

GO2 Foundation for Lung Cancer

Financial Statements
and Independent Auditors' Report

December 31, 2020

GO2 Foundation for Lung Cancer

Financial Statements
December 31, 2020

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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 GO2 Foundation for Lung Cancer (GO2), which comprise the statement of financial position as of December 31, 2020; 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.

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, 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.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
September 16, 2021

GO2 Foundation for Lung Cancer

Statement of Financial Position December 31, 2020

Assets

Cash	\$ 5,098,011
Investments	5,015,294
Accounts and interest receivable	813
Contributions and grants receivable, net	2,682,105
Prepaid expenses and other assets	220,013
Trademark, net	13
Property and equipment, net	<u>44,579</u>

Total assets	<u><u>\$ 13,060,828</u></u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 650,790
Grants payable	62,500
Deferred revenue	<u>9,008</u>

Total liabilities	<u>722,298</u>
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Net Assets

Without donor restrictions	2,163,323
With donor restrictions	<u>10,175,207</u>

Total net assets	<u>12,338,530</u>
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Total liabilities and net assets	<u><u>\$ 13,060,828</u></u>
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GO2 Foundation for Lung Cancer

Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,923,639	\$ 9,624,802	\$ 11,548,441
Sponsorships	-	1,445,424	1,445,424
Special events	775,147	-	775,147
Less: direct benefits to donors	(104,918)	-	(104,918)
Contract revenue	262,359	-	262,359
Donated goods and services	135,863	-	135,863
Registration fees	14,178	-	14,178
Investment income	27,798	-	27,798
Other income	68,583	-	68,583
Released from restrictions	8,633,303	(8,633,303)	-
Total revenue and support	11,735,952	2,436,923	14,172,875
Expenses			
Program services:			
Government affairs and health policy	841,676	-	841,676
Patient and support services	1,210,559	-	1,210,559
Science and research	3,049,266	-	3,049,266
Excellence in screening and care	1,966,905	-	1,966,905
Communications and marketing	1,324,107	-	1,324,107
Total program services	8,392,513	-	8,392,513
Supporting services:			
Management and general	795,856	-	795,856
Philanthropy and development	822,351	-	822,351
Events and community engagement	625,783	-	625,783
Total supporting services	2,243,990	-	2,243,990
Total expenses	10,636,503	-	10,636,503
Change in Net Assets	1,099,449	2,436,923	3,536,372
Net Assets, beginning of year	1,063,874	7,738,284	8,802,158
Net Assets, end of year	\$ 2,163,323	\$ 10,175,207	\$ 12,338,530

See accompanying notes.

