



SHARPE
PATELCPA

LUNG CANCER INITIATIVE

FINANCIAL STATEMENTS

December 31, 2020 and 2019

LUNG CANCER INITIATIVE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lung Cancer Initiative
Raleigh, North Carolina

We have audited the accompanying financial statements of Lung Cancer Initiative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lung Cancer Initiative as of December 31, 2020, 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.

Report on Prior Year Information

Other auditors previously audited Lung Cancer Initiative 's 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated June 26, 2020. In our opinion, the prior year information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Prior Period Correction

As discussed in Note 15 to the financial statements, the 2019 financial statements were restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Sharpe Patel PLLC

Raleigh, North Carolina
May 7, 2021

LUNG CANCER INITIATIVE
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		<i>(As Restated)</i>
Current assets:		
Cash and cash equivalents	\$ 488,552	\$ 534,442
Investments	417,364	440,674
Accounts receivable	32,889	22,120
Promises to give	135,852	20,671
Prepaid expenses	14,707	23,796
Total current assets	1,089,364	1,041,703
Property and equipment, net	7,367	1,142
Non-current assets:		
Deposits	3,950	3,950
Total non-current assets	3,950	3,950
Total assets	\$ 1,100,681	\$ 1,046,795
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 7,000	\$ 14,017
Accrued expenses	14,179	18,799
Deferred revenues	2,500	21,540
Total current liabilities	23,679	54,356
Net assets		
With donor restriction	114,312	108,942
Without donor restrictions		
Board designated net assets	644,800	535,522
Undesignated net assets	317,890	347,975
Total net assets	1,077,002	992,439
Total liabilities and net assets	\$ 1,100,681	\$ 1,046,795

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

LUNG CANCER INITIATIVE
Statements of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	2019 <i>(As Restated)</i>
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions and grants	682,261	114,312	\$ 796,573	865,580
Special events	30,001	-	30,001	169,079
In-kind contributions	19,457	-	19,457	10,450
Less: direct benefit to donors	(26,348)	-	(26,348)	(63,772)
Total public support	<u>705,371</u>	<u>114,312</u>	<u>819,683</u>	<u>981,337</u>
Investment income	35,495	-	35,495	50,333
Other revenue	83,529	-	83,529	-
Total revenue	<u>119,024</u>	<u>-</u>	<u>119,024</u>	<u>50,333</u>
Net assets released from restriction	<u>108,942</u>	<u>(108,942)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>933,337</u>	<u>5,370</u>	<u>938,707</u>	<u>1,031,670</u>
EXPENSES:				
Program services	<u>657,845</u>	<u>-</u>	<u>657,845</u>	<u>680,346</u>
Supporting services:				
Management and general	104,945	-	104,945	110,641
Fundraising	91,354	-	91,354	121,077
Total supporting services	<u>196,299</u>	<u>-</u>	<u>196,299</u>	<u>231,718</u>
Total expenses	<u>854,144</u>	<u>-</u>	<u>854,144</u>	<u>912,064</u>
Change in net assets	79,193	5,370	84,563	119,606
Net assets at beginning of year <i>(as previously stated)</i>	<u>798,496</u>	<u>130,482</u>	<u>928,978</u>	<u>872,833</u>
Restatement	<u>85,001</u>	<u>(21,540)</u>	<u>63,461</u>	<u>-</u>
Net assets at beginning of year <i>(as restated)</i>	<u>883,497</u>	<u>108,942</u>	<u>992,439</u>	<u>872,833</u>
Net assets at end of year	<u>\$ 962,690</u>	<u>\$ 114,312</u>	<u>\$ 1,077,002</u>	<u>\$ 992,439</u>

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

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>	<u>2019 Total</u> <i>(As Restated)</i>
	<u>Supporting Lung Cancer Research and Education</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Grants	\$ 287,748	\$ -	\$ -	\$ -	\$ 287,748	303,584
Personnel	255,741	39,825	58,639	98,464	354,205	324,895
Office supplies	23,179	15,285	13,440	28,725	51,904	85,485
Conferences, conventions, and meetings	37,331	884	2,799	3,683	41,014	69,930
Professional fees	84	33,055	84	33,139	33,223	36,504
Information technology	22,343	4,788	8,176	12,964	35,307	31,918
Occupancy	26,359	5,649	5,649	11,298	37,657	25,724
Advertising	478	4,693	789	5,482	5,960	20,601
Travel	2,019	216	1,228	1,444	3,463	10,487
Insurance	1,320	283	283	566	1,886	1,957
Depreciation	1,243	267	267	534	1,777	979
Expenses as reported on the Statement of Activities	<u>657,845</u>	<u>104,945</u>	<u>91,354</u>	<u>196,299</u>	<u>854,144</u>	<u>912,064</u>
Less cost of direct benefits to donors included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>26,348</u>	<u>26,348</u>	<u>26,348</u>	<u>63,772</u>
Total expenses	<u>\$ 657,845</u>	<u>\$ 104,945</u>	<u>\$ 117,702</u>	<u>\$ 222,647</u>	<u>\$ 880,492</u>	<u>\$ 975,836</u>

