

GO2 Foundation for Lung Cancer

Financial Statements
and Independent Auditors' Report

December 31, 2019

GO2 Foundation for Lung Cancer

Financial Statements
December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GO2 Foundation for Lung Cancer

We have audited the accompanying financial statements of the GO2 Foundation for Lung Cancer (GO2), which comprise the statement of financial position as of December 31, 2019; the related statements of activities, functional expenses, and cash flows for the eight-month period 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.

Auditor's 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 auditor's 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 GO2 as of December 31, 2019, and the changes in its net assets and its cash flows for the eight-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, GO2 adopted Financial Accounting Standards Board Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
February 19, 2021

GO2 Foundation for Lung Cancer

Statement of Financial Position December 31, 2019

Assets

Cash	\$ 1,993,448
Investments	5,023,076
Accounts and interest receivable	41,921
Contributions receivable, net	2,312,844
Prepaid expenses and other assets	234,934
Trademark, net	1,753
Property and equipment, net	<u>129,208</u>

Total assets	<u><u>\$ 9,737,184</u></u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 742,064
Grants payable	146,399
Deferred revenue	2,140
Deferred rent	<u>44,423</u>

Total liabilities	<u>935,026</u>
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Net Assets

Without donor restrictions	1,063,874
With donor restrictions	<u>7,738,284</u>

Total net assets	<u>8,802,158</u>
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Total liabilities and net assets	<u><u>\$ 9,737,184</u></u>
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GO2 Foundation for Lung Cancer

Statement of Activities For the Eight-Month Period Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 760,799	\$ 4,288,930	\$ 5,049,729
Sponsorship	975,450	292,500	1,267,950
Special events	387,352	823,684	1,211,036
Donated goods and services	153,803	-	153,803
Registration fees	68,770	-	68,770
Investment return, net	68,438	-	68,438
Other income	113,151	-	113,151
Released from restrictions	6,024,904	(6,024,904)	-
Total revenue and support	8,552,667	(619,790)	7,932,877
Expenses			
Program services:			
Science and research	1,995,423	-	1,995,423
Patient and support services	1,310,723	-	1,310,723
Screening and care	1,534,025	-	1,534,025
Government affairs and health policy	667,666	-	667,666
Communications and marketing	1,516,091	-	1,516,091
Total program services	7,023,928	-	7,023,928
Supporting services:			
Management and general	459,323	-	459,323
Philanthropy	601,939	-	601,939
Events and community engagement	892,184	-	892,184
Total supporting services	1,953,446	-	1,953,446
Total expenses	8,977,374	-	8,977,374
Change in Net Assets	(424,707)	(619,790)	(1,044,497)
Net Assets, beginning of period	1,488,581	8,358,074	9,846,655
Net Assets, end of period	<u>\$ 1,063,874</u>	<u>\$ 7,738,284</u>	<u>\$ 8,802,158</u>

See accompanying notes.

GO2 Foundation for Lung Cancer

Statement of Functional Expenses
For the Eight-Month Period Ended December 31, 2019

