



**Financial Statements**  
**December 31, 2023 and 2022**



# Lazarex Cancer Foundation

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BRETT BRADBURY CPA PC  
NONPROFIT AUDIT |  
REVIEW | COMPILATION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Lazarex Cancer Foundation  
Danville, California

### Opinion

I have audited the accompanying financial statements of Lazarex Cancer Foundation (nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 my opinion, the financial statements present fairly, in all material respects, the financial position of Lazarex Cancer Foundation as of December 31, 2023, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Lazarex Cancer Foundation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022, Lazarex Cancer Foundation adopted new accounting guidance FASB Topic 842 *Leases*. My opinion is not modified with respect to this matter.

### Prior Period Financial Statements

The financial statements of Lazarex Cancer Foundation as of and for the year ended December 31, 2022 were audited by another auditor whose report dated June 14, 2023 expressed an unmodified opinion on those statements.

### 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 Lazarex Cancer 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**

My 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 my 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, I:

- 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lazarex Cancer Foundation's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Brett Bradbury CPA PC*

Long Beach, California

June 21, 2024

**Lazarex Cancer Foundation**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 1,978,279	\$ 2,306,875
Investments	1,336,723	3,234,466
Grants and contributions receivable	198,509	186,736
Prepaid expenses	941	1,211
Total Current Assets	3,514,452	5,729,288
<b>Long-Term Assets</b>		
Restricted cash	-	450,780
Property and equipment, net	10,476	18,904
Operating lease right-of-use assets	615,641	698,496
Deposits	8,969	4,969
Total Long-Term Assets	635,086	1,173,149
Total Assets	\$ 4,149,538	\$ 6,902,437
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 21,278	\$ 20,794
Accrued liabilities	474,781	619,531
Refundable advances	446,380	487,927
Operating lease liabilities, current portion	79,572	73,505
Total Current Liabilities	1,022,011	1,201,757
<b>Long-Term Liabilities</b>		
Operating lease liabilities, net of current portion	551,873	631,445
Total Long-Term Liabilities	551,873	631,445
Total Liabilities	1,573,884	1,833,202
<b>Net Assets</b>		
Without donor restrictions	66,954	675,577
With donor restrictions	2,508,700	4,393,658
Total Net Assets	2,575,654	5,069,235
Total Liabilities and Net Assets	\$ 4,149,538	\$ 6,902,437

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

**Lazarex Cancer Foundation**  
**Statements of Activities**  
**Years Ended December 31, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Grants and contributions	\$ 2,690,149	\$ 444,844	\$ 3,134,993	\$ 1,124,335	\$ 1,832,955	\$ 2,957,290
Special events, net of donor benefits	384,466	-	384,466	261,801	-	261,801
Program revenue	32,000	-	32,000	32,000	-	32,000
In-kind contributions	-	-	-	14,614	-	14,614
Net assets released from restrictions	2,329,802	(2,329,802)	-	3,471,659	(3,471,659)	-
Total Support and Revenue	<u>5,436,417</u>	<u>(1,884,958)</u>	<u>3,551,459</u>	<u>4,904,409</u>	<u>(1,638,704)</u>	<u>3,265,705</u>
<b>Expenses</b>						
Program services:						
Lazarex CARE	3,181,479	-	3,181,479	1,509,486	-	1,509,486
IMPACT	1,057,509	-	1,057,509	2,343,297	-	2,343,297
Cancer Wellness Hub	1,348,810	-	1,348,810	733,391	-	733,391
Lazarex PATH	1,547	-	1,547	914	-	914
Total Program Services	<u>5,589,345</u>	<u>-</u>	<u>5,589,345</u>	<u>4,587,088</u>	<u>-</u>	<u>4,587,088</u>
Supporting services:						
Management and general	308,792	-	308,792	211,895	-	211,895
Fundraising	331,900	-	331,900	206,613	-	206,613
Total Supporting Services	<u>640,692</u>	<u>-</u>	<u>640,692</u>	<u>418,508</u>	<u>-</u>	<u>418,508</u>
Total Expenses	<u>6,230,037</u>	<u>-</u>	<u>6,230,037</u>	<u>5,005,596</u>	<u>-</u>	<u>5,005,596</u>
<b>Nonoperating Revenue</b>						
Investment income, net	150,933	-	150,933	33,884	-	33,884
Other income	34,881	-	34,881	26,444	-	26,444
Loss on sale of fixed assets	(817)	-	(817)	-	-	-
Total Nonoperating Revenue	<u>184,997</u>	<u>-</u>	<u>184,997</u>	<u>60,328</u>	<u>-</u>	<u>60,328</u>
<b>Change in net assets</b>	(608,623)	(1,884,958)	(2,493,581)	(40,859)	(1,638,704)	(1,679,563)
Net assets, beginning of year	<u>675,577</u>	<u>4,393,658</u>	<u>5,069,235</u>	<u>716,436</u>	<u>6,032,362</u>	<u>6,748,798</u>
<b>Net assets, end of year</b>	<u>\$ 66,954</u>	<u>\$ 2,508,700</u>	<u>\$ 2,575,654</u>	<u>\$ 675,577</u>	<u>\$ 4,393,658</u>	<u>\$ 5,069,235</u>

