

GO2 for Lung Cancer

Financial Statements
and Independent Auditor's Report

December 31, 2022 and 2021

GO2 for Lung Cancer

Financial Statements
December 31, 2022 and 2021

Contents

Independent Auditor's Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-27

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
GO2 for Lung Cancer

Opinion

We have audited the accompanying financial statements of GO2 for Lung Cancer (GO2), which comprise the statements of financial position as of December 31, 2022 and 2021; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GO2 as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GO2 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, GO2 adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) as of January 1, 2022, and ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GO2's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GO2's internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GO2's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
June 20, 2023

GO2 for Lung Cancer

Statements of Financial Position December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 2,670,885	\$ 7,686,148
Investments	12,132,538	5,018,515
Accounts and interest receivable	14,652	83,550
Contributions and grants receivable, net	3,344,536	2,425,711
Prepaid expenses and other assets	262,429	301,415
Property and equipment, net	840,993	898,475
Right-of-use assets – operating leases	3,096,287	-
Total assets	<u>\$ 22,362,320</u>	<u>\$ 16,413,814</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 752,963	\$ 795,936
Grants payable	25,000	-
Deferred revenue	23,837	227,995
Deferred rent and leasehold improvements	-	943,892
Lease liabilities – operating leases	4,368,617	-
Total liabilities	<u>5,170,417</u>	<u>1,967,823</u>
Net Assets		
Without donor restrictions	3,264,471	2,989,964
With donor restrictions	13,927,432	11,456,027
Total net assets	<u>17,191,903</u>	<u>14,445,991</u>
Total liabilities and net assets	<u>\$ 22,362,320</u>	<u>\$ 16,413,814</u>

See accompanying notes.

GO2 for Lung Cancer

Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,662,546	\$ 12,369,128	\$ 14,031,674
Special events	1,017,004	-	1,017,004
Less: direct benefits to donors	(450,245)	-	(450,245)
Contract revenue	289,817	-	289,817
Donated goods and services	216,285	-	216,285
Registration fees	32,274	-	32,274
Fiscal sponsorship dues	68,592	-	68,592
Investment return	127,454	-	127,454
Other income	139,906	-	139,906
Released from restrictions	9,897,723	(9,897,723)	-
Total revenue and support	13,001,356	2,471,405	15,472,761
Expenses			
Program services:			
Government affairs and health policy	1,035,901	-	1,035,901
Patient and support services	1,639,099	-	1,639,099
Science and research	2,351,630	-	2,351,630
Excellence in screening and care	2,405,087	-	2,405,087
Communications and marketing	2,508,482	-	2,508,482
Fiscal sponsorship	154,813	-	154,813
Total program services	10,095,012	-	10,095,012
Supporting services:			
Management and general	832,320	-	832,320
Philanthropy and development	1,166,161	-	1,166,161
Events and community engagement	633,356	-	633,356
Total supporting services	2,631,837	-	2,631,837
Total expenses	12,726,849	-	12,726,849
Change in Net Assets	274,507	2,471,405	2,745,912
Net Assets, beginning of year	2,989,964	11,456,027	14,445,991
Net Assets, end of year	<u>\$ 3,264,471</u>	<u>\$ 13,927,432</u>	<u>\$ 17,191,903</u>

See accompanying notes.

GO2 for Lung Cancer

Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,056,004	\$ 12,002,089	\$ 13,058,093
Special events	744,890	-	744,890
Less: direct benefits to donors	(235,397)	-	(235,397)
Contract revenue	98,740	-	98,740
Donated goods and services	330,687	-	330,687
Registration fees	10,255	-	10,255
Fiscal sponsorship dues	68,027	-	68,027
Investment return	4,604	-	4,604
Other income	19,960	-	19,960
Released from restrictions	10,721,269	(10,721,269)	-
Total revenue and support	12,819,039	1,280,820	14,099,859
Expenses			
Program services:			
Government affairs and health policy	827,519	-	827,519
Patient and support services	1,354,168	-	1,354,168
Science and research	3,762,555	-	3,762,555
Excellence in screening and care	1,670,840	-	1,670,840
Communications and marketing	2,035,031	-	2,035,031
Fiscal sponsorship	95,978	-	95,978
Total program services	9,746,091	-	9,746,091
Supporting services:			
Management and general	720,032	-	720,032
Philanthropy and development	965,881	-	965,881
Events and community engagement	560,394	-	560,394
Total supporting services	2,246,307	-	2,246,307
Total expenses	11,992,398	-	11,992,398
Change in Net Assets	826,641	1,280,820	2,107,461
Net Assets, beginning of year	2,163,323	10,175,207	12,338,530
Net Assets, end of year	<u>\$ 2,989,964</u>	<u>\$ 11,456,027</u>	<u>\$ 14,445,991</u>

