

**COLORECTAL CANCER ALLIANCE, INC.**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

## COLORECTAL CANCER ALLIANCE, INC.

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

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Chantilly, VA 20151

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Colorectal Cancer Alliance, Inc.

**Opinion**

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, 2022 and 2021, and 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 Colorectal Cancer Alliance, Inc. 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 audit 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 Colorectal Cancer Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 Colorectal Cancer Alliance, Inc.'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 Colorectal Cancer Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- 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 Colorectal Cancer Alliance, Inc.'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.



Certified Public Accountants  
Chantilly, Virginia

June 12, 2023

# COLORECTAL CANCER ALLIANCE, INC

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 and 2021

	ASSETS	
	2022	2021
Current Assets		
Cash and cash equivalents	\$ 510,033	\$ 638,706
Investments	4,457,535	3,535,229
Contributions receivable, current	1,914,966	2,862,260
Other receivables	4,252	5,366
Prepaid expenses	334,328	48,706
Total Current Assets	<u>7,221,114</u>	<u>7,090,267</u>
Property and Equipment, Net	<u>457,882</u>	<u>576,803</u>
Other Assets		
Contributions receivable, long-term, net	2,821,500	3,545,983
Right-of-use assets	2,320,679	-
Security deposit	73,822	73,822
Total Other Assets	<u>5,216,001</u>	<u>3,619,805</u>
Total Assets	<u>\$ 12,894,997</u>	<u>\$ 11,286,875</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 345,997	\$ 87,173
Line of credit	2,110,000	-
Accrued expenses	353,876	295,578
Deferred rent	-	595,100
Deferred revenue	211	10,755
Capital leases payable, current	4,565	30,216
Lease liability, current	449,533	-
Total Current Liabilities	<u>3,264,182</u>	<u>1,018,822</u>
Long-Term Liabilities		
Capital leases payable, long-term	-	4,549
Lease liability, long-term	2,391,536	-
Total Long-Term Liabilities	<u>2,391,536</u>	<u>4,549</u>
Total Liabilities	<u>5,655,718</u>	<u>1,023,371</u>
Net Assets		
Net assets without donor restrictions	1,067,642	3,261,301
Net assets with donor restrictions	6,171,637	7,002,203
Total Net Assets	<u>7,239,279</u>	<u>10,263,504</u>
Total Liabilities and Net Assets	<u>\$ 12,894,997</u>	<u>\$ 11,286,875</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Grants and contributions	\$ 9,439,049	\$ 4,479,567	\$13,918,616	\$ 7,108,258	\$ 7,874,834	\$ 14,983,092
Merchandise income	173,290	-	173,290	69,986	-	69,986
Miscellaneous income	54,248	-	54,248	49,655	-	49,655
Investment income (loss)	(647,255)	-	(647,255)	677,045	-	677,045
Released from restrictions	5,310,133	(5,310,133)	-	4,373,075	(4,373,075)	-
Total Revenues and Support	<u>14,329,465</u>	<u>(830,566)</u>	<u>13,498,899</u>	<u>12,278,019</u>	<u>3,501,759</u>	<u>15,779,778</u>
<b>EXPENSES</b>						
Program services						
Prevention	6,121,539	-	6,121,539	3,932,096	-	3,932,096
Patient support	3,482,958	-	3,482,958	3,534,990	-	3,534,990
Community outreach & advocacy	1,864,478	-	1,864,478	1,893,360	-	1,893,360
Research	752,262	-	752,262	1,059,299	-	1,059,299
Total program services	<u>12,221,237</u>	<u>-</u>	<u>12,221,237</u>	<u>10,419,745</u>	<u>-</u>	<u>10,419,745</u>
Fundraising	3,413,135	-	3,413,135	2,103,902	-	2,103,902
Management and general	888,752	-	888,752	891,209	-	891,209
Total Expenses	<u>16,523,124</u>	<u>-</u>	<u>16,523,124</u>	<u>13,414,856</u>	<u>-</u>	<u>13,414,856</u>
<b>INCOME FROM OPERATIONS</b>	(2,193,659)	(830,566)	(3,024,225)	(1,136,837)	3,501,759	2,364,922
CARES ACT Paycheck Protection Program loan forgiveness	-	-	-	735,300	-	735,300
<b>CHANGE IN NET ASSETS</b>	(2,193,659)	(830,566)	(3,024,225)	(401,537)	3,501,759	3,100,222
<b>NET ASSETS, BEGINNING</b>	<u>3,261,301</u>	<u>7,002,203</u>	<u>10,263,504</u>	<u>3,662,838</u>	<u>3,500,444</u>	<u>7,163,282</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 1,067,642</u>	<u>\$ 6,171,637</u>	<u>\$ 7,239,279</u>	<u>\$ 3,261,301</u>	<u>\$ 7,002,203</u>	<u>\$ 10,263,504</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (3,024,225)	\$ 3,100,222
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	118,921	149,441
Net realized and unrealized loss (gain) on investments	712,619	(655,926)
Changes in operating assets and liabilities:		
Decrease (Increase) in contributions receivable	1,671,777	(3,220,055)
(Increase) Decrease in prepaid expenses	(285,622)	21,198
Decrease in other receivables	1,114	26,313
Increase in right-of-use assets	(2,320,679)	-
Increase (Decrease) in accounts payable	258,824	(287,054)
Increase in accrued expenses	58,298	90,028
Decrease in deferred rent	(595,100)	(98,504)
Increase in lease liability	2,841,069	-
Decrease in pledges payable	-	(157,000)
Decrease in deferred revenue	(10,544)	(7,122)
Net cash used in operating activities	<u>(573,548)</u>	<u>(1,038,459)</u>
<b>Cash Flows From Financing Activities</b>		
Net draw on line of credit	2,110,000	(1,257,684)
Principal payments on notes payable	(30,200)	(30,213)
Net cash provided by (used in) financing activities	<u>2,079,800</u>	<u>(1,287,897)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of investments	4,010,623	2,975,858
Purchases of investments	(5,645,548)	(1,489,090)
Net cash (used in) provided by investing activities	<u>(1,634,925)</u>	<u>1,486,768</u>
Change in cash and cash equivalents	(128,673)	(839,588)
Cash and cash equivalents, beginning of period	<u>638,706</u>	<u>1,478,294</u>
Cash and cash equivalents, end of period	<u>\$ 510,033</u>	<u>\$ 638,706</u>
<b>Supplemental Information</b>		
Total cash paid for interest	<u>\$ 70,809</u>	<u>\$ 19,867</u>

