

**The Bonnie J. Addario
A Breath Away From The Cure
Foundation**

Financial Statements &
Independent Auditor's Report
for the Four Months Ended
April 30, 2019

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
The Bonnie J. Addario A Breath Away From The Cure Foundation
San Carlos, California

We have audited the accompanying financial statements of The Bonnie J. Addario A Breath Away From The Cure Foundation (a nonprofit organization), which comprise the statement of financial position as of April 30, 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the four months 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 of 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 an assessment of the risks of the 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.

(continued on next page)

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bonnie J. Addario A Breath Away From The Cure Foundation, as of April 30, 2019, 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.

Emphasis of Matter: Subsequent Event

As discussed in Note 10 to the financial statements, The Bonnie J. Addario A Breath Away From The Cure Foundation has merged with the Lung Cancer Alliance. Effective May 1, 2019, the merged organization began operating as the GO₂ Foundation for Lung Cancer. Our opinion on these financial statements is not modified with respect to this matter.



A Professional Accountancy Corporation
San Francisco, California
January 8, 2021

The Bonnie J. Addario A Breath Away From The Cure Foundation

Statement of Financial Position

April 30, 2019

ASSETS

Current Assets

| | | |
|--------------------------------------------------|----|------------------|
| Cash and cash equivalents | \$ | 633,434 |
| Grants and pledges receivable - current (Note 3) | | 440,501 |
| Other current assets | | 100,495 |
| Total current assets | | <u>1,174,430</u> |

| | | |
|----------------------------------------------|--|---------------|
| Grants & pledges receivable, net | | 954,258 |
| Property and equipment, net (Note 4) | | 39,782 |
| Beneficial interest in assets held by others | | <u>12,737</u> |

| | | |
|--------------|----|-------------------------|
| Total assets | \$ | <u><u>2,181,207</u></u> |
|--------------|----|-------------------------|

LIABILITIES & NET ASSETS

Current Liabilities

| | | |
|-----------------------------|----|----------------|
| Accounts payable | \$ | 195,681 |
| Accrued payroll liabilities | | 135,814 |
| Grants payable | | <u>283,899</u> |

| | | |
|-------------------|--|---------|
| Total liabilities | | 615,394 |
|-------------------|--|---------|

Net Assets

| | | |
|----------------------------------|--|------------------|
| Without donor restrictions | | (570,550) |
| With donor restrictions (Note 5) | | <u>2,136,363</u> |
| Total net assets | | <u>1,565,813</u> |

| | | |
|----------------------------------|----|-------------------------|
| Total liabilities and net assets | \$ | <u><u>2,181,207</u></u> |
|----------------------------------|----|-------------------------|

See accompanying notes to financial statements and independent auditor's report.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Statement of Activities & Changes in Net Assets for the Four Months Ended April 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|----------------------------------|-------------------------------|---------------------|
| Support and Revenue | | | |
| Grants | \$ - | \$ 240,000 | \$ 240,000 |
| Fundraising event contributions | 272,331 | 585 | 272,916 |
| Sponsorships | 9,000 | 451,600 | 460,600 |
| Event revenue | 57,853 | - | 57,853 |
| Less: Direct event expenses | (85,124) | - | (85,124) |
| Memorials | 43,601 | 25 | 43,626 |
| Other contributions | 34,998 | 130,646 | 165,644 |
| Honoraria | 18,150 | - | 18,150 |
| Other income | 5,399 | - | 5,399 |
| Net assets released from restrictions | 818,043 | (818,043) | - |
| Total revenue and support | <u>1,174,251</u> | <u>4,813</u> | <u>1,179,064</u> |
| Expenses | | | |
| Program services expense | | | |
| Research | 284,734 | - | 284,734 |
| Patient services | 805,635 | - | 805,635 |
| Awareness | 278,251 | - | 278,251 |
| Total program expenses | 1,368,620 | - | 1,368,620 |
| Supporting services expense | | | |
| Management and general | 175,366 | - | 175,366 |
| Fundraising / development | 231,579 | - | 231,579 |
| Total supporting services expenses | 406,945 | - | 406,945 |
| Total expenses | <u>1,775,565</u> | <u>-</u> | <u>1,775,565</u> |
| Change in Net Assets | (601,314) | 4,813 | (596,501) |
| Net Assets, Beginning of Period | 30,764 | 2,131,550 | 2,162,314 |
| Net Assets, End of Period | <u>\$ (570,550)</u> | <u>\$ 2,136,363</u> | <u>\$ 1,565,813</u> |

See accompanying notes to financial statements and independent auditor's report.