	Program Services						Supporting Services				Total
	Science and Research	Patient and Support Services	Screening and Care	Government Affairs and Health Policy	Communi-cations and Marketing	Total Program Services	Management and General	Philanthropy	Events and Community Engagement	Total Supporting Services	
Salaries, benefits, and taxes	\$ 494,442	\$ 514,394	\$ 576,930	\$ 357,983	\$ 551,653	\$ 2,495,402	\$ 351,006	\$ 360,676	\$ 239,748	\$ 951,430	\$ 3,446,832
Fundraising event expense	7,600	-	-	-	-	7,600	-	-	97,431	97,431	105,031
Direct benefits to donors	-	-	-	-	209,512	209,512	-	-	237,772	237,772	447,284
Grants to others	901,500	264,329	-	-	27,633	1,193,462	-	-	-	-	1,193,462
Professional fees	226,411	73,367	558,290	85,621	346,103	1,289,792	49,359	55,891	82,180	187,430	1,477,222
Rent	91,846	70,468	70,655	31,853	60,511	325,333	18,818	12,258	31,723	62,799	388,132
Facilities expense	7,384	6,205	6,100	2,889	4,976	27,554	935	1,284	2,407	4,626	32,180
Telecommunications	8,546	9,830	6,480	5,378	5,150	35,384	1,661	2,336	4,457	8,454	43,838
Insurance	3,725	2,752	3,076	1,457	3,919	14,929	616	-	5,421	6,037	20,966
Supplies	4,804	4,213	4,305	2,324	4,730	20,376	92	1,371	4,912	6,375	26,751
Printing and postage	2,719	131,260	23,169	2,159	27,203	186,510	2,587	25,226	15,932	43,745	230,255
Equipment rental	2,384	1,762	1,969	7,995	1,606	15,716	594	415	777	1,786	17,502
Bank and credit card fees	24,568	1,157	4,870	1,266	26,484	58,345	4,921	13,479	25,316	43,716	102,061
Dues and subscriptions	4,145	2,020	788	1,582	1,744	10,279	1,530	1,929	336	3,795	14,074
Other office expenses	7,309	2,531	11,173	530	1,114	22,657	5,433	284	281	5,998	28,655
Marketing	38,570	123,925	31,803	12,513	141,350	348,161	1,801	3,427	24,391	29,619	377,780
Travel and events	66,517	68,407	194,822	129,710	67,413	526,869	9,488	30,724	50,697	90,909	617,778
Website and technology	28,969	19,014	20,877	15,175	23,738	107,773	5,652	54,053	9,677	69,382	177,155
In-kind expenses	58,723	335	3,140	-	2,320	64,518	1,501	38,400	49,385	89,286	153,804
Depreciation and amortization	15,111	11,169	12,483	5,913	8,541	53,217	3,285	-	9,198	12,483	65,700
Other fees and licenses	150	3,585	3,095	3,318	391	10,539	44	186	143	373	10,912
Total Expenses	\$ 1,995,423	\$ 1,310,723	\$ 1,534,025	\$ 667,666	\$ 1,516,091	\$ 7,023,928	\$ 459,323	\$ 601,939	\$ 892,184	\$ 1,953,446	\$ 8,977,374

See accompanying notes.

GO2 Foundation for Lung Cancer

Statement of Cash Flows For the Eight-Month Period Ended December 31, 2019

Cash Flows from Operating Activities

Change in net assets	\$ (1,044,497)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization – property and equipment	65,700
Amortization – trademark	1,160
Donated securities	(96,368)
Net realized and unrealized gain on investments	(7,418)
Change in present-value discount on contributions receivable	51,168
Transfer of property and equipment on acquisition	-
Change in operating assets and liabilities:	
Increase in:	
Accounts and interest receivable	23,775
Contributions receivable	460,437
Prepaid expenses and other assets	18,087
Increase (decrease) in:	
Accounts payable and accrued expenses	336,327
Grants payable	(283,899)
Deferred revenue	(19,910)
Deferred rent	(38,839)
Net cash provided by operating activities	<u>(534,277)</u>
Cash Flows from Investing Activities	
Net change in short-term investments	499,018
Purchase of fixed assets	<u>(66,093)</u>
Net cash provided by investing activities	<u>432,925</u>
Net Increase in Cash	(101,352)
Cash, beginning of period	<u>2,094,800</u>
Cash, end of period	<u><u>\$ 1,993,448</u></u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

1. Organization and Nature of Operations

Effective May 1, 2019, the Bonnie J. Addario Cancer Foundation (ALCF) and Lung Cancer Alliance (LCA) completed a transaction pursuant to a merger agreement dated March 20, 2019, to form GO2 Foundation for Lung Cancer (GO2). This merger combined the strengths and financial health of these two national nonprofits to become one organization with locations in Washington, DC and the San Francisco Bay area that will help improve the lives of millions of those touched by lung cancer. GO2 is a nonprofit exempt from federal income taxes under the Internal Revenue Code (IRC) Section 501(c)(3).

Concurrent with the merger, the new Board of Directors was formed. GO2 has accounted for the combination as a merger of not-for-profit entities under Accounting Standards Codification (ASC) 958-805, *Not-for-Profit Entities: Business Combinations*, resulting in a new reporting entity effective May 1, 2019, with no activities before the merger. Therefore, the assets, liabilities, and net assets of ALCF and LCA are included in the accompanying financial statements as of the effective date at their historical basis under the carryover method. The accompanying financial statements of GO2 present the financial position and results of operations of the merged entity as of and subsequent to the effective date.