The accompanying notes are an integral part of these financial statements

LUNG CANCER INITIATIVE
Statements of Cash Flows
For the years ended December 31, 2020 and 2019

	2020	2019
		<i>(As Restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 84,563	\$ 119,606
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,777	979
Debt forgiveness income	(62,600)	-
Net realized and unrealized gain on investments	(34,450)	(46,682)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(10,769)	(22,120)
Promises to give	(115,181)	90,124
Prepaid expenses	9,089	4,484
Deposits	-	(3,950)
Accounts payable	(7,017)	11,218
Accrued expenses	(4,620)	(3,833)
Deferred revenues	(19,040)	21,540
Net cash provided (used) by operating activities	(158,248)	171,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(125,300)	(315,680)
Proceeds from sale of investments	183,060	10,032
Distributions from beneficial interest in assets held by Triangle Community Foundation	-	118,488
Purchases of property and equipment	(8,002)	-
Net cash provided (used) by investing activities	49,758	(187,160)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	62,600	-
Net cash provided (used) by financing activities	62,600	-
Net increase (decrease) in cash and cash equivalents	(45,890)	(15,794)
Cash and cash equivalents, beginning of year	534,442	550,236
Cash and cash equivalents, end of year	\$ 488,552	\$ 534,442

The accompanying notes are an integral part of these financial statements

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

1. NATURE OF THE ORGANIZATION

Nature of the Initiative

Lung Cancer Initiative (Initiative) is dedicated to decreasing deaths due to lung cancer and helping patients live longer and better, through research, awareness, and advocacy. The Initiative's support is provided primarily by contributions from the general public and corporations in North Carolina.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Initiative have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Initiative has adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit Initiatives and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without restrictions” and “net assets with restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Initiative and charges therein, are classified and reported as follows:

Net assets without restrictions – Consists of amounts that are available for use in carrying out the supporting activities of the Initiative and not subject to donor-imposed stipulations. Net assets without restrictions totaled \$962,690 and \$883,497 as of December 31, 2020 and 2019, respectively.

Net assets with restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Initiative and /or the passage of time. Net assets with restrictions totaled \$114,312 and \$108,942 as of December 31, 2020 and 2019, respectively.

Use of Estimates and Assumptions

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

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Initiative considers cash in the bank and all cash held on hand to be cash and cash equivalents with an original maturity date of three months or less.

Investments

Investments consist of marketable debt and equity securities and mutual funds. The Initiative accounts for investments in accordance with GAAP which requires that investments with readily determinable fair values be measured at fair value in the consolidated statements of financial position. Interest, dividends, realized and unrealized gain and loss on investments are recorded in the consolidated statements of activities. Realized gains and losses are determined on a specific identification basis.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected. All promises to give at December 31, 2020 and 2019 are receivable in less than one year.

Property and Equipment

Purchased and donated property and equipment with a cost of \$1,000 or more with a life expectancy of more than one year are capitalized and are stated at cost and estimated fair market value at date of receipt, respectively, and are depreciated on the straight-line basis over the estimated useful lives of the various assets, which range from three to seven years.

Donated Assets and Services

Donated materials, stock, furniture, equipment, and vehicles are recorded at their estimated fair value at date of receipt. Contributed services are recognized at fair value 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 amounts reflected in the accompanying Statement of Activities as contributions, memorials and bequests are offset by like amounts included in expenses.

Various other services are performed for the Initiative by volunteers. The services are significant and form an integral part of the efforts of the Initiative, but these services do not meet the criteria for recognition as contributed services.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants

Contributions and grants received are recorded as support with or without restrictions depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due more than one year in the future are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions that are met in the same period as receipt are reported as support without restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net asset without restrictions and are reported in the consolidated statements of changes in net assets as assets released from restrictions.

Special Events

Revenues from events (for example, ticket sales and registration fees) are considered to be single performance obligations that are satisfied at a point in time and are recognized after the event.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Initiative providing those services.