The Bonnie J. Addario A Breath Away From The Cure Foundation
Statement of Functional Expenses
for the Four Months Ended April 30, 2019

| | Program Services | | | | Management | Fundraising / | Shared | |
|-------------------------------------------------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------|---------------------|
| | Research | Patient Services | Awareness | Total Programs | and General | Development | Costs | Total |
| Grants made | \$ 192,000 | \$ 35,000 | \$ - | \$ 227,000 | \$ - | \$ - | \$ - | \$ 227,000 |
| Salaries | 51,156 | 248,471 | 109,597 | 409,224 | 70,159 | 126,903 | - | 606,286 |
| Payroll taxes | 3,621 | 17,616 | 8,468 | 29,705 | 4,963 | 9,468 | - | 44,136 |
| Employee benefits | 6,367 | 30,810 | 13,243 | 50,420 | 8,747 | 15,728 | - | 74,895 |
| Professional fees - accounting | - | - | - | - | 25,118 | - | - | 25,118 |
| Professional fees - legal | - | 2,588 | - | 2,588 | 23,833 | 3,942 | - | 30,363 |
| Professional fees - fundraising | - | - | - | - | - | - | - | - |
| Other professional fees | - | 216,648 | 46,828 | 263,476 | 17,978 | 13,027 | - | 294,481 |
| Fundraising event expenses - rent | - | - | 6,773 | 6,773 | - | 5,424 | - | 12,197 |
| Fundraising event expenses - food and drink | - | - | 3,823 | 3,823 | - | 2,680 | - | 6,503 |
| Fundraising event expenses - entertainment | - | - | 6,908 | 6,908 | - | 3,203 | - | 10,111 |
| Fundraising event expenses - other | - | - | 42,173 | 42,173 | - | 14,140 | - | 56,313 |
| Advertising & promotion | 2,151 | 7,429 | 32,325 | 41,905 | 9,696 | 3,307 | - | 54,908 |
| Rent | - | 960 | - | 960 | - | - | 22,496 | 23,456 |
| Utilities | - | - | - | - | - | - | 7,226 | 7,226 |
| Repairs & maintenance | - | - | - | - | 901 | - | 29,292 | 30,193 |
| Telecommunications | - | 2,953 | - | 2,953 | - | - | 8,720 | 11,673 |
| Insurance | - | - | - | - | - | - | 983 | 983 |
| Supplies | 214 | 5,788 | 308 | 6,310 | 202 | 103 | 8,964 | 15,579 |
| Postage and delivery | 114 | 1,256 | 2,850 | 4,220 | 215 | 1,399 | 918 | 6,752 |
| Printing | 462 | 141,775 | 858 | 143,095 | 194 | 277 | - | 143,566 |
| Travel | 11,225 | 43,348 | 32,767 | 87,340 | 1,339 | 18,265 | 738 | 107,682 |
| Meetings & conferences | 2,062 | 9,730 | 5,711 | 17,503 | 330 | 1,560 | 3,779 | 23,172 |
| Subscriptions & memberships | 2,500 | 1,143 | 4,413 | 8,056 | 205 | 2,000 | 943 | 11,204 |
| Bank fees | 92 | - | 3,998 | 4,090 | 385 | 20,189 | - | 24,664 |
| Depreciation | - | - | - | - | - | - | 8,044 | 8,044 |
| Other | - | 407 | 499 | 906 | 615 | 2,663 | - | 4,184 |
| Shared cost allocation | 12,770 | 39,713 | 16,386 | 68,869 | 10,486 | 12,748 | (92,103) | - |
| Total expenses by function | 284,734 | 805,635 | 337,928 | 1,428,297 | 175,366 | 257,026 | - | 1,860,689 |
| Less expenses included with revenues on the statement of activities | | | | | | | | |
| Direct expenses of fundraising events | - | - | (59,677) | (59,677) | | (25,447) | - | (85,124) |
| Total expenses included in the expense section on the statement of activities | <u>\$ 284,734</u> | <u>\$ 805,635</u> | <u>\$ 278,251</u> | <u>\$ 1,368,620</u> | <u>\$ 175,366</u> | <u>\$ 231,579</u> | <u>\$ -</u> | <u>\$ 1,775,565</u> |

See accompanying notes to financial statements and independent auditor's report.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Statement of Cash Flows for the Four Months Ended April 30, 2019

| | |
|---------------------------------------------------------------------------------------------------|--------------------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ (596,501) |
| Adjustments to reconcile change in net assets to net cash from (used for) operating activities | |
| Depreciation expense | 8,044 |
| Change in value of beneficial interest | (1,504) |
| Other changes in assets and liabilities | |
| Grants and pledges receivable | 104,216 |
| Prepaid expenses and other assets | (83,452) |
| Accounts payable and accrued expenses | (353,398) |
| Grants payable | <u>(105,422)</u> |
| Net Cash from (used for) Operating Activities | <u>(1,028,017)</u> |
| Net Change in Cash and Cash Equivalents | (1,028,017) |
| Cash and Cash Equivalents, Beginning of Period | <u>1,661,451</u> |
| Cash and Cash Equivalents, End of Period | <u><u>\$ 633,434</u></u> |