See accompanying notes.

GO2 for Lung Cancer

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services							Supporting Services				Total
	Government Affairs and Health Policy	Patient and Support Services	Science and Research	Excellence in Screening and Care	Communi-cations and Marketing	Fiscal Sponsorship	Total Program Services	Management and General	Philanthropy and Development	Events and Community Engagement	Total Supporting Services	
Salaries, benefits, and taxes	\$ 772,714	\$ 922,657	\$ 897,225	\$ 894,032	\$ 882,155	\$ -	\$ 4,368,783	\$ 686,270	\$ 726,686	\$ 354,216	\$ 1,767,172	\$ 6,135,955
Fundraising event expense	-	-	-	-	215,231	-	215,231	-	-	235,014	235,014	450,245
Grants – ALCMI	-	-	600,000	-	-	-	600,000	-	-	-	-	600,000
Grants to others	-	-	366,642	680,000	-	-	1,046,642	-	-	-	-	1,046,642
Professional fees	73,168	213,423	213,253	341,504	415,579	-	1,256,927	24,706	45,210	84,348	154,264	1,411,191
Facilities	58,869	76,248	68,720	68,160	67,186	-	339,183	52,667	55,398	26,992	135,057	474,240
Telecommunications	10,639	21,285	14,773	13,355	15,572	-	75,624	13,547	14,248	6,230	34,025	109,649
Insurance	2,793	3,335	3,243	3,243	4,727	-	17,341	2,500	2,626	2,913	8,039	25,380
Supplies	2,272	1,536	1,968	11,332	3,977	-	21,085	1,329	2,432	2,038	5,799	26,884
Postage and shipping	315	10,149	5,055	2,134	10,091	-	27,744	790	36,479	9,835	47,104	74,848
Printing and publications	640	141,136	1,778	866	12,151	-	156,571	804	8,848	11,323	20,975	177,546
Equipment rental	1,240	1,481	1,440	1,435	1,416	-	7,012	1,110	1,166	568	2,844	9,856
Storage	393	469	456	454	448	-	2,220	352	369	180	901	3,121
Bank and credit card fees	1,290	3,199	1,495	6,657	19,194	-	31,835	1,324	24,410	19,888	45,622	77,457
Dues and subscriptions	15,450	3,275	7,065	12,731	3,719	-	42,240	2,460	6,866	603	9,929	52,169
Contributions	2,500	-	-	-	-	-	2,500	-	394	-	394	2,894
Staff training	-	650	-	-	4,756	-	5,406	-	844	236	1,080	6,486
Literature	96	14	74	13	13	-	210	10	11	5	26	236
Awards	524	1,135	784	5,860	1,363	-	9,666	106	764	1,066	1,936	11,602
Marketing	6,114	134,632	11,741	49,583	675,525	-	877,595	63	60,324	43,902	104,289	981,884
Travel and events	42,886	32,784	34,711	260,097	65,871	-	436,349	13,789	30,952	43,941	88,682	525,031
Website and technology	23,526	30,714	98,695	27,002	127,260	-	307,197	13,730	111,634	13,153	138,517	445,714
In-kind expenses	1,466	15,398	260	4,600	175,721	-	197,445	-	15,700	3,140	18,840	216,285
Depreciation and amortization	16,487	19,686	19,143	19,075	18,822	-	93,213	14,759	15,505	7,558	37,822	131,035
Fees and licenses	366	3,322	609	463	435	-	5,195	76	3,270	187	3,533	8,728
Bad debt expense	2,153	2,571	2,500	2,491	2,501	-	12,216	1,928	2,025	1,034	4,987	17,203
Fiscal sponsorship	-	-	-	-	-	154,813	154,813	-	-	-	-	154,813
Total expenses	1,035,901	1,639,099	2,351,630	2,405,087	2,723,713	154,813	10,310,243	832,320	1,166,161	868,370	2,866,851	13,177,094
Less: direct benefits to donors	-	-	-	-	(215,231)	-	(215,231)	-	-	(235,014)	(235,014)	(450,245)
Expenses reported on SOA	\$ 1,035,901	\$ 1,639,099	\$ 2,351,630	\$ 2,405,087	\$ 2,508,482	\$ 154,813	\$ 10,095,012	\$ 832,320	\$ 1,166,161	\$ 633,356	\$ 2,631,837	\$ 12,726,849