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

**Lazarex Cancer Foundation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Program Services					Supporting Services		
	Lazarex CARE	IMPACT	Cancer Wellness Hub	Lazarex PATH	Total Program Services	Management and General	Fundraising	Total
<b>Salaries and Related Expenses</b>								
Salaries and wages	\$ 220,410	\$ 157,518	\$ 393,791	\$ -	\$ 771,719	\$ 110,245	\$ 220,491	\$ 1,102,455
Payroll taxes	30,437	8,787	23,756	-	62,980	8,907	18,084	89,971
Employee benefits	19,498	21,353	34,570	-	75,421	8,271	16,708	100,400
Total Salaries and Related Expenses	270,345	187,658	452,117	-	910,120	127,423	255,283	1,292,826
<b>Other Expenses</b>								
Bank and merchant fees	-	-	-	-	-	1,706	3,334	5,040
Cost of direct benefits to donors	-	-	-	-	-	-	151,091	151,091
Depreciation and amortization	5,534	-	-	-	5,534	791	286	6,611
Dues and subscriptions	-	-	-	-	-	15,426	15,426	30,852
Equipment rental	993	-	-	-	993	142	284	1,419
Information technology	32,740	13,261	13,794	-	59,795	4,249	9,292	73,336
Institutional partnerships	-	349,075	756,904	-	1,105,979	-	-	1,105,979
Insurance	-	-	-	-	-	2,350	-	2,350
Marketing and promotion	18,669	4,668	44,955	-	68,292	-	20,072	88,364
Office expense	6,173	60	1,877	-	8,110	863	1,740	10,713
Patient reimbursements	2,833,635	475,685	-	1,547	3,310,867	-	-	3,310,867
Postage and delivery	2,163	586	-	-	2,749	287	3,666	6,702
Printing and publications	-	-	15,125	-	15,125	-	-	15,125
Professional fees	243	7,629	15,000	-	22,872	121,699	-	144,571
Rent expense	-	12,150	41,983	-	54,133	32,287	19,310	105,730
Telephone and internet	8,655	2,854	-	-	11,509	1,236	2,473	15,218
Travel	2,329	3,883	7,055	-	13,267	333	734	14,334
Total Other Expenses	2,911,134	869,851	896,693	1,547	4,679,225	181,369	227,708	5,088,302
Total Expenses	3,181,479	1,057,509	1,348,810	1,547	5,589,345	308,792	482,991	6,381,128
<b>Less expenses included with revenues on the statements of activities</b>								
Cost of direct benefits to donors	-	-	-	-	-	-	(151,091)	(151,091)
Total	<u>\$ 3,181,479</u>	<u>\$ 1,057,509</u>	<u>\$ 1,348,810</u>	<u>\$ 1,547</u>	<u>\$ 5,589,345</u>	<u>\$ 308,792</u>	<u>\$ 331,900</u>	<u>\$ 6,230,037</u>