GO2 Foundation for Lung Cancer

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services						Supporting Services				Total
	Government Affairs and Health Policy	Patient and Support Services	Science and Research	Excellence in Screening and Care	Communications and Marketing	Total Program Services	Management and General	Philanthropy and Development	Events and Community Engagement	Total Supporting Services	
Salaries, benefits, and taxes	\$ 550,607	\$ 746,810	\$ 1,160,508	\$ 971,545	\$ 702,053	\$ 4,131,523	\$ 632,568	\$ 481,269	\$ 228,087	\$ 1,341,924	\$ 5,473,447
Fundraising event expense	-	-	-	-	29,859	29,859	-	-	75,059	75,059	104,918
Grants – ALCMI	-	-	715,621	-	-	715,621	-	-	-	-	715,621
Grants to others	-	-	567,000	267,079	-	834,079	-	-	-	-	834,079
Professional fees	136,382	98,056	217,720	451,114	235,907	1,139,179	35,153	97,453	142,636	275,242	1,414,421
Facilities	58,675	29,651	157,440	87,850	27,085	360,701	74,408	44,128	70,408	188,944	549,645
Telecommunications	6,665	12,531	15,061	11,302	4,356	49,915	6,890	9,436	9,474	25,800	75,715
Insurance	2,765	1,282	7,091	4,196	1,410	16,744	2,744	2,130	3,021	7,895	24,639
Supplies	1,588	1,349	4,214	2,552	2,390	12,093	2,474	2,660	2,681	7,815	19,908
Postage and shipping	246	8,115	551	3,303	11,468	23,683	870	19,976	16,975	37,821	61,504
Printing and publications	53	153,986	1,345	6,354	3,437	165,175	51	18,712	5,997	24,760	189,935
Equipment rental	1,704	790	4,371	2,587	869	10,321	1,691	1,313	1,862	4,866	15,187
Storage	622	302	1,558	932	329	3,743	1,084	485	678	2,247	5,990
Bank and credit card fees	561	1,140	14,585	5,065	262	21,613	8,832	14,687	39,777	63,296	84,909
Dues and subscriptions	10,583	3,670	7,291	1,198	1,367	24,109	2,492	899	906	4,297	28,406
Contributions	2,500	5,000	-	-	-	7,500	-	-	-	-	7,500
Staff training	182	85	468	277	257	1,269	455	140	199	794	2,063
Literature	99	110	90	30	73	402	27	-	-	27	429
Awards	350	1,440	792	724	333	3,639	278	591	615	1,484	5,123
Marketing	17,146	100,245	34,791	24,534	283,708	460,424	815	10,973	51,380	63,168	523,592
Travel and events	15,135	18,678	11,827	86,834	28,129	160,603	4,209	9,196	12,834	26,239	186,842
Website and technology	18,480	7,077	33,343	19,013	14,821	92,734	10,180	52,266	15,752	78,198	170,932
In-kind expenses	18	11,582	66,094	2,320	898	80,912	-	44,750	10,002	54,752	135,664
Depreciation and amortization	10,717	4,970	27,483	16,265	4,675	64,110	10,635	8,257	12,499	31,391	95,501
Fees and licenses	6,598	3,690	22	1,831	280	12,421	-	3,030	-	3,030	15,451
Total expenses	841,676	1,210,559	3,049,266	1,966,905	1,353,966	8,422,372	795,856	822,351	700,842	2,319,049	10,741,421
Less: direct benefits to donors	-	-	-	-	(29,859)	(29,859)	-	-	(75,059)	(75,059)	(104,918)
Expenses reported on SOA	\$ 841,676	\$ 1,210,559	\$ 3,049,266	\$ 1,966,905	\$ 1,324,107	\$ 8,392,513	\$ 795,856	\$ 822,351	\$ 625,783	\$ 2,243,990	\$ 10,636,503

See accompanying notes.

GO2 Foundation for Lung Cancer

Statement of Cash Flows For the Year Ended December 31, 2020

Cash Flows from Operating Activities

Change in net assets	\$ 3,536,372
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization – property and equipment	93,761
Amortization – trademark	1,740
Donated securities	(109,382)
Net realized and unrealized gain on investments	(2,445)
Change in present-value discount on receivables	(28,546)
Gain on recognition of Paycheck Protection Program loan	(909,457)
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts and interest receivable	41,108
Contributions and grants receivable	(340,715)
Prepaid expenses and other assets	14,921
Increase (decrease) in:	
Accounts payable and accrued expenses	(91,274)
Grants payable	(83,899)
Deferred revenue	6,868
Deferred rent	(44,423)
Net cash provided by operating activities	<u>2,084,629</u>

Cash Flows from Investing Activities

Purchase of investments	(874,391)
Proceeds from maturities of CDs	994,000
Purchases of property and equipment	(9,132)
Net cash provided by investing activities	<u>110,477</u>

Cash Flows from Financing Activity

Proceeds from Paycheck Protection Program loan	909,457
Net cash provided by financing activity	<u>909,457</u>

Net Increase in Cash

3,104,563

Cash, beginning of year

1,993,448

Cash, end of year

\$ 5,098,011

Supplemental Disclosure of Non-Cash Financing Activity

Satisfaction of conditions for Paycheck Protection Program loan forgiveness	<u><u>\$ 909,457</u></u>
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See accompanying notes.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

1. 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, D.C. 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 Internal Revenue Code (IRC) Section 501(c)(3).

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.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in investment income 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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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, 2020, as all amounts are deemed fully collectible.

