 - Net Assets with Donor Restrictions

At December 31, 2022, net assets with donor restrictions are restricted for the following purposes:

| | | |
|---|---|---|
| IMPACT program - Abramson Cancer Center (Amgen) | $ | 368,403 |
| IMPACT program - Abramson Cancer Center (Merck & Co.) | | 1,182,175 |
| IMPACT program - MD Anderson Medical Center (Genentech) | | 215,812 |
| Community IMPACT program - US Oncology (Amgen) | | 539,814 |
| Cancer Wellness Hub program - (Amgen) | | 254,499 |
| Community IMPACT program - Cancer Wellness Hub, Bay Area (Gilead Sciences) | | 1,367,955 |
| Community IMPACT program - Cancer Wellness Hub, Los Angeles (Amgen) | | 350,000 |
| CARE program - ovarian cancer patients (Be the Difference Foundation) | | 15,000 |
| CARE program - We're Here Because We CARE program (Daiichi Sankyo) | | 100,000 |
| Total | $ | 4,393,658 |

## Note 10 - Net Assets Released from Restriction

At December 31, 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows:

| | | |
|---|---|---|
| IMPACT program - USC/UCSF (Amgen) | $ | 305,747 |
| IMPACT program - Abramson Cancer Center (Amgen) | | 88,447 |
| IMPACT program - Abramson Cancer Center (Merck & Co.) | | 573,862 |
| IMPACT program - MD Anderson Medical Center (Genentech) | | 1,890,818 |
| IMPACT program - Cancer Wellness Hub, Los Angeles (Amgen) | | 148,792 |
| Community IMPACT program - US Oncology (Amgen) | | 166,974 |
| Community IMPACT program - Cancer Wellness Hub, Los Angeles (Amgen) | | 33,513 |
| Community IMPACT program - Cancer Wellness Hub, Bay Area (Gilead Sciences) | | 188,285 |
| Community IMPACT program - Cancer Wellness Hub, Bay Area (Seagen) | | 58,898 |
| CARE program - ovarian cancer patients (Be the Difference Foundation) | | 16,323 |
| Total | $ | 3,471,659 |

## Note 11 - In-kind Contributions

For the year ended December 31, 2022, in-kind contributions recognized within the statement of activities included the following:

| | |
|---|---|
| Airline vouchers | $ 14,614 |

Contributed airline vouchers are provided by major American airlines. Contributed airline vouchers are used for program activities and are recognized at market value based on the average cost per award mile as determined by the Point Calculator.

All gifts-in-kind received during the year ended December 31, 2022 were without donor restrictions.

## Note 12 - Related Party Transactions

As of December 31, 2022, Lazarex Cancer Foundation board members, management and employees contributed cash in support of the Organization’s mission totaling approximately $752,176.

## Note 13 - Donor Concentration

The Organization has certain donors whose revenue individually represented 10% or more of the Organization’s total revenue. For the twelve months ended December 31, 2022, three donors accounted for 72% of grants and contributions revenue. The Organization expects to maintain relationships with these donors. Loss of significant donors or the failure to attract new donors could have a material adverse effect on the Organization.