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

**Lazarex Cancer Foundation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services					Supporting Services		
	Lazarex CARE	IMPACT	Cancer Wellness Hub	Lazarex PATH	Total Program Services	Management and General	Fundraising	Total
<b>Salaries and Related Expenses</b>								
Salaries and wages	\$ 192,430	\$ 241,522	\$ 204,369	\$ -	\$ 638,321	\$ 68,318	\$ 138,632	\$ 845,270
Payroll taxes	16,711	20,974	17,748	-	55,432	5,933	12,039	73,404
Employee benefits	12,253	15,379	13,014	-	40,646	4,350	8,828	53,824
Total Salaries and Related Expenses	221,394	277,875	235,130	-	734,399	78,601	159,498	972,498
<b>Other Expenses</b>	430,172							
Bank and merchant fees	-	-	-	-	-	901	4,083	4,984
Community education events	375	1,137	526	-	2,038	-	-	2,038
Cost of direct benefits to donors	-	-	-	-	-	-	72,923	72,923
Depreciation and amortization	4,966	-	-	-	4,966	709	1,419	7,094
Dues and subscriptions	-	-	-	-	-	3,296	3,296	6,592
Information technology	19,672	40,572	7,500	-	67,744	1,739	3,477	72,960
Institutional partnerships	-	258,400	430,172	-	688,572	-	-	688,572
Insurance	-	-	-	-	-	839	-	839
Marketing and promotion	4,176	19,589	-	-	23,765	-	4,176	27,941
Office expense	9,571	13,701	2,160	-	25,432	1,367	2,763	29,562
Patient reimbursements	1,221,095	1,585,890	-	914	2,807,899	-	-	2,807,899
Postage and delivery	2,622	98	27	-	2,747	374	6,536	9,657
Printing and publications	-	4,954	6,836	-	11,790	-	1,932	13,722
Professional fees	22,061	80,344	34,052	-	136,457	111,136	6,296	253,889
Rent expense	-	42,216	14,663	-	56,879	12,425	12,122	81,426
Telephone and internet	3,554	11,848	749	-	16,151	508	1,015	17,674
Travel	-	6,673	1,576	-	8,249	-	-	8,249
Total Other Expenses	1,288,092	2,065,422	498,261	914	3,852,689	133,294	120,038	4,106,021
Total Expenses	1,509,486	2,343,297	733,391	914	4,587,088	211,895	279,536	5,078,519
<b>Less expenses included with revenues on the statements of activities</b>								
Cost of direct benefits to donors	-	-	-	-	-	-	(72,923)	(72,923)
Total	<u>\$ 1,509,486</u>	<u>\$ 2,343,297</u>	<u>\$ 733,391</u>	<u>\$ 914</u>	<u>\$ 4,587,088</u>	<u>\$ 211,895</u>	<u>\$ 206,613</u>	<u>\$ 5,005,596</u>

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

**Lazarex Cancer Foundation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (2,493,581)	\$ (1,679,563)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	6,611	7,094
Amortization of operating lease right-of-use asset	82,855	6,454
Net realized and unrealized (gain) loss on investments	(1,641)	(19,405)
Loss on sale of property and equipment	817	-
(Increase) decrease in operating assets:		
Grants and contributions receivable	(11,773)	(140,321)
Prepaid expenses	270	5,189
Deposits	(4,000)	(4,594)
Increase (decrease) in operating liabilities:		
Accounts payable	484	(26,662)
Accrued liabilities	(144,750)	193,230
Refundable advances	(41,547)	34,181
Operating lease liabilities, net	(73,505)	-
Net cash used in operating activities	(2,679,760)	(1,624,397)
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(3,818,517)	(3,462,269)
Proceeds from sales of investments	5,717,901	5,906,000
Proceeds from sales of property and equipment	1,000	-
Net cash provided by investing activities	1,900,384	2,443,731
Net increase (decrease) in cash and cash equivalents	(779,376)	819,334
Cash and cash equivalents, beginning of year	2,757,655	1,938,321
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,978,279</b>	<b>\$ 2,757,655</b>
Cash and cash equivalents consists of:		
Unrestricted cash and cash equivalents	\$ 1,978,279	\$ 2,306,875
Restricted cash and cash equivalents	-	450,780
	\$ 1,978,279	\$ 2,757,655
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION

