



SHARPE
PATELCPA

LUNG CANCER INITIATIVE

FINANCIAL STATEMENTS

December 31, 2023

(With Comparative Totals for December 31, 2022)

LUNG CANCER INITIATIVE
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Lung Cancer Initiative (a nonprofit organization), which comprises the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lung Cancer Initiative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lung Cancer Initiative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lung Cancer Initiative 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lung Cancer Initiative '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 Lung Cancer Initiative 's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sharpe Patel PLLC

Raleigh, North Carolina
May 7, 2024

LUNG CANCER INITIATIVE
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 304,862	\$ 619,252
Investments	559,213	492,383
Accounts receivable	-	42,757
Promises to give	168,252	-
Prepaid expenses	117,315	57,031
Total current assets	1,149,642	1,211,423
Property and equipment, net	1,984	3,350
Non-current assets:		
Right to use asset, net	191,723	233,934
Other assets	3,950	3,950
Total non-current assets	195,673	237,884
Total assets	\$ 1,347,299	\$ 1,452,657
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 14,698	\$ 41,098
Accrued expenses	17,843	15,693
Deferred revenues	37,941	450
Current portion of lease liability	43,621	51,038
Total current liabilities	114,103	108,279
Long-term lease liability	153,293	186,114
Total liabilities	267,396	294,393
Net assets		
With donor restriction	22,332	-
Without donor restrictions:		
Board designated net assets	816,497	799,743
Undesignated net assets	241,074	358,521
Total net assets	1,079,903	1,158,264
Total liabilities and net assets	\$ 1,347,299	\$ 1,452,657

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

LUNG CANCER INITIATIVE
Statement of Activities
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions and grants	\$ 999,454	\$ 22,332	\$ 1,021,786	\$ 865,537
Special events	240,693	-	240,693	199,289
In-kind contributions	32,642	-	32,642	29,933
Less: direct benefit to donors	(46,387)	-	(46,387)	(46,815)
Total public support	<u>1,226,402</u>	<u>22,332</u>	<u>1,248,734</u>	<u>1,047,944</u>
Revenue:				
Net investment income	56,540	-	56,540	(40,443)
Other revenue	2,373	-	2,373	84,377
Total revenue	<u>58,913</u>	<u>-</u>	<u>58,913</u>	<u>43,934</u>
Net assets released from restriction	-	-	-	-
Total public support, revenue, and net assets released from restriction	<u>1,285,315</u>	<u>22,332</u>	<u>1,307,647</u>	<u>1,091,878</u>
EXPENSES				
Program services	<u>1,072,886</u>	<u>-</u>	<u>1,072,886</u>	<u>907,533</u>
Supporting services:				
Management and general	141,944	-	141,944	126,199
Fundraising	171,178	-	171,178	172,244
Total supporting services	<u>313,122</u>	<u>-</u>	<u>313,122</u>	<u>298,443</u>
Total expenses	<u>1,386,008</u>	<u>-</u>	<u>1,386,008</u>	<u>1,205,976</u>
Change in net assets	(100,693)	22,332	(78,361)	(114,098)
Net assets at beginning of year	<u>1,158,264</u>	<u>-</u>	<u>1,158,264</u>	<u>1,272,362</u>
Net assets at end of year	<u>\$ 1,057,571</u>	<u>\$ 22,332</u>	<u>\$ 1,079,903</u>	<u>\$ 1,158,264</u>