See accompanying notes to financial statements and independent auditor's report.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Notes to Financial Statements

April 30, 2019

1. The Foundation

Nature of Activities

The Bonnie J. Addario A Breath Away From The Cure Foundation, d.b.a. The Bonnie J. Addario Lung Cancer Foundation (ALCF or the Foundation), was established in 2006 as a nonprofit organization and has been one of the largest philanthropies (patient-founded, patient-focused, and patient-driven) devoted exclusively to eradicating lung cancer through research, early detection, education, and treatment. The Foundation's goal has been to work with a diverse group of physicians, organizations, industry partners, individuals, patients, survivors, and their families to identify solutions and make timely and meaningful change and turn lung cancer into a chronically managed disease by 2023.

Major programs conducted in 2019 include:

Research – Through funding research grants focused on precision oncology, diagnostics, prognostics, therapeutics, targets, genetics, underlying biology, and translational bench-to-bedside research, we are committed to making a positive impact on patient lives today. Through supporting and investing in lung cancer research initiatives, focused on early detection and screening, target identification and validation, therapeutic discovery and development with a keen focus on ushering in the era of precision or personalized medicine for each lung cancer patient.

Patient Services – Education, support and empowerment are at the center of our patient services. We provide a road map to help guide patients and their families and a support system to anchor them through educational resources: Living Room educational support group, Patient 360 educational handbook, educational video library, Lung Cancer Registry, patient and caregiver advisory board, patient portal on our website, our community hospital Centers of Excellence program, and 1-on-1 patient support and guidance.

Awareness – We are promoting awareness of lung cancer, educating patients, caregivers, physicians, nurses and the general public, and empowering patients through knowledge to be their own advocates. Through public relations efforts, our messaging is both urgent and simple. Patients hold the key to unlocking the mystery of lung cancer and they must have a “seat at the table”. ALCF is working with clinicians and physicians to make lung cancer a chronically managed disease by 2023. Through creative campaigns, social and traditional media, and a patient founder serving as the advocate for patients everywhere, we deliver our message and provide a unifying voice through programs like Jill's Legacy, Don't Guess Test, Don't Quit on Me/Join the Fight, and various speaking engagements.

The Foundation is exempt from income taxes under Internal Revenue Code section 501(c)(3), and section 23701(d) of the California Revenue and Taxation Code, and is governed by a Board of Directors.

Funding

Major funding is received in the form of charitable grants from foundations and businesses, as well as contributions from individuals and families. In addition, a substantial amount of revenue is generated from the Foundation's various special events held throughout the year.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Notes to Financial Statements

April 30, 2019

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.

Net assets with donor restrictions, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue and support are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. All expenses, including those funded by restricted contributions, are reported as decreases in *net assets without donor restrictions*. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in *net assets without donor restrictions* unless they are encumbered by explicit donor stipulation or by law. Expirations of donor-restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Fair Value Measurements

FASB ASC #820 establishes a fair value framework in accordance with generally accepted accounting principles. ASC #820 clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
- Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

Cash and Cash Equivalents

Cash and cash equivalents include deposits held in a bank checking account, as well as money market funds held with an investment firm.

Grants and Pledges Receivable

Grants receivable are reported at the amount management expects to receive from contributors based on formal promises received. Amounts due within one year are stated at face value. Pledges due beyond one year are recorded at fair value on a non-recurring basis (using Level 3 inputs) and discounted using a risk-adjusted rate based on the US Treasury Rates in effect at the inception of the pledge.

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consists of endowment contributions transferred to the Parasol Tahoe Community Foundation (PTCF) for investment purposes. Consistent with the regulations pertaining to such funds, the governing board of PTCF has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in its judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the communities served by the PTCF. This investment is recorded at fair value (using Level 2 inputs) on a recurring basis.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Notes to Financial Statements

April 30, 2019

Property & Equipment

Property and equipment with an initial cost of at least \$1,000 consist of office equipment and the Foundation's website. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to five years.

Functional Expenses

The Foundation presents its expenses by function and natural category. The cost of employee compensation is allocated to programs and supporting services functions according to management's estimate of time and effort. Shared expenses are accumulated in a dedicated cost center and allocated to functions according to each function's proportionate share of direct expenses. Other expenses are charged directly to the appropriate function based on specific identification

Allocation of Joint Costs

The Foundation conducts various athletic and community events that educate the public, raise awareness about lung cancer, and solicit contributions. The costs of these events are allocated among *fundraising* and *awareness* on the statement of functional expenses based on the content of the material provided to attendees.