Contributions and Grants Receivable

Contributions and grants receivable represent unconditional promises to give and are recorded at net realizable value. Contributions and grants 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 and grants receivable are collectible at December 31, 2020, 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.

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.

Grants Payable

Grant expenses are nonreciprocal and are expensed when grants are approved by GO2. Grant expenses recognized but not paid are recognized as grants payable. All grants payable are expected to be paid out within one year and are recorded at net realizable value.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

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.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when GO2 satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration GO2 expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, GO2 combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Specifically, for the various types of contracts, GO2 recognizes revenue as follows:

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.

Contract revenue is evaluated and recognized based on the underlying agreement, usually over the term of the agreement. GO2 recognizes base revenue from contract agreements ratably over the term of the agreements, while additional amounts paid under the agreements are recognized in the year earned.

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 statement of financial position.

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.

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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 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 September 16, 2021, the date the financial statements were available to be issued.

Subsequent to year end, on May 22, 2021, the full amount of the loan under the Paycheck Protection Program (PPP) was forgiven by the Small Business Administration (SBA). See Note 10 for details.

3. Liquidity and Availability

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, 2020:

Cash	\$ 5,098,011
Investments	5,015,294
Accounts and interest receivable	813
Current contributions and grants receivable	<u>2,164,689</u>
Total financial assets	12,278,807
Less: restricted by donors	<u>(10,175,207)</u>
Total available for general expenditures	<u><u>\$ 2,103,600</u></u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

3. Liquidity and Availability (continued)

GO2 maintained liquid financial assets to be able to fulfill its general expenditures, liabilities, and other obligations as of December 31, 2020. As part of its liquidity management, GO2 invests cash in excess of daily requirements in various short-term investments.

4. Concentrations of Risks

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 year ended December 31, 2020, approximately 41% of total revenue and support was provided by three donors. Any significant reduction in revenue and support from these contributors may impact GO2's financial position and operations. GO2 was owed \$2,094,157 by three donors, which accounted for 78% of contributions and grants receivable at December 31, 2020.

5. Investments and Fair Value Measurements

GO2 follows FASB Accounting Standards Codification 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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

5. Investments and Fair Value Measurements (continued)

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 uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain alternative estimates that do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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.

GO2 used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

Cash, money funds, and money market funds consist primarily of domestic commercial paper and other cash management accounts. Money market accounts seek to maintain stable NAVs of \$1.

US treasury bills are valued at their NAV at the end of each business day and are categorized in Level 2 of the fair value hierarchy.

Private equity funds are valued based on NAV as a practical expedient for fair value. Private equity funds are measured at NAV per share (or its equivalent) using the practical expedient, and have not been categorized in the fair value hierarchy.

The fair value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts present in the accompanying statement of financial position.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

5. Investments and Fair Value Measurements (continued)

The following table presents GO2's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money funds	\$ 2,249,315	\$ -	\$ -	\$ -	\$ 2,249,315
Money market funds	1,896,367	-	-	-	1,896,367
US treasury bills	-	853,906	-	-	853,906
Total assets at fair value	4,145,682	853,906	-	-	4,999,588
Private equity funds	-	-	-	15,706	15,706
Total investments	\$ 4,145,682	\$ 853,906	\$ -	\$ 15,706	\$ 5,015,294

The following table summarizes the nature of the GO2's funds based on NAV as a practical expedient and its ability to redeem these funds as of December 31, 2020:

	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private equity funds	\$ 15,706	\$ -	Not eligible	Not eligible

Investment income consists of the following for the year ended December 31, 2020:

Interest and dividends	\$ 25,353
Realized gain	215
Unrealized gain	2,230
Investment income	<u>\$ 27,798</u>

GO2 did not have investment expenses for the year ended December 31, 2020.

