

**COLORECTAL CANCER ALLIANCE, INC.**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**DUNHAM, AUKAMP & RHODES, PLC**  
Certified Public Accountants  
Chantilly, Virginia

## COLORECTAL CANCER ALLIANCE, INC.

### Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7-14

**Dunham, Aukamp & Rhodes, PLC**  
*Certified Public Accountants*

4437 Brookfield Corporate Dr., Suite 205-D  
Chantilly, VA 20151

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Colorectal Cancer Alliance, Inc.

We have audited the accompanying financial statements of Colorectal Cancer Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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**

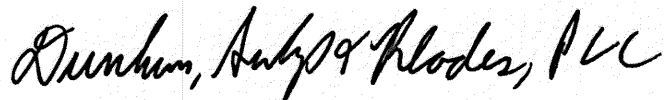
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Colorectal Cancer Alliance, Inc. as of December 31, 2020 and 2019, 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.



Certified Public Accountants  
Chantilly, Virginia

July 29, 2021

# COLORECTAL CANCER ALLIANCE, INC

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 and 2019

	ASSETS	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 1,478,294	\$ 998,467
Investments	4,366,071	4,112,993
Contributions receivable, current	1,973,692	1,060,157
Other receivables	-	23,700
Prepaid expenses	69,904	199,684
Total Current Assets	<u>7,887,961</u>	<u>6,395,001</u>
Property and Equipment, Net	<u>726,244</u>	<u>885,897</u>
Other Assets		
Contributions receivable, long-term	1,246,175	1,775,717
Security deposit	73,822	73,822
Total Other Assets	<u>1,319,997</u>	<u>1,849,539</u>
Total Assets	<u>\$ 9,934,202</u>	<u>\$ 9,130,437</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 374,227	\$ 374,489
Line of credit	1,257,684	754,863
Accrued expenses	205,550	653,361
Deferred rent	693,604	719,020
Pledges payable, current	157,000	315,000
Deferred revenue	17,877	70,188
Capital leases payable, current	30,216	36,000
Total Current Liabilities	<u>2,736,158</u>	<u>2,922,921</u>
Long-Term Liabilities		
Capital leases payable, long-term	34,762	59,190
Pledges payable, long-term	-	27,000
Total Long-Term Liabilities	<u>34,762</u>	<u>86,190</u>
Total Liabilities	<u>2,770,920</u>	<u>3,009,111</u>
Net Assets		
Net assets without donor restrictions	3,662,838	2,511,693
Net assets with donor restrictions	3,500,444	3,609,633
Total Net Assets	<u>7,163,282</u>	<u>6,121,326</u>
Total Liabilities and Net Assets	<u>\$ 9,934,202</u>	<u>\$ 9,130,437</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Grants and contributions	\$ 6,413,432	\$ 2,773,413	\$ 9,186,845	\$ 7,556,716	\$ 3,087,705	\$ 10,644,421
Investment income	431,162	-	431,162	793,664	-	793,664
Merchandise income	128,445	-	128,445	228,574	-	228,574
Miscellaneous income	61,919	-	61,919	4,442	-	4,442
Released from restrictions	2,882,602	(2,882,602)	-	1,425,353	(1,425,353)	-
<b>Total Revenues and Support</b>	<u>9,917,560</u>	<u>(109,189)</u>	<u>9,808,371</u>	<u>10,008,749</u>	<u>1,662,352</u>	<u>11,671,101</u>
<b>EXPENSES</b>						
Program services						
Prevention	3,287,745	-	3,287,745	2,720,825	-	2,720,825
Patient support	1,308,908	-	1,308,908	1,426,503	-	1,426,503
Community outreach & advocacy	1,354,468	-	1,354,468	1,484,245	-	1,484,245
Research	989,262	-	989,262	505,329	-	505,329
<b>Total program services</b>	<u>6,940,383</u>	<u>-</u>	<u>6,940,383</u>	<u>6,136,902</u>	<u>-</u>	<u>6,136,902</u>
Fundraising	1,509,041	-	1,509,041	3,057,213	-	3,057,213
Management and general	1,051,091	-	1,051,091	1,248,716	-	1,248,716
<b>Total Expenses</b>	<u>9,500,515</u>	<u>-</u>	<u>9,500,515</u>	<u>10,442,831</u>	<u>-</u>	<u>10,442,831</u>
<b>CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM</b>	417,045	(109,189)	307,856	(434,082)	1,662,352	1,228,270
CARES ACT Paycheck Protection Program loan forgiveness	734,100	-	734,100	-	-	-
<b>CHANGE IN NET ASSETS</b>	1,151,145	(109,189)	1,041,956	(434,082)	1,662,352	1,228,270
<b>NET ASSETS, BEGINNING</b>	<u>2,511,693</u>	<u>3,609,633</u>	<u>6,121,326</u>	<u>2,945,775</u>	<u>1,947,281</u>	<u>4,893,056</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 3,662,838</u>	<u>\$ 3,500,444</u>	<u>\$ 7,163,282</u>	<u>\$ 2,511,693</u>	<u>\$ 3,609,633</u>	<u>\$ 6,121,326</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,041,956	\$ 1,228,270
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	159,652	203,450
Loss on disposal of assets	-	1,095
Net realized and unrealized gain on investments	(397,847)	(747,438)
Changes in operating assets and liabilities:		
Increase in contributions receivable	(383,993)	(997,878)
Decrease (Increase) in prepaid expenses	129,780	(77,935)
Decrease in other receivables	23,700	52,186
Decrease in accounts payable	(262)	(57,395)
Decrease in accrued expenses	(447,811)	(54,726)
(Decrease) Increase in deferred rent	(25,416)	646,993
Decrease in pledges payable	(185,000)	(180,000)
(Decrease) Increase in deferred revenue	(52,311)	70,188
Net cash (used in) provided by operating activities	<u>(137,552)</u>	<u>86,810</u>
<b>Cash Flows From Financing Activities</b>		
Net draw on line of credit	502,821	399,110
Principal payments on notes payable	<u>(30,212)</u>	<u>(23,141)</u>
Net cash provided by financing activities	<u>472,609</u>	<u>375,969</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of investments	(4,084,941)	(4,026,987)
Purchases of investments	4,229,711	4,245,847
Purchases of property and equipment	<u>-</u>	<u>(741,411)</u>
Net cash provided by (used in) investing activities	<u>144,770</u>	<u>(522,551)</u>
Change in cash and cash equivalents	479,827	(59,772)
Cash and cash equivalents, beginning of period	<u>998,467</u>	<u>1,058,239</u>
Cash and cash equivalents, end of period	<u>\$ 1,478,294</u>	<u>\$ 998,467</u>
<b>Supplemental Information</b>		
Total cash paid for interest	<u>\$ 39,130</u>	<u>\$ 28,648</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