Income Taxes

As a public charity, the Foundation is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Foundation's activities are directly related to its mission, no provision has been made for income tax expense. The Foundation's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2016 through 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Foundation's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2015 through 2019 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Grants & Pledges Receivable

Current

| | |
|-----------------------------|-----------|
| Amounts due within one year | \$440,500 |
|-----------------------------|-----------|

Non-current

| | |
|----------------------------------|-----------|
| Amounts due in one to five years | 1,064,000 |
| Less: unamortized discount | (109,742) |
| Subtotal – non-current | 954,258 |

| | |
|----------------------------------|-------------|
| Grants & pledges receivable, net | \$1,394,758 |
|----------------------------------|-------------|

4. Property & Equipment

| | |
|--------------------------------|----------|
| Office furniture & equipment | \$84,793 |
| Website | 27,500 |
| Less: accumulated depreciation | (72,511) |
| Property & equipment, net | \$39,782 |

The Bonnie J. Addario A Breath Away From The Cure Foundation

Notes to Financial Statements April 30, 2019

5. Net Assets with Donor Restrictions

The balance of net assets with donor restrictions at April 30, 2019 consists of awards received for the following:

| | |
|------------------------------------------|----------------|
| General support for future periods | \$1,247,258 |
| Patient services | 629,036 |
| Research | 151,069 |
| Awareness program | <u>109,000</u> |
| Total net assets with donor restrictions | \$2,136,363 |

6. Joint Costs

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

| | <u>Awareness</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------------------------------------------------------------|------------------|--------------------|-----------------|
| Joint costs | \$233,545 | \$110,098 | \$343,643 |
| Less: amounts included with revenue on the statement of activities | <u>(58,552)</u> | <u>(22,171)</u> | <u>(80,723)</u> |
| Total expenses included in the expense section of the statement of activities | \$174,993 | \$87,927 | \$262,920 |

7. Related Party Transactions

The Foundation rents two facilities in San Carlos on a month-to-month basis from an entity owned by a board member. Rent payments for the four months ended April 30, 2019 totaled \$22,496.

In addition, three family members of a board member are employed as full-time employees of the Foundation. During the four months ended April 30, 2019, two of these individuals were each paid \$49,833, while the third was paid \$47,000.

8. Contingencies

Satisfaction of Donor Requirements

The Foundation receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor requirements have been met for grants and contributions that have been recognized in net assets without donor restrictions.

Cash Deposits in Excess of Federal Insurance Limits

As of April 30, 2019, the Foundation held \$393,168 in one financial institution. Of this amount, only \$250,000 is insured by the F.D.I.C. However, management believes the risk of loss is minimal. To date, the Foundation has not experienced any such losses.

The Bonnie J. Addario A Breath Away From The Cure Foundation

Notes to Financial Statements April 30, 2019

9. Liquidity & Availability

As of April 30, 2019, Bonnie J. Addario Lung Cancer Foundation (BJALCF) held \$ 1,072,682 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures which consists of the following:

| | |
|--------------------------------------------------------------------------------------------------|------------------|
| Cash and cash equivalents | \$633,434 |
| Grants and pledges receivable | 440,500 |
| Other receivables | 58,806 |
| Less those unavailable for general expenditures within one year due to restrictions by donors | <u>(889,105)</u> |
| Total financial assets available at April 30, 2019 | \$243,635 |

This represents approximately 50 days of general expenditures. BJALCF is substantially supported by restricted grants. Because a donor restriction requires resources to be used specific projects or in a future period, BJALCF must maintain sufficient resources to meet those responsibilities to its donors. As a part of BJALCF's liquidity management, BJALCF structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the recent merger has diversified the Foundation's funding sources and the timing of funds receivable which will reduce the major disparity we previously experienced in regards to the consistent outlay of expenses against revenue that was heavily year end loaded.

10. Subsequent Events

Merger

In the spring of 2019, the governing boards of the Foundation and the Lung Cancer Alliance agreed to a merger of the two organizations, which began operating as GO₂ Foundation for Lung Cancer (GO₂) effective May 1, 2019. The mission of the merged organization is to transform what it means to live with lung cancer and increase the patient survival rate of the world's number one cancer killer annually. GO₂ will maintain its principal offices in the San Francisco Bay Area and Washington, D.C., and ALCF's Founder and Chair will serve as the Chair of the Board of Directors of GO₂.

Preparation of Financial Statements

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through January 8, 2021, the date the financial statements were available to be issued.