The supplementary information below is presented only for the purposes of additional analysis and not as a presentation of financial position and results of operations. This information does not reflect all eliminations and reclassifications as required by generally accepted accounting principles and is not necessarily indicative of what the financial position and results of operations would have been for GO2 had the merger occurred on January 1, 2019.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

1. Organization and Nature of Operations (continued)

The major classes of assets, liabilities, and net assets for ALCF and LCA that were consolidated at April 30, 2019 are as follows:

	ALCF	LCA	Total
Assets			
Cash	\$ 633,434	\$ 1,461,366	\$ 2,094,800
Investments	12,737	5,405,571	5,418,308
Accounts and interest receivable	58,806	6,890	65,696
Contributions receivable, net	1,262,258	1,429,691	2,691,949
Sponsorships receivable	132,500	-	132,500
Prepaid expenses and other assets	41,690	211,331	253,021
Trademark, net	-	2,913	2,913
Property and equipment, net	39,782	89,033	128,815
Total assets	<u>\$ 2,181,207</u>	<u>\$ 8,606,795</u>	<u>\$ 10,788,002</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 331,495	\$ 220,641	\$ 552,136
Grants payable	283,899	-	283,899
Deferred revenue	-	22,050	22,050
Deferred rent	-	83,262	83,262
Total liabilities	<u>615,394</u>	<u>325,953</u>	<u>941,347</u>
Net Assets			
Without donor restrictions	(570,550)	2,059,131	1,488,581
With donor restrictions	2,136,363	6,221,711	8,358,074
Total net assets	<u>1,565,813</u>	<u>8,280,842</u>	<u>9,846,655</u>
Total liabilities and net assets	<u>\$ 2,181,207</u>	<u>\$ 8,606,795</u>	<u>\$ 10,788,002</u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

1. Organization and Nature of Operations (continued)

The following table presents supplemental pro forma information for GO2 for the year ended December 31, 2019 as if the merger had occurred on January 1, 2019:

	Total revenue	Change in net assets without donor restrictions	Change in net assets with donor restrictions
GO2	\$ 7,932,877	\$ (424,707)	\$ (619,790)
ALCF	1,179,064	(601,314)	4,813
LCA	3,667,749	(497,219)	2,233,898
Total	\$ 12,779,690	\$ (1,523,240)	\$ 1,618,921

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *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 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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are included in net investment return in the accompanying statement of activities. Money market and short-term investment funds, held as a portion of GO2's investment portfolio, are classified as investments and are not considered to be cash equivalents for purposes of cash flows.

Certificates of deposit with original maturities greater than three months, held as a portion of GO2's investment portfolio, are classified as investments, but are not subject to the provisions of fair value measurements. At December 31, 2019, GO2 did not have any certificates of deposit.

Accounts and Interest Receivable

Accounts and interest receivable consist of program fees related to GO2's advisory and consulting services, and are recorded at net realizable value. It is GO2's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance for uncollectible accounts has been established at December 31, 2019, as all amounts are deemed fully collectible.

Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded at net realizable value. Contributions due in more than one year are discounted to present value based on management's estimate of the risk adjusted rate of return. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. Management believes that all contributions receivable are collectible at December 31, 2019, and accordingly, no allowance for uncollectible accounts has been established.

Trademark

Consistent with accounting principles generally accepted in the United States of America, costs associated with the registration filings of the name of GO2 are being amortized on a straight-line basis over a 15-year period.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment with a cost in excess of \$1,500 and a useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to ten years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

GO2 recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. GO2 reports them as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of GO2's programs or to a future year. 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 to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Sponsorships that are nonreciprocal are recognized as contributions, which are recognized when a contribution becomes unconditional. Typically, sponsorship agreements contain a right of return or right of release from obligation should the sponsored event not take place. As such, GO2 recognizes revenue for these conditional contributions when the related event is conducted.

GO2 holds special events throughout the year as fundraising events. The gross revenues and expenses, including direct benefit to donors, from these events are presented in the statement of activities, and revenues are recognized when donations are received. Special events revenue consists of donations collected during special events and also registration for events that are recognized at the time the event takes place.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Registrations for meetings and events are recognized at the time the event takes place, which is when the sole performance obligation is satisfied. Amounts received in advance of the event are included in deferred revenue in the accompanying financial statements.