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

LUNG CANCER INITIATIVE
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	<u>Program Services</u>		<u>Supporting Services</u>			2022 Total
	Supporting Lung Cancer Research and Education	Management and General	Fundraising	Total Supporting Services	Total Expenses	
Expenses:						
Grants	\$ 469,500	\$ -	\$ -	\$ -	\$ 469,500	\$ 358,600
Personnel	314,526	87,099	82,261	169,360	483,886	412,095
Office supplies	93,126	11,768	20,649	32,417	125,543	152,166
Conferences, conventions, and meetings	73,153	4,762	27,903	32,665	105,818	92,489
Professional fees	18,438	16,332	16,332	32,664	51,102	44,998
Information technology	37,495	8,035	8,035	16,070	53,565	50,870
Occupancy	2,541	545	545	1,090	3,631	3,959
Advertising	12,180	2,304	4,554	6,858	19,038	17,858
Travel	12,050	1,330	1,819	3,149	15,199	13,382
Insurance	680	1,369	680	2,049	2,729	3,034
Lease expense	37,108	7,952	7,952	15,904	53,012	53,011
Depreciation	2,089	448	448	896	2,985	3,514
				-		
Expenses as reported on the Statement of Activities	<u>1,072,886</u>	<u>141,944</u>	<u>171,178</u>	<u>313,122</u>	<u>1,386,008</u>	<u>1,205,976</u>
Less cost of direct benefits to donors included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>46,387</u>	<u>46,387</u>	<u>46,387</u>	<u>46,815</u>
Total expenses	<u><u>\$ 1,072,886</u></u>	<u><u>\$ 141,944</u></u>	<u><u>\$ 217,565</u></u>	<u><u>\$ 359,509</u></u>	<u><u>\$1,432,395</u></u>	<u><u>\$1,252,791</u></u>

The accompanying notes are an integral part of these financial statements

LUNG CANCER INITIATIVE
Statements of Cash Flow
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (78,361)	\$ (114,098)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,985	3,514
Amortization of the right of use asset	42,211	40,268
Debt forgiveness income	-	(66,935)
Net realized and unrealized (gain) loss on investments	(52,727)	42,164
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	42,757	(16,980)
Promises to give	(168,252)	57,500
Prepaid expenses	(60,284)	185,535
Accounts payable	(26,400)	26,859
Accrued expenses	2,150	1,435
Deferred revenues	37,491	450
	<u>(258,430)</u>	<u>159,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(255,374)	(44,927)
Proceeds from sale of investments	241,271	57,878
Right of use assets obtained through leases	-	(274,202)
Purchases of property and equipment	(1,619)	-
	<u>(15,722)</u>	<u>(261,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of principal portion of lease liability	(40,238)	(37,050)
Obligations incurred on operating lease liability	-	274,202
	<u>(40,238)</u>	<u>237,152</u>
Net cash provided (used) by financing activities	<u>(40,238)</u>	<u>237,152</u>
Net increase (decrease) in cash and cash equivalents	(314,390)	135,613
Cash and cash equivalents, beginning of year	<u>619,252</u>	<u>483,639</u>
Cash and cash equivalents, end of year	<u>\$ 304,862</u>	<u>\$ 619,252</u>

The accompanying notes are an integral part of these financial statements

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Initiative

Lung Cancer Initiative (the “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.

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 \$1,057,571 and \$1,158,264 as of December 31, 2023 and 2022, 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 \$22,332 and \$0 as of December 31, 2023 and 2022, respectively.

Prior Year Summarized Comparative Information

The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, such information should be read in conjunction with the Organization’s financial statements as of and for the year ended December 31, 2022, from which the summarized comparative information was derived.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023 and 2022 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.

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.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

1. 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.

Donated Assets and Services (Gifts In-Kind)

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.

The Initiative reports the donations as support without restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Initiative reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

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.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

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.

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, 2023 and 2022.

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, 2023 and 2022.

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 \$19,038 and \$17,858 in advertising costs for the years ended December 31, 2023 and 2022, respectively.

2. 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, 2023 and 2022, the Initiative’s cash deposits exceed the FDIC insured limits by approximately \$8,491 and \$103,696, respectively.