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.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The statements of financial position are presented in order of liquidity.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization classifies revenue, other support, and expenses into two net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment.
- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash and Cash Equivalents

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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,978,279	\$ 2,306,875
Restricted cash	-	450,780
	<u>\$ 1,978,279</u>	<u>\$ 2,757,655</u>

# **Lazarex Cancer Foundation**

## **Notes to Financial Statements**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Grants and Contributions Receivable**

Grants and contributions receivable are unconditional promises received and are recorded when the promise to contribute is made. 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, 2023 and 2022, all amounts are considered fully collectible by the Organization therefore, no allowance for uncollectible grants and contributions receivable is necessary at year-end.

#### **Investments**

Investments are recorded at fair value at quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment. In addition to gains and losses on investment sale transactions, investment income includes dividends and interest and is recognized as revenue in the period in which it is earned. Changes in fair value are recorded as unrealized gains (losses). Investment income amounts are reported as an increase in unrestricted net assets unless otherwise restricted by the donor. Contributions of securities from donors are recorded at fair value at the time the gift is made.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the average cost method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. There were no investments restricted by donors as of December 31, 2023 and 2022.

#### **Fair Value Measurements**

The Organization carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair Value Measurements (continued)

- Level 1 - Quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Examples of such assets are actively traded stocks, bonds, and mutual funds. This Level of data is given priority over Level 2 and 3 data in establishing fair market value.
- Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly. An example of such an asset is an investment that is not traded actively and therefore no quoted price is available, but other similar investments have traded recently, or other data such as interest or yield rates are available that allows for a valuation of the asset. This Level of data is given priority over Level 3 data in establishing a fair market value.
- Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data. In this situation, unobservable data may be used to make the best fair value determination possible.

#### Property and Equipment

Property and equipment used in the operations of the Organization are stated at cost or, if donated, at the fair value at the date of contribution. All donated assets are reported as unrestricted support unless donors' stipulations specify how the assets must be used. The Organization reports expirations of donor restrictions when the acquired assets are placed in service and reclassifies with donor restricted net assets to without donor restricted net assets at that time. Property and equipment with a cost of at least \$2,500 and a useful life of three years or more is capitalized. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Furniture and equipment	5 years
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Normal repairs and maintenance are expensed as incurred, whereas significant charges that increase the fixed asset values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Expenditures for fixed assets that are purchased with government funds are expensed when acquired because the grantor retains title to such assets.

Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by depreciation taken prior to the sale. Gains and losses are recognized in the statements of activities and changes in net assets upon disposal of property and equipment.

# **Lazarex Cancer Foundation**

## **Notes to Financial Statements**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Impairment of Long-lived Assets**

The Organization reviews its investment in long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of December 31, 2023 and 2022, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

#### **Prepaid Expenses**

Prepaid expenses represents amounts paid prior to the respective year end for which the benefit received will occur in subsequent fiscal years.

#### **Deposits**

Deposits are amounts paid on lease agreements that are expected to be refunded at the end of the lease term unless renewed.

#### **Accrued Patient Reimbursements**

Accrued patient reimbursements represent expenses incurred by patients during the year but the patients are not reimbursed for their expenses until the following year. See Note 7.