Donated Goods and Services

GO2 receives donated goods and services that benefit both program and supporting services. Contributions of services are recognized when they create or enhance nonfinancial assets, or require specialized skills, are provided by qualified individuals, and would typically be purchased if not donated. Donated goods and services are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used. There were no donated goods and services for the eight-month period ended December 31, 2019.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. GO2 has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

In preparing these financial statements, GO2 has evaluated events and transactions for potential recognition or disclosure through February 19, 2021, the date the financial statements were available to be issued. GO2 did not have any material recognizable subsequent events during the period.

Subsequent to year end, GO2 applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which GO2 qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Subsequent Events (continued)

The loan was granted to GO2 on May 5, 2020 in the amount of \$909,457 and it is management's intention to use the entire loan amount for qualifying expenses in order to apply for full forgiveness. Once the loan is, in part or wholly, forgiven and legal release is received, GO2 will reduce the liability by the amount forgiven and record a gain on extinguishment in the statement of activities, which is expected to occur in fiscal year 2021. If GO2 is not approved for full forgiveness by the SBA, the loan would bear interest at a fixed rate of 1.00%, which is payable monthly commencing on November 5, 2020 and maturing on May 5, 2022.

3. Liquidity and Availability

GO2 maintained liquid financial assets to be able to fulfill its general expenditures, liabilities, and other obligations as of December 31, 2019. As part of its liquidity management, GO2 invests cash in excess of daily requirements in various short-term investments including certificates of deposit and short-term instruments.

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 the following at December 31, 2019:

Cash	\$ 1,993,448
Investments	5,023,076
Accounts and interest receivable	41,921
Contributions receivable due in less than one year	<u>920,484</u>
Total financial assets	7,978,929
Less: restricted by donors with purpose restrictions	<u>(7,738,284)</u>
Total available for general expenditures	<u><u>\$ 240,645</u></u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject GO2 to significant concentrations of credit risk consist of cash and investments. GO2 maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). GO2 has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue and Receivable Risk

For the eight-month period ended December 31, 2019, approximately 28% of total revenue and support was provided by two contributors. Any significant reduction in revenue and support from these contributors may impact GO2's financial position and operations. GO2 was owed \$1,534,157 by two contributors, which accounted for 66% of contributions receivable at December 31, 2019.

5. Investments and Fair Value Measurements

GO2 follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. GO2 recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

5. Investments and Fair Value Measurements (continued)

In general, and where applicable, GO2 uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. The following is a summary of the input levels used to determine fair value at December 31, 2019:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money market funds	\$ 2,276,139	\$ -	\$ -	\$ -	\$ 2,276,139
Short-term investment funds:					
Government institutional	-	944,284	-	-	944,284
Treasury institutional	-	1,789,057	-	-	1,789,057
Private equity funds	-	-	-	13,596	13,596
Total investments	\$ 2,276,139	\$ 2,733,341	\$ -	\$ 13,596	\$ 5,023,076

Money market accounts consist primarily of domestic commercial paper and other cash management accounts. Money market accounts seek to maintain stable net asset values (NAV) of \$1.

Short-term investment funds are valued at their NAV at the end of each business day and are categorized in Level 2 of the fair value hierarchy.

Net investment return consists of the following for the eight-month period ended December 31, 2019:

Interest and dividends	\$ 61,020
Unrealized gain	7,418
Investment return, net	<u>\$ 68,438</u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements December 31, 2019

6. Contributions Receivable

Contributions receivable are due as follows at December 31, 2019:

Due in less than one year	\$ 920,484
Due in one to five years	<u>1,444,157</u>
Total contributions receivable	2,364,641
Less: discount to net present value at 3.25%	<u>(51,797)</u>
Contributions receivable, net	<u><u>\$ 2,312,844</u></u>

7. Intangible Asset

Intangible asset consists of the following at December 31, 2019:

Trademark	\$ 26,165
Less: accumulated amortization	<u>(24,412)</u>
Trademark, net	<u><u>\$ 1,753</u></u>