See accompanying notes.

GO2 for Lung Cancer

Statement of Functional Expenses
For the Year Ended December 31, 2021

	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	Fiscal Sponsorship	Total Program Services	Management and General	Philanthropy and Development	Events and Community Engagement	Total Supporting Services	
Salaries, benefits, and taxes	\$ 555,776	\$ 848,873	\$ 703,639	\$ 786,319	\$ 1,037,663	\$ -	\$ 3,932,270	\$ 535,296	\$ 606,812	\$ 176,397	\$ 1,318,505	\$ 5,250,775
Fundraising event expense	-	-	-	-	9,515	-	9,515	-	-	225,882	225,882	235,397
Grants – ALCMI	-	-	803,238	-	-	-	803,238	-	-	-	-	803,238
Grants to others	-	-	1,719,936	15,000	-	-	1,734,936	-	-	-	-	1,734,936
Professional fees	75,892	76,972	253,516	662,240	184,190	-	1,252,810	87,085	81,123	172,488	340,696	1,593,506
Facilities	26,937	51,636	42,772	38,495	26,479	-	186,319	29,700	31,971	35,245	96,916	283,235
Telecommunications	7,022	17,902	14,185	10,225	8,725	-	58,059	10,184	13,345	12,565	36,094	94,153
Insurance	2,192	3,146	3,107	3,440	2,437	-	14,322	2,156	2,366	4,495	9,017	23,339
Supplies	1,657	1,710	1,346	926	975	-	6,614	1,436	2,252	3,611	7,299	13,913
Postage and shipping	3,012	10,648	1,271	210	9,210	-	24,351	449	21,282	6,530	28,261	52,612
Printing and publications	4,046	138,657	1,851	612	5,931	-	151,097	-	14,606	280	14,886	165,983
Equipment rental	506	669	737	1,053	684	-	3,649	455	340	631	1,426	5,075
Storage	1,002	1,441	1,467	1,562	1,086	-	6,558	4,586	948	1,182	6,716	13,274
Bank and credit card fees	108	1,954	1,392	8,813	13,836	-	26,103	10,281	25,300	24,786	60,367	86,470
Dues and subscriptions	10,809	2,427	4,821	599	1,193	-	19,849	7,836	2,427	609	10,872	30,721
Contributions	2,500	-	-	-	-	-	2,500	-	100	-	100	2,600
Staff training	-	40	-	18	1,320	-	1,378	-	149	943	1,092	2,470
Literature	-	82	-	102	-	-	184	55	-	-	55	239
Awards	1,037	6,134	500	193	-	-	7,864	1,845	436	337	2,618	10,482
Marketing	51,722	106,794	41,010	46,755	420,596	-	666,877	-	37,705	51,121	88,826	755,703
Travel and events	23,616	1,760	-	19,963	4,359	-	49,698	-	969	7,175	8,144	57,842
Website and technology	47,464	53,678	117,217	61,421	76,701	-	356,481	20,044	74,935	42,418	137,397	493,878
In-kind expenses	4,150	15,204	38,846	2,410	233,840	-	294,450	-	26,799	9,438	36,237	330,687
Depreciation and amortization	8,071	12,543	11,704	8,484	5,720	-	46,522	8,624	10,827	10,143	29,594	76,116
Fees and licenses	-	1,898	-	2,000	86	-	3,984	-	11,189	-	11,189	15,173
Fiscal sponsorship	-	-	-	-	-	95,978	95,978	-	-	-	-	95,978
Total expenses	827,519	1,354,168	3,762,555	1,670,840	2,044,546	95,978	9,755,606	720,032	965,881	786,276	2,472,189	12,227,795
Less: direct benefits to donors	-	-	-	-	(9,515)	-	(9,515)	-	-	(225,882)	(225,882)	(235,397)
Expenses reported on SOA	\$ 827,519	\$ 1,354,168	\$ 3,762,555	\$ 1,670,840	\$ 2,035,031	\$ 95,978	\$ 9,746,091	\$ 720,032	\$ 965,881	\$ 560,394	\$ 2,246,307	\$ 11,992,398