#### **Compensated Absences**

The Organization's employees earn paid-time-off (PTO) based on the amount of time worked annually. Unused PTO for full-time employees is cumulative from year to year and can be accrued. Employees are also granted sick pay, which is not an earned benefit. No payment of unused sick leave will be made upon termination of employment. See Note 7.

#### **Leases**

The Organization leases office space under an operating lease. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases (continued)

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use the risk-free discount rate of a period comparable with that of the lease term based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. See Note 10.

#### Revenue Recognition

##### Grants and Contributions

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Unconditional promises to give (contributions receivable) are recognized as contributions when received at their estimated fair value. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Amounts received that are restricted for future periods or by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions.

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 as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions. Capital campaign contributions are considered net assets with donor restrictions until the asset is placed into service.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition (continued)

##### Special Event Revenue

Revenue from special events includes sponsorships, ticket sales, and donations. Sponsorship and ticket sales are recognized in the period in which the event occurs.

##### Program Revenue

Program revenue consists of program service fees performed for a medical center that consists of administrative services and support.

##### In-Kind Contributions

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. 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. The value of in-kind donations is based on either donor-stated value, face value or replacement value had the Organization needed to purchase from an outside source. The fair market value is determined through active markets of identical or similar items. For the years ended December 31, 2023 and 2022, there were \$0 and \$14,614 in-kind contributions received, respectively.

##### Contributed Services

Several volunteers have donated significant amounts of time and services to the Organization's program operations and to its fundraising campaigns. Contributed services are recognized by the Organization if the services received (a) create or enhance long-lived 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. The services donated are not reflected in the accompanying financial statements as an expense or as income from donations; such services do not meet the above criteria for recording under U.S. GAAP.

#### Refundable Advances

The Organization records funds received in advance for restricted grants or contributions as refundable advances in the accompanying statement of financial position until the conditions have been substantially met or explicitly waived by the donor. Changes in refundable donor advances result from timing differences between payments received from donors and the satisfaction of the conditions within the grant or contribution agreements.

#### Income Taxes

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

# **Lazarex Cancer Foundation**

## **Notes to Financial Statements**

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Income Taxes (continued)**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Agency. As of December 31, 2023 and 2022, management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

The Organization's returns are subject to potential examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed. Any interest or penalties assessed to the Organization are recorded in other expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

#### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

#### **Functional Allocation of Expenses**

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on a percentage of direct salaries method. The percentage of direct salaries method assigns time spent by employees on each program or support service to obtain overall percentages spent on each organizational activity.

Overhead expenses and supporting departments are allocated based on headcount percentages for each program and supporting department. Depreciation and facility costs are allocated based on square footage of the space used by each department.

#### **Marketing and Promotion**

The Organization expenses marketing and promotion costs as they are incurred. These costs are incurred to promote fundraising events and its programs. Marketing and promotion costs for the years ended December 31, 2023 and 2022, were \$87,162 and \$27,941, respectively.

#### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues, expenses and changes in net assets during the reporting period. While management believes that these estimates are adequate as of December 31, 2023 and 2022, it is possible that actual results could differ from those estimates, and the difference could be material to the financial statements.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 with certain practical expedients available. Lease disclosures for the year ended December 31, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, an initial lease liability of \$193,076 which represents the present value of the remaining operating lease payments discounted using the risk-free rate of 4.00%, and a right-of-use asset of \$193,076.

The standard had a material impact to Organization's statement of financial position as of December 31, 2022, but did not have a material impact on the Organization's statement of activities, nor statement of cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases on the statement of financial position as of December 31, 2022.

At the beginning of the first quarter of 2023, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted ASU 2016-13 utilizing the modified retrospective transition method. The adoption of ASU 2016-13 did not have a material impact on the Organization's financial statements.

#### Reclassifications

Certain amounts in the December 31, 2022 financial statements have been reclassified to conform to the December 31, 2023 presentation. Such reclassifications have no effect on reported change in net assets.