2020									
	Program Services					Support Services			
	Prevention	Patient Support	Community Outreach & Advocacy	Research	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Expenses									
Personnel	\$1,256,738	\$ 816,190	\$ 705,445	\$340,351	\$3,118,724	\$ 594,699	\$ 343,189	\$ 937,888	\$ 4,056,612
Projects	639,776	245,211	176,772	467,631	1,529,390	336,579	25,804	362,383	1,891,773
Professional fees	767,198	18,850	116,489	69,000	971,537	188,366	367,945	556,311	1,527,848
Facilities	203,889	179,601	166,932	72,910	623,332	215,631	73,518	289,149	912,481
Operations	405,144	38,644	179,233	35,063	658,084	125,167	232,504	357,671	1,015,755
Travel	15,000	10,412	9,597	4,307	39,316	48,599	8,131	56,730	96,046
Total Expenses	<u>\$3,287,745</u>	<u>\$1,308,908</u>	<u>\$1,354,468</u>	<u>\$989,262</u>	<u>\$6,940,383</u>	<u>\$1,509,041</u>	<u>\$ 1,051,091</u>	<u>\$2,560,132</u>	<u>\$ 9,500,515</u>
2019									
	Program Services					Support Services			
	Prevention	Patient Support	Community Outreach & Advocacy	Research	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Expenses									
Personnel	\$ 982,880	\$ 816,279	\$ 539,325	\$304,655	\$2,643,139	\$1,166,056	\$ 663,182	\$1,829,238	\$ 4,472,377
Projects	745,073	325,753	347,875	98,560	1,517,261	997,306	57,184	1,054,490	2,571,751
Professional fees	185,133	64,243	391,903	4,391	645,670	375,031	180,089	555,120	1,200,790
Facilities	211,909	121,104	104,376	56,344	493,733	185,618	248,214	433,832	927,565
Operations	523,136	48,269	47,674	28,720	647,799	230,292	35,070	265,362	913,161
Travel	72,694	50,855	53,092	12,659	189,300	102,910	64,977	167,887	357,187
Total Expenses	<u>\$2,720,825</u>	<u>\$1,426,503</u>	<u>\$1,484,245</u>	<u>\$505,329</u>	<u>\$6,136,902</u>	<u>\$3,057,213</u>	<u>\$ 1,248,716</u>	<u>\$4,305,929</u>	<u>\$10,442,831</u>