8. Property and Equipment

Property and equipment consists of the following at December 31, 2019:

Website	\$ 223,676
Software	37,482
Furniture and equipment	122,442
Leasehold improvements	<u>9,308</u>
Total property and equipment	392,908
Less: accumulated depreciation and amortization	<u>(263,700)</u>
Property and equipment, net	<u><u>\$ 129,208</u></u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

9. Related Party Transactions

The Addario Lung Cancer Medical Institute (“ALCMI”) is a separate 501(c)3 organization that funds lung cancer research. GO2 provided a grant to ALCMI as part of the merger agreement. GO2 also entered into a shared services agreement with ALCMI. GO2 will be acquiring certain goods and services for ALCMI in order to minimize costs and to otherwise efficiently manage resources, whereas ALCMI will reimburse GO2 appropriately for these goods and services provided by GO2.

GO2 rents two facilities in San Carlos on a month-to-month basis from an entity owned by a Board member. Rent payments for the eight months ended December 31, 2019 totaled \$75,019.

In addition, three family members of a Board member are employed as full-time employees of GO2. During the eight months ended December 31, 2019, these individuals were paid a total of \$221,882.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31, 2019:

Purpose-restricted:	
Excellence in screening and care	\$ 2,826,039
Patient and support services	1,474,351
Science and research	1,761,907
Communication and marketing	51,443
Government affairs and health policy	206,905
Events	169,500
	<hr/>
Total purpose-restricted	6,490,145
Time-restricted	1,248,139
	<hr/>
Total net assets with donor restrictions	\$ 7,738,284

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2019

11. Commitments and Contingencies

Operating Leases

GO2 maintains two operating leases for its offices in Washington, DC and California.

The office sublease in Washington, DC commenced on June 1, 2015 and expires on October 25, 2020. The sublease calls for annual rental increases of 4%, along with certain incentives. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent liability in the accompanying statement of financial position.

The office lease in California commenced on May 2, 2019 and expires on April 30, 2024. The basic rent will be increased by the operating expense increase incurred by the landlord.

There was no rent increase for the eight-month period ended December 31, 2019.

In addition, GO2 leases certain office equipment under a non-cancelable operating lease.

Total rent expense for the eight-month period ended December 31, 2019 was \$410,628.

Future minimum payments under all operating leases are as follows for the years ending December 31:

2020	\$ 519,360
2021	106,545
2022	106,545
2023	106,545
2024	<u>35,515</u>
Total future minimum lease payments	<u>\$ 874,510</u>

Hotel Agreements

GO2 holds meetings and conferences at various hotels throughout the United States. These events are contracted with the hotels in advance. In the event that GO2 cancels its agreements with the hotels, it can be held liable for liquidated damages up to the amount of lost profit less the hotel's mitigation, depending upon the date of cancellation.

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Notes to Financial Statements

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11. Commitments and Contingencies (continued)

Hotel Agreements (continued)

Due to the COVID-19 pandemic, GO2 postponed the conference to the following year. GO2 did not purchase cancellation insurance. However, GO2 was able to negotiate with hotel venues to delay the contracts for another year.

Government Grants

Pass through funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies.

Until such grants are completed, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

12. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All costs incurred directly for a certain function or program are coded directly or split among those activities. The expenses that are allocated include salaries, benefits, taxes, consulting fees, office rent, office expenses, depreciation and amortization, and other expenses, which are allocated on the basis of estimates of time and effort.

13. Retirement Plan

GO2 maintains a 403(b) defined contribution pension plan for all eligible employees. All employees are eligible to participate in the plan upon hire and are eligible for GO2's contributions upon completion of six months of regular full-time service and upon attaining 21 years of age. Employees contribute by payroll deductions on a pre-tax basis up to the amount allowable by federal law. Employee deferrals are immediately 100% vested and may begin at any time. GO2's contributions are discretionary and determined every year. For the eight-month period ended December 31, 2019, GO2 made contributions to the plan of 5% of each participant's compensation, which totaled \$133,438.

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14. Income Taxes

GO2 is exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). No tax expense is recorded in the accompanying financial statements as there was no unrelated business income.

Contributions to GO2 are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated GO2's tax positions and concluded that GO2's financial statements do not include any uncertain tax positions.