3. RECEIVABLES

The accounts receivable line on the Statement of Financial Position consists of the following:

	2023	2022
Accounts receivable	\$ -	\$ 17,442
Promises to give	168,252	-
Accrued income	-	25,315
	<u>\$ 168,252</u>	<u>\$ 42,757</u>

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

4. INVESTMENTS

The Initiative's investments consist of the following:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 19,460	\$ 18,661
U.S. Treasury bill	14,988	-
Equity securities	378,172	322,066
Mutual funds	98,495	94,001
Fixed income	48,098	57,655
	<u>\$ 559,213</u>	<u>\$ 492,383</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 15,300	\$ 4,818
Unrealized gain (loss)	34,025	(39,142)
Realized gain (loss)	11,849	(576)
Investment fees	(4,634)	(5,543)
Investment income, net	<u>\$ 56,540</u>	<u>\$ (40,443)</u>

5. 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.

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.

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

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, 2023 and 2022:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 19,460	\$ -	\$ 19,460
U.S. Treasury bill	-	14,988	-	14,988
Equity securities	378,172	-	-	378,172
Mutual funds	98,495	-	-	98,495
Fixed income	-	48,098	-	48,098
	<u>\$ 476,667</u>	<u>\$ 82,546</u>	<u>\$ -</u>	<u>\$ 559,213</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 18,661	\$ -	\$ 18,661
U.S. Treasury bill	-	-	-	-
Equity securities	322,066	-	-	322,066
Mutual funds	94,001	-	-	94,001
Fixed income	-	57,655	-	57,655
	<u>\$ 416,067</u>	<u>\$ 76,316</u>	<u>\$ -</u>	<u>\$ 492,383</u>

6. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Screening Project	\$ 7,332	\$ -
Provider Outreach	10,000	-
Advocacy Summit	5,000	-
	<u>\$ 22,332</u>	<u>\$ -</u>

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

	<u>2023</u>	<u>2022</u>
Liquidity reserve	\$ 334,867	\$ 377,520
Legacy fund	481,630	422,223
	<u>\$ 816,497</u>	<u>\$ 799,743</u>

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

6. NET ASSETS (Continued)

During the years ended December 31, 2023 and 2022, net assets released from restrictions totaled \$0, and \$35,960, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

7. LEASE COMMITMENTS

Under ASC 842, if a contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Initiative has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

During the year ended December 31, 2023, the Initiative is a lessee in a noncancelable operating lease agreement for office space. The lease term began in January 2020 and continues for eight years through December 2027. The lease calls for starting monthly payments of \$3,949.50 in the year 2020 with a 2.5% increase each year until expired.

The lease liability is measured at a discount rate of 5.15%, based on the short-term lending rate as of the start of lease. As a result of the lease, the Initiative has recorded a right to use asset with original value of \$274,202 and net book value of \$191,723 as of December 31, 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023 were as follows:

Year Ending	Principal	Interest	Total
2024	\$ 43,621	\$ 8,693	\$ 52,314
2025	47,212	6,410	53,622
2026	51,021	3,942	54,963
2027	55,060	1,276	56,336
	<u>55,060</u>	<u>1,276</u>	<u>56,336</u>
Total	<u>\$ 196,914</u>	<u>\$ 20,321</u>	<u>\$ 217,235</u>

LUNG CANCER INITIATIVE
Notes to Financial Statements
December 31, 2023 and 2022

8. PAYCHECK PROTECTION PROGRAM

On April 27, 2021, the Initiative was granted and received a \$66,965 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 debt and 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 exists. The Initiative received notification that the loan was fully forgiven on August 15, 2022 and recognized \$66,965 of loan forgiveness income during the year ended December 31, 2022.

9. 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:

	2023	2022
Cash	\$ 304,862	\$ 619,252
Investments	559,213	492,383
Accounts receivable	-	42,757
Less: accounts payable	(14,698)	(41,098)
Less: accrued expenses	(17,843)	(15,693)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	<u>\$ 999,786</u>	<u>\$ 1,097,601</u>

At December 31, 2023 and 2022, 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.

10. COMMITMENTS

As of the years ended December 31, 2023 and 2022, the Initiative had multiple grant agreements for research that are committed and owed on January 1, 2024, and 2023, respectively. The amounts committed at year end are \$126,500 and \$167,000, respectively as of December 31, 2023 and 2022.

11. 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, 2024, which is the date the financial statements were available to be issued.