See accompanying notes.

GO2 for Lung Cancer

Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 2,745,912	\$ 2,107,461
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization – property and equipment	131,035	76,103
Amortization – trademark	-	13
Donated securities	(48,033)	(56,590)
Net realized and unrealized loss (gain) on investments	13,595	(2,276)
Change in present-value discount on receivables	64,175	5,891
Leasehold improvement allowance	-	(803,908)
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts and interest receivable	68,898	(82,737)
Contributions and grants receivable	(983,000)	250,503
Prepaid expenses and other assets	38,986	(81,402)
Right-of-use assets – operating leases	(3,096,287)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(42,973)	145,146
Grants payable	25,000	(62,500)
Deferred revenue	(204,158)	218,987
Deferred rent and leasehold improvements	(943,892)	943,892
Lease liabilities – operating leases	4,368,617	-
Net cash provided by operating activities	<u>2,137,875</u>	<u>2,658,583</u>
Cash Flows from Investing Activities		
Purchase of investments	(10,362,585)	(1,226,355)
Proceeds from maturities of CDs	3,283,000	1,282,000
Purchases of property and equipment	<u>(73,553)</u>	<u>(126,091)</u>
Net cash used in investing activities	<u>(7,153,138)</u>	<u>(70,446)</u>
Net (Decrease) Increase in Cash	(5,015,263)	2,588,137
Cash, beginning of year	<u>7,686,148</u>	<u>5,098,011</u>
Cash, end of year	<u><u>\$ 2,670,885</u></u>	<u><u>\$ 7,686,148</u></u>
Supplementary Disclosure of Non-Cash Financing Activity		
Leasehold improvements acquired with tenant allowance	<u><u>\$ -</u></u>	<u><u>\$ 803,908</u></u>

See accompanying notes.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

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 Section 501(c)(3) of the Internal Revenue Code (IRC). In November 2022, GO2 changed its name to GO2 for Lung Cancer.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

GO2's 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 as a component of investment return in the accompanying statements 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 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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. Trademark was fully amortized at both years ended December 31, 2022 and 2021.

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 10 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.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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.

Operating Leases

GO2 determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets, which represent GO2’s right to use an underlying asset for the lease terms, and lease liabilities represent GO2’s obligation to make lease payments arising from leases. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As GO2’s leases do not provide an implicit rate, GO2 used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. GO2’s lease terms may include an option to extend or terminate the lease when it is reasonably certain that GO2 will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

GO2 recognizes contributions and grants, and sponsorships 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 donor restrictions and reported in the statements 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.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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 statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

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

GO2 holds fundraising events throughout the year. The gross revenues and expenses, including direct benefits to donors, from these events are presented in the statements of activities. Fundraising events revenue includes event registration fees, event sponsorship payments, and donations collected during events. Registration fees are recognized at the time the event takes place and event sponsorships, and event-related donations are recognized when the commitment is made.

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. Amounts received in advance before the expenditures are incurred are reported as deferred revenue in the accompanying statements of financial position.

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 statements of financial position.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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 statements 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 statements of activities. The statements of functional expenses present 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.

Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *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 statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. GO2 adopted ASC 842 during the year ended December 31, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. A modified retrospective transition approach is required for lessees for finance and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements in presentation and disclosure requirements. Nonprofit entities will be required to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial contributions. Nonprofit entities will also be required to disclose various information related to contributed nonfinancial assets. GO2 has implemented ASU 2020-07. There were no changes as a result of the implementation. The implementation had no impact on previously reported net assets.

Reclassification

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, GO2 has evaluated events and transactions for potential recognition or disclosure through June 20, 2023, the date the financial statements were available to be issued.

As discussed in Note 10, the fiscal sponsorship agreement between GO2 and Lung Cancer Action Network (LungCAN) was terminated subsequent to year end on March 16, 2023, and LungCAN began operating as a separate legal entity.

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, 2022 and 2021. As part of its liquidity management, GO2 invests cash in excess of daily requirements in various short-term investments.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

3. Liquidity and Availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2022	2021
Cash	\$ 2,670,885	\$ 7,686,148
Investments	12,132,538	5,018,515
Accounts and interest receivable	14,652	83,550
Contributions and grants receivable, net	3,344,536	2,425,711
Total financial assets	18,162,611	15,213,924
Less: restricted by donors	(13,927,432)	(11,456,027)
Total available for general expenditures	<u>\$ 4,235,179</u>	<u>\$ 3,757,897</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject GO2 to significant concentrations of credit risk consist primarily 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, may 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 years ended December 31, 2022 and 2021, approximately 19% and 31% of total revenue and support was provided by one donor and two donors, respectively. Any significant reduction in revenue and support from these contributors may impact GO2's financial position and operations. GO2 was owed \$1,900,000 and \$1,700,000 by two donors, which accounted for 57% and 70% of contributions and grants receivable at December 31, 2022 and 2021, respectively.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

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 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.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

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 statements of financial position.

The following table presents GO2's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money funds	\$ 4,290,556	\$ -	\$ -	\$ -	\$ 4,290,556
Money market funds	3,933,168	-	-	-	3,933,168
US treasury bills	-	3,895,038	-	-	3,895,038
Total assets at fair value	8,223,724	3,895,038	-	-	12,118,762
Private equity funds	-	-	-	13,776	13,776
Total investments	\$ 8,223,724	\$ 3,895,038	\$ -	\$ 13,776	\$ 12,132,538

The following table presents GO2's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money funds	\$ 2,677,726	\$ -	\$ -	\$ -	\$ 2,677,726
Money market funds	1,896,729	-	-	-	1,896,729
US treasury bills	-	426,992	-	-	426,992
Total assets at fair value	4,574,455	426,992	-	-	5,001,447
Private equity funds	-	-	-	17,068	17,068
Total investments	\$ 4,574,455	\$ 426,992	\$ -	\$ 17,068	\$ 5,018,515

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

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

	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice
<u>2022:</u>				
Private equity funds	\$ 13,776	\$ -	Not eligible	Not eligible
<u>2021:</u>				
Private equity funds	\$ 17,068	\$ -	Not eligible	Not eligible

Investment return consists of the following for the years ended December 31:

	2022	2021
Interest and dividends	\$ 141,049	\$ 2,328
Realized gain	855	1,782
Unrealized (loss) gain	(14,450)	494
Total investment return	<u>\$ 127,454</u>	<u>\$ 4,604</u>

GO2 did not have investment expenses for the years ended December 31, 2022 and 2021.

6. Contributions and Grants Receivable

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

	2022	2021
Due in less than one year	\$ 2,063,853	\$ 1,298,853
Due in one to five years	1,374,000	1,156,000
Total contributions and grants receivable	3,437,853	2,454,853
Less: discount to net present value 3.96% and 3%	(93,317)	(29,142)
Contributions and grants receivable, net	<u>\$ 3,344,536</u>	<u>\$ 2,425,711</u>

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

7. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Website	\$ 367,807	\$ 330,083
Software	37,482	37,482
Furniture and equipment	170,516	134,687
Leasehold improvements	803,907	803,907
Total property and equipment	1,379,712	1,306,159
Less: accumulated depreciation and amortization	(538,719)	(407,684)
Property and equipment, net	<u>\$ 840,993</u>	<u>\$ 898,475</u>