See accompanying notes to the financial statements.



# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Organization and Summary of Significant Accounting Policies

Colorectal Cancer Alliance, Inc. (“the Alliance”) was incorporated on March 18, 1999 as a 501(c)(3) exempt corporation under the laws of the state of Delaware. The Alliance is a national patient advocacy organization dedicated to increasing rates of screening and survivorship from colorectal cancer through patient support, education, research, and advocacy. Revenues consist principally of grants and contributions.

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

#### *Basis of Accounting*

The Alliance maintains its accounting records and prepares its financial statements on the accrual basis of accounting, which reflects revenue when earned and expenses when incurred.

#### *Basis of Presentation*

The accompanying financial statements were prepared in accordance with the provisions of the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This pronouncement requires not-for-profit Organizations to report information regarding their financial position and activities according into two classes of net assets as follows:

- *Without Donor Restrictions* – represents resources which have met applicable award restrictions and/or resources generated by sources other than from the award.
- *With Donor Restrictions* – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

#### *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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

The Alliance considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash and cash equivalents.

#### *Investments*

Investments are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of revenues, expenses and changes in net assets unless the income or loss is restricted by donor or law.

#### *Other Receivables*

Other receivables consist primarily of amounts to be received from sales of merchandise and inflatable walk-through colons. The entire amount of other receivables is expected to be collected within one year and is recorded at net realizable value as of December 31, 2020 and 2019. Accordingly, allowance for doubtful accounts has been established.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

#### ***Contributions Receivable***

Contributions, including unconditional promises to give, are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful pledges. Change in the fair value of pledges receivable are reported in the statement of activities as contribution revenue, except for changes in the allowance which are reported as program expenses at each subsequent reporting date. As of December 31, 2020, and 2019, management believes all receivables to be collectible. Accordingly, no allowance for doubtful accounts has been established. For the years ended December 31, 2020 and 2019 uncollectible pledges in the amount of \$168,696 and \$16,500 were written off, respectively.

#### ***Property and Equipment***

Property and equipment are recorded at cost, less accumulated depreciation for all assets with an initial cost exceeding \$3,000. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives, which range from three to seven years. Upon the retirement or disposal of assets, the costs and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the revenue or expenses. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.

#### ***Income Tax Status***

The Alliance is exempt under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and corresponding state provisions and from excise taxes as an Organization that is not a private foundation as defined in Section 509(a) thereof. No provision for federal or state income taxes has been included in the financial statements. For the years ended December 31, 2020 and 2019, there was no unrelated business income, accordingly, no federal or state income taxes have been recorded.

#### ***Uncertain Tax Positions***

As of December 31, 2020, the Alliance has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2017 through 2019.

#### ***Concentration of Credit and Market Risk***

Financial instruments that potentially expose the Alliance to concentration of credit and market risk consist of cash equivalents and investments. Cash equivalents and investments are maintained at various high-quality financial institutions. The Alliance maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Alliance has not experienced any losses on its cash and equivalents or on its investments to date. Management periodically assess the financial condition of these financial institutions and believes that the risk of any credit loss is minimal. The Alliance’s investments do not represent significant concentration of market risk inasmuch as the investment portfolio is adequately diversified.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

#### *Revenue Recognition*

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor or grantor restrictions that limit the use of donated assets. When a donor restriction expires, that is, when a 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.