Program services – Comprise activities that contribute to the Initiative’s mission and consist of supporting lung cancer research and education.

Supporting services – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the Initiative’s financial and budgetary functions. Fundraising expenses are the cost of the Initiative to solicit and obtain contributions and funding.

Advertising Expense

The Initiative uses advertising to promote its programs and fundraising events among the audiences it serves. The cost of advertising is expensed as incurred. The Initiative incurred \$5,960 and \$20,601 in advertising costs for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Initiative is exempt from income taxes under Internal Revenue Code Section 501(c)(3) on its exempt function income and is classified by the IRS as a publicly supported Initiative. The Initiative is not aware of any unrelated business income for the years ended December 31, 2020 and 2019.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Initiative evaluates any uncertain tax positions. Accordingly, the Initiative's policy is to record a liability for any tax position taken that is beneficial to the Initiative, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2020 and 2019.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

3. CONCENTRATION OF CREDIT RISK

The Initiative occasionally maintains deposits in excess of federally insured limits. The Initiative maintains its cash balances in reputable financial institutions in the United States of American and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to \$250,000 at each financial institution. At December 31, 2020 and 2019, the Initiative's cash deposits exceed the FDIC insured limits by approximately \$173,132 and \$304,559, respectively.

4. BENEFICIAL INTEREST IN ASSETS HELD BY TRIANGLE COMMUNITY FOUNDATION

In 2014, the Initiative established the Lung Cancer Initiative Legacy Fund at Triangle Community Foundation (TCF). When the Initiative transfers the funds to TCF, it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in assets held by TCF. TCF acknowledges that by virtue of the governing instrument of TCF, TCF has the authority to modify any restriction or condition on the distribution of assets from the fund if, in the reasonable judgment of TCF, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by TCF. TCF maintains legal ownership of the fund. The Initiative is required to maintain a minimum balance of \$10,000 in the fund, and the remaining balance is available for grantmaking.

During the year ended December 31, 2019, the Initiative closed the account at TCF and established the Lung Cancer Initiative Legacy Fund in its own investment fund.

Composition of and changes in beneficial interest in assets held by TCF were as follows:

	2020	2019
Beginning balance	\$ -	\$ 106,832
Withdrawals	-	(118,488)
Change in value of beneficial interest	-	11,656

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

5. INVESTMENTS

The Initiative's investments consist of the following:

	2020	
	Cost	Fair Market Value
Certificates of deposit	\$ 20,000	\$ 20,056
U.S. Treasury stock	49,883	49,214
Equities	234,839	285,737
Fixed income	61,238	62,357
	<u>\$ 365,960</u>	<u>\$ 417,364</u>

	2019	
	Cost	Fair Market Value
Certificates of deposit	\$ -	\$ -
U.S. Treasury stock	102,540	103,793
Equities	247,836	280,336
Fixed income	56,597	56,545
	<u>\$ 406,973</u>	<u>\$ 440,674</u>

The following outlines the net investment income during the years ended December 31:

	2020	2019
Interest and dividends	\$ 6,958	\$ 14,934
Unrealized gain (loss)	17,838	8,750
Realized gain (loss)	13,128	27,912
Investment fees	(2,429)	(1,263)
Investment income, net	<u>\$ 35,495</u>	<u>\$ 50,333</u>

6. FAIR VALUE MEASUREMENTS

The Initiative values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable.

The three levels of the hierarchy under fair value measurements are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

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Notes to Financial Statements
December 31, 2020 and 2019

6. FAIR VALUE MEASUREMENTS (Continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used.

Unobservable inputs reflect the Initiative's own assumptions and would be based on the best information available.

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. Interest income, including unrealized appreciation/depreciation earned on investments, is recognized as revenue without restrictions unless specifically restricted for use by the donor.