8. Deferred Revenue

Deferred revenue consists of the following at December 31:

	2022	2021
Contract revenue	\$ -	\$ 211,813
Dues	23,837	16,182
Total deferred revenue	<u>\$ 23,837</u>	<u>\$ 227,995</u>

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

9. Net Assets With Donor Restrictions

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

	2022	2021
Purpose restricted:		
Excellence in screening and care	\$ 6,222,540	\$ 4,377,900
Science and research	1,835,025	1,835,243
Patient and support services	3,483,475	3,277,939
Government affairs and health policy	178,158	232,506
Events	-	2,500
Communication and marketing	66,550	24,079
Total purpose restricted	11,785,748	9,750,167
Time restricted	2,141,684	1,705,860
Total net assets with donor restrictions	<u>\$ 13,927,432</u>	<u>\$ 11,456,027</u>

10. Fiscal Sponsorship

GO2 entered into a formal agreement to sponsor LungCAN through the process of obtaining tax exemption under IRC 501(c)(3). LungCAN is a collaborative group of lung cancer advocacy organizations that have come together to raise public awareness about the realities of lung cancer. For the years ended December 31, 2022 and 2021, grants amounting to \$97,500 and \$0, respectively, were received on behalf of LungCAN and have been included as contributions and grants revenue in the accompanying statements of activities.

Total expenses of \$86,719 and \$27,951 that were incurred on behalf of LungCAN have been included in the accompanying statements of activities for the years ended December 31, 2022 and 2021, respectively. As a fiscal sponsor, GO2 receives donations and provides organizational infrastructure and tax-exempt status for the projects for a small administrative fee. Under the term of the agreement, GO2 assesses a 5% administrative fee against all gifts and/or grants received on behalf of LungCAN. For the years ended December 31, 2022 and 2021, GO2 received fiscal sponsor fees from LungCAN in the amount of \$4,875 and \$0, respectively. GO2 held no assets at December 31, 2022 and 2021 for the fiscal sponsorship agreement. Subsequent to year end, LungCAN began operating as a separate legal entity.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

10. Fiscal Sponsorship (continued)

GO2 also has another agreement to sponsor Deadliest Cancers Coalition (DCC) through the process of obtaining tax exemption under IRC 501(c)(3). DCC is a collaboration of national nonprofit organizations focused on addressing policy issues related to the nation's most lethal, or recalcitrant, cancers, defined as those that have five-year relative survival rates below 50%. For the years ended December 31, 2022 and 2021, dues amounting to \$68,592 and \$68,027, respectively, were received on behalf of DCC and have been included as fiscal sponsorship dues revenue in the accompanying statements of activities. Total expenses of \$66,580 and \$68,027 that were incurred on behalf of DCC have been included in the accompanying statements of activities for the years ended December 31, 2022 and 2021, respectively. Under the terms of the agreement, GO2 assesses a 2% administrative fee against all dues received on behalf of DCC. For the years ended December 31, 2022 and 2021, GO2 received fiscal sponsor fees from DCC in the amount of \$1,515 and \$1,504, respectively. GO2 held no assets at December 31, 2022 and 2021 for the fiscal sponsorship agreement.

11. Commitments and Contingencies

Operating Leases

On January 7, 2021, GO2 entered into a new agreement to lease office space 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 difference between rent expense recorded and the required lease payments is reflected as deferred rent and leasehold improvements liability in the accompanying statements of financial position. At December 31, 2021, the deferred rent and leasehold improvements liability was \$943,892.

On April 21, 2019, GO2 entered into a new agreement to lease office space in San Carlos, California. The lease commenced on May 2, 2019 and is set to expire on April 30, 2024. The lease calls for a base monthly rent of \$8,879 and annual rental increases for GO2's proportionate share of any increase in operating expenses incurred by landlord for that year over the operating expenses incurred by landlord in the year of lease commencement.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

11. Commitments and Contingencies (continued)

Operating Leases (continued)

Total rent expense for the years ended December 31, 2022 and 2021 was \$440,984 and \$252,530, respectively, and is included in facilities in the accompanying statements of functional expenses.