## Lazarex Cancer Foundation Notes to Financial Statements

### NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, comprise the following as of December 31:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,978,279	\$ 2,306,875
Investments	1,336,723	3,234,466
Grants and contributions receivable	198,509	186,727
Financial assets available within one year		
Less: Donor-imposed restrictions		
Restricted by donors for IMPACT program	(1,297,394)	(2,306,204)
Restricted by donors for Cancer Wellness Hub program	(1,144,573)	(1,972,454)
Restricted by donors for CARE program	(46,061)	(115,000)
Restricted by donors for Stand up to Cancer	(20,672)	-
 Total financial assets available for general use	 \$ 1,004,811	 \$ 1,334,410

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

### NOTE 4 – INVESTMENTS

Investments consisted of the following at December 31:

	<b>2023</b>	<b>2022</b>
U.S. Treasury bills	\$ 1,336,723	\$ 2,990,162
Certificates of deposit	-	244,304
	\$ 1,336,723	\$ 3,234,466

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
U.S. Treasury bills	\$ 1,336,723	\$ -	\$ -	\$ 1,336,723
Certificates of deposit	-	-	-	-
	\$ 1,336,723	\$ -	\$ -	\$ 1,336,723

**Lazarex Cancer Foundation**  
**Notes to Financial Statements**

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**NOTE 4 – INVESTMENTS (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
U.S. Treasury bills	\$ 2,990,162	\$ -	\$ -	\$ 2,990,162
Certificates of deposit	-	244,304	-	244,304
	<u>\$ 2,990,162</u>	<u>\$ 244,304</u>	<u>\$ -</u>	<u>\$ 3,234,466</u>

Investment income was comprised of the following for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 149,292	\$ 14,479
Realized gain on investments	-	-
Unrealized gain on investments	1,641	19,405
	<u>\$ 150,933</u>	<u>\$ 33,884</u>

**NOTE 5 – GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 198,509	\$ 186,736
Allowance for doubtful accounts	-	-
	<u>\$ 198,509</u>	<u>\$ 186,736</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 33,863	\$ 53,252
	33,863	53,252
Accumulated depreciation	(23,387)	(34,348)
Property and equipment, net	<u>\$ 10,476</u>	<u>\$ 18,904</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$6,611 and \$7,094, respectively.

## Lazarex Cancer Foundation Notes to Financial Statements

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### NOTE 7 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	<b>2023</b>	<b>2022</b>
Accrued patient reimbursements	\$ 390,545	\$ 533,386
Accrued payroll	49,768	53,292
Accrued vacation	34,468	32,853
	\$ 474,781	\$ 619,531

### NOTE 8 – RETIREMENT PLAN

#### 401(k) Defined Contribution Plan

The Organization offers eligible employees the opportunity for participation in a 401(k) retirement plan (the “Plan”). Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code. At the discretion of management, certain full-time employees may receive an employer contribution. For the years ended December 31, 2023 and 2022, the Organization contributed \$21,151 and \$9,835 to the Plan, respectively.

### NOTE 9 – REFUNDABLE ADVANCES

Refundable advances consisted of the following at December 31:

	<b>2023</b>	<b>2022</b>
PATH program (MorphoSys AG)	\$ 446,380	\$ 447,927
Cancer Wellness Hub program (Amgen)	-	40,000
	\$ 446,380	\$ 487,927

### NOTE 10 – LEASES

#### Operating 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.

For the years ended December 31, 2023 and 2022, the Organization reported lease liabilities in accordance with ASU Topic 842 – Leases. The lease agreement does not include any material residual value guarantees or restrictive covenants.