The Alliance receives donations in the form of free advertising and similar services that would otherwise be purchased in the normal course of business. Total in-kind donations were \$352,213 and \$405,045, for the years ended December 31, 2020 and 2019, respectively, and were valued based on comparable market rates. This amount is reflected in grants and contributions in the accompanying statements of activities.

Merchandise sales consist of sales of various products offered on the Alliance's website aimed at promoting and spreading awareness for colon cancer, as well as sales of inflatable walk-through colons, meant to be an educational tool featuring the various stages of disease.

Revenue from all other sources is recognized when earned.

#### *Recently Issued Accounting Standards*

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital 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. The Alliance is currently evaluating the impact of their pending adoption of the new standard on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by the Alliance for its year ended December 31, 2021. Early adoption is permitted. The Alliance is currently evaluation the impact that the adoption of Topic 958 will have on its financial statements.

#### *Advertising Costs*

Advertising costs are expensed as incurred.

#### *Reclassifications*

Certain items from the prior year have been reclassified to conform with the current year presentation.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Management*, the Alliance has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Alliance has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

- *Money market funds* – The fair value is equal to the reported net asset value of the fund.
- *Mutual funds and equities* – the fair value of available for sale securities is the market value based on quoted market prices, when available, or market prices provided by the recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Investment income for the years ended December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 60,753	\$ 82,046
Net realized and unrealized gain	397,847	747,438
Investment fees	(27,438)	(35,820)
Total	<u>\$431,162</u>	<u>\$793,664</u>

# **COLORECTAL CANCER ALLIANCE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 2 – Investments and Fair Value Measurements (Concluded)**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 773,955	\$ -	\$ -	\$ 773,955
Stocks, options, EFTs	2,864,687	-	-	2,864,687
Mutual funds	702,429	-	-	702,429
Other	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total	<u>\$4,366,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,366,071</u>

The following table presents the Alliance's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 100,057	\$ -	\$ -	\$ 100,057
Equity funds	2,273,470	-	-	2,273,470
Exchange traded funds	1,156,820	-	-	1,156,820
Mutual funds	<u>582,646</u>	<u>-</u>	<u>-</u>	<u>582,646</u>
Total	<u>\$4,112,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,112,993</u>

### **NOTE 3 – Property and Equipment**

Property and equipment consisted of the following as of December 31, 2020 and 2019:

<u>2020</u>	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Leasehold improvements	\$ 735,241	\$ 71,152	\$177,881
Furniture and Equipment	<u>472,550</u>	<u>88,500</u>	<u>303,666</u>
Total	<u>\$1,207,791</u>	<u>\$159,652</u>	<u>\$481,547</u>
 <u>2019</u>			
	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Leasehold improvements	\$ 735,241	\$106,728	\$106,728
Furniture and Equipment	<u>472,550</u>	<u>96,722</u>	<u>215,166</u>
Total	<u>\$1,207,791</u>	<u>\$203,450</u>	<u>\$321,894</u>

### **NOTE 4 – Pension Plan**

The Alliance maintains an IRC Section 401(k) retirement plan, which covers substantially all employees. The Alliance may elect to match employees' contributions for all persons who have completed at least 1,000 hours of service during the Plan year. Pension contributions for the years ended December 31, 2020 and 2019 were \$60,336 and \$57,883, respectively. All contributions are immediately vested.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – Lease Commitments

The Alliance signed a lease agreement for office space effective December 1, 2015, extending the term through 2023. The Alliance amended the current lease to expand and take over the square footage of the floor through October 2029. The lease includes a provision whereby several months of rent was abated. The difference between the calculated rent expense and the rents paid has been included in the statement of financial position as deferred rent. Additionally, the Alliance operates under various storage, small equipment, and similar leases, all of which expire on various dates through October 2020. Rent expense for the year ended December 31, 2020 and 2019 was \$397,774 and \$316,490, respectively.