On January 1, 2022, GO2 adopted Topic 842 and recorded right-of-use assets and lease liabilities in the accompanying statements of financial position for the year ended December 31, 2022. To determine the present value of the lease payments, a weighted average discount rate was calculated using US Treasury bond rates as of January 1, 2022, with maturities aligned with the lease terms.

GO2 also leases office equipment under various operating leases. Total operating lease costs under these leases totaled \$9,855 and \$10,716 for the years ended December 31, 2022 and 2021, respectively.

Supplemental qualitative information related to the operating leases is as follows as of and for the year ended December 31, 2022:

Operating leases cost	\$	444,739
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	116,301
Right-of-use assets obtained in exchange for lease obligations	\$	3,105,726
Weighted-average remaining lease term (in years)		9.8
Weighted-average discount rate		1.60%

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

11. Commitments and Contingencies (continued)

Operating Leases (continued)

Maturities of the lease liabilities under GO2's operating leases are as follows for the years ending December 31:

2023	\$ 473,996
2024	460,542
2025	435,093
2026	444,729
2027	452,379
Thereafter	<u>2,480,566</u>
Total minimum lease payments	4,747,305
Less: discount to present value at 1.60%	<u>(378,688)</u>
Present value of operating lease liabilities	<u><u>\$ 4,368,617</u></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.

Employment Agreement

GO2 has a signed employment agreement with the President & CEO. The agreement contains terms that require severance payments upon the occurrence of certain contractual events.

12. Related Party Transactions

The Addario Lung Cancer Medical Institute (ALCMI) is a separate 501(c)(3) organization that funds lung cancer research. GO2 entered into a grant agreement with ALCMI as part of the merger in 2019. During 2021, GO2 extended the grant agreement with ALCMI through December 31, 2022. Under the terms of the grant agreement, GO2 provided funding to ALCMI totaling \$600,000 and \$803,238 for the years ended December 31, 2022 and 2021, respectively.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

12. Related Party Transactions (continued)

In addition, GO2 entered into a shared services agreement with ALCMI. Under this agreement, GO2 acquires certain goods and services for ALCMI in order to minimize costs and to otherwise efficiently manage resources, whereas ALCMI reimburses GO2 appropriately for these goods and services provided by GO2. For the years ended December 31, 2022 and 2021, GO2 received reimbursement from ALCMI for the shared services in the amount of \$122,594 and \$107,601, respectively.

GO2 rented two offices in San Carlos, California on a month-to-month basis from an entity owned by a Board member. On April 21, 2019, GO2 entered into a long-term lease for one of these offices, which was set to expire in May 2024 and in May 2021, GO2 terminated the lease on the other office. Rent payments for both years ended December 31, 2022 and 2021 totaled \$112,545.

In addition, several family members of a Board member are employed as full-time employees of GO2. During the years ended December 31, 2022 and 2021, these individuals were paid a total of \$318,264 and \$400,998, respectively.

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 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

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 years ended December 31:

	Communi- cations and Marketing	Events and Community Engagement	Total
<u>2022:</u>			
Joint costs	\$ 2,723,713	\$ 868,370	\$ 3,592,083
Less: direct benefits to donors	(215,231)	(235,014)	(450,245)
Total expenses included in the expense section of the SOA	<u>\$ 2,508,482</u>	<u>\$ 633,356</u>	<u>\$ 3,141,838</u>
<u>2021:</u>			
Joint costs	\$ 2,044,546	\$ 786,276	\$ 2,830,822
Less: direct benefits to donors	(9,515)	(225,882)	(235,397)
Total expenses included in the expense section of the SOA	<u>\$ 2,035,031</u>	<u>\$ 560,394</u>	<u>\$ 2,595,425</u>

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 years ended December 31, 2022 and 2021, GO2 contributed \$214,275 and \$212,019 to the plan, respectively.

GO2 for Lung Cancer

Notes to Financial Statements
December 31, 2022 and 2021

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.