GO2 Foundation for Lung Cancer

Notes to Financial Statements December 31, 2020

6. Contributions and Grants Receivable

Contributions and grants receivable are due as follows at December 31, 2020:

Due in less than one year	\$ 2,164,689
Due in one to five years	<u>540,667</u>
Total contributions and grants receivable	2,705,356
Less: discount to net present value at 3%	<u>(23,251)</u>
Contributions and grants receivable, net	<u><u>\$ 2,682,105</u></u>

7. Intangible Asset

Intangible asset consists of the following at December 31, 2020:

Trademark	\$ 26,165
Less: accumulated amortization	<u>(26,152)</u>
Trademark, net	<u><u>\$ 13</u></u>

8. Property and Equipment

Property and equipment consist of the following at December 31, 2020:

Website	\$ 223,676
Software	37,482
Furniture and equipment	<u>115,002</u>
Total property and equipment	376,160
Less: accumulated depreciation and amortization	<u>(331,581)</u>
Property and equipment, net	<u><u>\$ 44,579</u></u>

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2020:

Purpose restricted:	
Excellence in screening and care	\$ 3,057,374
Science and research	3,066,156
Patient and support services	2,745,980
Government affairs and health policy	306,113
Events	76,700
Communication and marketing	<u>38,135</u>
Total purpose restricted	9,290,458
Time restricted	<u>884,749</u>
Total net assets with donor restrictions	<u><u>\$ 10,175,207</u></u>

10. Conditional Grant – Paycheck Protection Program

Under the PPP administered by the SBA, on May 5, 2020, GO2 received \$909,457 (“the PPP Loan”). The PPP Loan is subject to full forgiveness upon use of the funds for payroll and other eligible costs and compliance with certain limitations on payroll and staffing reductions over a 24-week period. As such, GO2 has accounted for this PPP Loan as a conditional grant. Management has determined the conditions have been substantially satisfied as of December 31, 2020, and the related amount was recognized as grant revenue in the accompanying statement of activities for the year ended December 31, 2020. Subsequent to year end, on May 22, 2021, the full amount of this loan was forgiven by the SBA.

11. Commitments and Contingencies

Operating Leases

GO2 maintained an agreement to lease office space in Washington, D.C., which commenced on June 1, 2015 and expired on October 25, 2020. The terms of the lease called for annual rental increases of 4% and included lease incentives in the form of free rent for the first three months.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

11. Commitments and Contingencies (continued)

Operating Leases (continued)

Subsequent to year end, on January 7, 2021, GO2 entered into a new agreement to lease office space in a different location in Washington, D.C. The lease commenced on August 16, 2021 and is set to expire on February 16, 2033. The lease calls for a base monthly rent of \$34,645 and annual rental increases of 2.50%. The terms of the lease include lease incentives in the form of free rent for the first 18 months. In addition, the lease terms provide for a leasehold improvement allowance up to \$803,908 for remodeling and renovation of the office space. Additionally, the lease terms include an early termination option on January 16, 2030.

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.

Total rent expense for the year ended December 31, 2020 was \$505,099.

GO2 also leases certain office equipment under a non-cancelable operating lease.

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

2021	\$ 106,545
2022	106,545
2023	487,647
2024	461,657
2025	436,795
Thereafter	<u>3,423,449</u>
Total future minimum lease payments	<u>\$ 5,022,638</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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements
December 31, 2020

11. Commitments and Contingencies (continued)

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. 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 rented two offices in San Carlos on a month-to-month basis from an entity owned by a Board member. Rent payments for the year ended December 31, 2020 totaled \$103,166. Subsequent to year-end, in May of 2021, GO2 terminated rent on one of the offices.

In addition, three family members of a Board member are employed as full-time employees of GO2. During the year ended December 31, 2020, these individuals were paid a total of \$457,700.

13. 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.

GO2 Foundation for Lung Cancer

Notes to Financial Statements

December 31, 2020

14. Joint Costs

Joint costs were incurred for activities that include programmatic elements (i.e. educating participants and raising awareness), as well as the solicitation of contributions. These costs have been allocated as follows for the year ended December 31, 2020:

	Communications and Marketing	Events and Community Engagement	Total
Joint costs	\$ 706,467	\$ 700,842	\$ 1,407,309
Less: direct benefits to donors	(29,859)	(75,059)	(104,918)
Total expenses included in the expense section of the SOA	\$ 676,608	\$ 625,783	\$ 1,302,391

15. 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 year ended December 31, 2020, GO2 contributed \$213,564 to the plan.

16. 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.