Future minimum lease payments for the office lease are as follows as of December 31, 2020:

2021	\$ 625,018
2022	639,870
2023	623,342
2024	603,758
2025	618,851
Thereafter	<u>2,355,297</u>
Total	<u>\$5,466,136</u>

### NOTE 6 – Obligations Under Capital Leases

The Company leases equipment under two separate 48-month capital leases through which expire on various dates in 2023. The asset and liability under the capital lease is recorded at the lower of the present values of the minimum lease payments or the fair market values of the asset. The asset is included in property and equipment and is depreciated over its estimated useful life. Equipment under capital lease has a cost of \$120,849, accumulated depreciation of \$50,354 and a net book value of \$70,495.

Future minimum lease commitments under the capital lease agreements are as follows:

For the years ending December 31,	
2021	\$30,216
2022	30,216
2023	<u>4,546</u>
Total minimum lease payments	<u>\$64,978</u>

### NOTE 7 – Line of Credit

During the year, the Alliance closed a revolving line of credit agreement in the amount of \$2,500,000 bearing variable interest at the bank's prime interest rate, with a minimum rate of 3.00%. Also during the year, the Alliance opened a liquidity line of credit secured by investments held at the brokerage firm. Interest is charged monthly at a variable rate, which was approximately 5.00% at December 31, 2020. Interest is payable monthly. Interest expense paid on the line of credit for the years ended December 31, 2020 and 2019, was \$39,130 and \$28,648, respectively. The balance outstanding on the line as of December 31, 2020 and 2019 was \$1,257,684 and \$754,863, respectively.

# **COLORECTAL CANCER ALLIANCE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 8 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of donor-imposed restrictions that expire upon the passage of time or purpose restrictions. Assets are released from restriction and reclassified to net assets without restrictions as the Alliance fulfills the donor stipulation or upon passage of time.

As of December 31, 2020, and 2019, net assets with restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Patient Support	\$1,509,273	\$1,520,033
Fundraising	1,231,171	1,318,773
Rebranding	485,000	-
Prevention	275,000	694,449
Research	<u>-</u>	<u>76,378</u>
Total Net Assets with Donor Restrictions	<u>\$3,500,444</u>	<u>\$3,609,633</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the purpose or time restrictions specified by donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Patient Support	\$1,657,092	\$ 939,988
Prevention	996,530	371,965
Fundraising	137,602	113,400
Research	76,378	-
Rebranding	<u>15,000</u>	<u>-</u>
Total Net Assets Released	<u>\$2,882,602</u>	<u>\$1,425,353</u>

### **NOTE 9 – CARES Act Paycheck Protection Program Loan Forgiveness**

In May 2020, The Alliance received a CARES Act Paycheck Protection Program (PPP) Loan of \$734,100. Based on certain performance requirements under the PPP issued as part of the CARES Act, the Alliance is eligible for the loan to be forgiven. Although loan forgiveness has been requested but not yet been granted, the Alliance believes all funds were properly spent under the grant guidelines and full forgiveness is expected. Accordingly, \$734,100 has been recorded as revenue as of December 31, 2020.

### **NOTE 10 – Functional Allocation of Expenses**

The costs of providing various programs and other activities have been allocated between program, management and general expenses based on direct identification when possible, and allocation when an expenditure benefits more than one program or function. Expenses that require allocation are allocated based on a personnel-cost or square-footage basis.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11 – Liquidity and Availability of Financial Assets

The Alliance has \$4,317,613 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. The Alliance monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Alliance has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$2,375,000. The Alliance has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Pledges receivable, current	\$1,973,692
Cash and cash equivalents	1,478,294
Investments	<u>4,366,071</u>
Total	<u>\$7,818,057</u>

Less amounts not available to be used within one year:

Restricted by donors for time and purpose	<u>\$3,500,444</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,317,613</u>

### NOTE 12 – Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Alliance's grants, contributions and event income. Other financial impact could occur though such potential impact is unknown at this time.

### NOTE 13 – Subsequent Events

The Alliance has evaluated subsequent events through July 29, 2021, the date which the financial statements were available to be issued.