Future minimum lease payments under non-cancellable leases are as follows for the year ended December 31, 2023:

**Lazarex Cancer Foundation**  
**Notes to Financial Statements**

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**NOTE 10 – LEASES (continued)**

**Operating Leases (continued)**

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 103,396
2025	106,503
2026	109,768
2027	113,114
2028	116,506
Thereafter	<u>170,615</u>
Total minimum lease payments	719,902
Less: imputed interest	<u>(88,457)</u>
Present value of minimum lease payments	631,445
Current portion	<u>(79,572)</u>
Long-term portion	<u>\$ 551,873</u>

Additional information related to leases for the year ended December 31, 2023 is as follows:

	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 109,730	\$ 82,674
Short-term lease cost	\$ -	\$ -
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 109,730	\$ 82,674
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ 745,513
Weighted-average remaining lease term	6.42 years	7.42 years
Weighted-average discount rate	4.00 %	4.00 %

Total expenses for all leases for the years ended December 31, 2023 and 2022 totaled \$105,730 and \$81,426, respectively.

**Lazarex Cancer Foundation**  
**Notes to Financial Statements**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by the donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at December 31:

	<b>2023</b>	<b>2022</b>
Subject to Expenditure for Specified Purpose:		
IMPACT program	\$ 1,297,394	\$ 2,306,204
Cancer Wellness Hub program	1,144,573	1,972,454
CARE program	46,061	115,000
Stand up to Cancer	20,672	-
Total Subject to Expenditure for Specified Purpose	2,508,700	4,393,658
Subject to Passage of Time:		
Long-term pledges	-	-
Total Subject to Passage of Time	-	-
 Total Net Assets With Donor Restrictions	 \$ 2,508,700	 \$ 4,393,658

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	<b>2023</b>	<b>2022</b>
Purpose Restrictions Accomplished:		
IMPACT program	\$ 1,008,810	\$ 3,174,640
Cancer Wellness Hub program	1,152,053	280,696
CARE program	168,939	16,323
Total Purpose Restrictions Accomplished	2,329,802	3,471,659
 Total Net Assets Released From Restrictions	 \$ 2,329,802	 \$ 3,471,659

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Grants and Contracts**

Certain services of the Organization are governed by grants and contracts from agencies and private sources. There can be no assurance that the Organization will be able to obtain future grants as deemed necessary by management, although management believes that there is no current indication that grants and contracts are in jeopardy. The loss of certain current grants, or the inability to obtain future grants, could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties.

# Lazarex Cancer Foundation

## Notes to Financial Statements

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### NOTE 13 – RELATED PARTIES

As of December 31, 2023 and 2022, the Organization’s board members, management and employees contributed cash in support of the Organization’s mission totaling approximately \$2,150,534 and \$752,176, respectively.

### NOTE 14 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, the Organization recognized in-kind contributions within the statement of activities as follows:

	<b>2023</b>	<b>2022</b>
Airline vouchers	\$ -	\$ 14,614
	\$ -	\$ 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 15 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents with major financial institutions. At times, such amounts may exceed Federal Depository Insurance Corporation (“FDIC”) limits. FDIC protection is \$250,000 per depositor, per insured bank, for each account ownership category. The Organization has uninsured cash balances for the years ended December 31, 2023 and 2022 of \$1,208,806 and \$841,900, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Organization’s investments have been placed with a major financial services company. At times, such amounts may exceed Securities Investor Protection Corporation (“SIPC”) limits. SIPC protection is up to \$500,000, which includes a \$250,000 limit for cash. SIPC protection insures against missing assets in customer accounts and restoring customer securities and cash when financial service companies are being liquidated. SIPC does not protect companies or individuals that are sold worthless stocks or securities or against any decline in value of stocks or securities. Although the fair value of investments is 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. The Organization has uninsured balances of \$1,436,698 and \$4,351,474 for the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, three donors accounted for 62% and 72% of total support and revenue, respectively. 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.

## **Lazarex Cancer Foundation Notes to Financial Statements**

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### **NOTE 16 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through June 21, 2024, the date which the accompanying financial statements were available to be issued. Management is not aware of any material subsequent events that would require adjustments or disclosures in the financial statements.