The following tables set forth by level, within the fair value hierarchy, the Initiative's investments at fair value on a recurring basis, as of December 31, 2020 and 2019:

December 31, 2020	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 20,056	\$ -	\$ 20,056
U.S. Treasury stock	-	49,214	-	49,214
Equities	285,737	-	-	285,737
Fixed income	-	62,357	-	62,357
	<u>\$ 285,737</u>	<u>\$ 131,627</u>	<u>\$ -</u>	<u>\$ 417,364</u>

December 31, 2019	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ -	\$ -	\$ -
U.S. Treasury stock	-	103,793	-	103,793
Equities	280,336	-	-	280,336
Fixed income	-	56,545	-	56,545
	<u>\$ 280,336</u>	<u>\$ 160,338</u>	<u>\$ -</u>	<u>\$ 440,674</u>

7. NET ASSETS

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled and are composed of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Events	\$ 2,500	\$ 30,400
Walk/runs	5,000	6,821
Education	36,812	61,721
Survivor program	22,500	-
Gas card program	-	10,000
Corporate	25,000	-
Patient support	22,500	-
	<u>\$ 114,312</u>	<u>\$ 108,942</u>

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

7. NET ASSETS (Continued)

The Initiative’s board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Liquidity reserve	\$ 102,716	\$ 101,879
Legacy fund	379,584	348,643
Research grant commitments	162,500	85,000
	<u>\$ 644,800</u>	<u>\$ 535,522</u>

During the years ended December 31, 2020 and 2019, net assets released from restrictions totaled \$108,942, and \$93,649, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

8. LEASE COMMITMENTS

The Initiative rented office space in Raleigh, North Carolina under an operating lease agreement that required monthly payments of \$2,050 and expired on January 31, 2020. The Initiative entered into an operating lease agreement for new office space in January 2020 that requires monthly payments of \$3,950 and expires on May 31, 2027. Rent expense for the years ended December 31, 2020 and 2019 was \$37,657 and \$25,724, respectively.

Future minimum lease payments for the years ending December 31 are:

2021	\$ 40,482
2022	49,793
2023	51,038
2024	52,314
2025	53,622
Thereafter	111,299
	<u>\$ 358,548</u>

9. PAYCHECK PROTECTION PROGRAM

In 2020, the Initiative was granted and received a \$62,600 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Initiative initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

The Initiative initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Initiative recognized \$62,600 of loan forgiveness income for the year ended December 31, 2020.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

10. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% Of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Eligible employers can get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. Also, if the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the IRS.

For each employee, wages (including certain health plan costs) up to \$10,000 can be counted to determine the amount of the 50% credit. Employers, including tax-exempt Initiatives, are eligible for the credit if they operate a trade or business during calendar year 2020 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel or group meetings due to COVID-19, or a significant decline in gross receipts.

The Initiative recorded a receivable and reimbursement income for the employee retention credit for their quarter two and four payroll tax periods totaling \$20,929 for the year ended December 31, 2020.

11. CONTINGENCIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Initiative is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Initiative 's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Initiative 's donors, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Initiative 's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

12. LIQUIDITY AND AVAILABILITY OF FUNDS

As part of the Initiative's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Initiative invests cash in excess of daily requirements in an investment account.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2020 and 2019

12. LIQUIDITY AND AVAILABILITY OF FUNDS (Continued)

	2020	2019
Cash	\$ 488,552	\$ 534,442
Investments	417,364	440,674
Accounts receivable	32,889	22,120
Promises to give	135,852	20,671
Less: accounts payable	(7,000)	(14,017)
Less: accrued expenses	(14,179)	(18,799)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	\$ 1,053,478	\$ 985,091

At December 31, 2020 and 2019, all net assets without restrictions are available to meet cash needs for general expenditures of the Initiative with one year. Excess funds are available in the Initiative's investment account consisting of certificates of deposit and equities, if needed. Early redemption of the certificates of deposit may result in the Initiative incurring nominal monetary penalties.

13. COMMITMENTS

As of the years ended December 31, 2020 and 2019, the Initiative had multiple grant agreements for research that are committed to be paid on January 1, 2021, and 2020, respectively. The amounts committed at year end are \$162,500 and \$85,000, respectively as of December 31, 2020 and 2019.

14. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 7, 2021, which is the date the financial statements were available to be issued.

The payroll company for the Initiative amended the first quarter 941 for 2021 for the employee retention credit and anticipates a refund of \$33,911.

On April 30, 2021, the Initiative received notification that they were granted by the Small Business Association the second round for the payroll protection program loan. The Initiative received \$66,965 under the CARES act which was implemented as a result of the COVID-19 pandemic. If the Initiative spends the loan proceeds as dictated by the CARES Act, it is eligible to apply for loan forgiveness 24 weeks after the initial loan date.

15. PRIOR PERIOD CORRECTION

The Initiative discovered during the current year that the 2019 financial statements required two corrections to the previously stated financial statements. The first adjustment resulted in a decrease in grants payable and an increase in net assets without donor restrictions of \$85,000. The second adjustment resulted in an increase in deferred revenues and decrease in net assets with donor restrictions in the amount of \$21,540.