See accompanying notes to the financial statements.

# COLORECTAL CANCER ALLIANCE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022						
	Program Services			Support Services			
	Prevention	Patient Support	Community Outreach & Advocacy	Research	Total Program Services	Fundraising	Total Support Services
Expenses							
Personnel	\$2,158,673	\$ 937,884	\$ 944,299	\$ 402,225	\$ 4,443,081	\$1,472,260	\$ 1,972,336
Operations	1,136,585	1,630,686	159,608	19,398	2,946,277	252,987	315,282
Projects	1,183,840	207,507	431,343	35,520	1,858,210	1,254,251	1,267,381
Professional fees	1,249,019	505,531	138,556	209,655	2,102,761	148,436	388,231
Facilities	300,477	120,571	133,308	59,593	613,949	209,701	277,405
Travel	92,945	80,779	57,364	25,871	256,959	75,500	81,252
Total Expenses	\$6,121,539	\$3,482,958	\$1,864,478	\$ 752,262	\$12,221,237	\$3,413,135	\$4,301,887
							\$16,523,124
	2021						
	Program Services			Support Services			
	Prevention	Patient Support	Community Outreach & Advocacy	Research	Total Program Services	Fundraising	Total Support Services
Expenses							
Personnel	\$1,537,209	\$1,015,751	\$1,000,519	\$ 306,624	\$ 3,860,103	\$1,259,707	\$ 1,670,909
Projects	803,764	289,521	322,614	545,672	1,961,571	423,367	443,768
Professional fees	1,150,156	457,813	109,899	135,811	1,853,679	26,185	325,684
Facilities	323,537	191,182	193,108	56,331	764,158	242,786	307,807
Operations	103,257	1,576,658	256,585	13,034	1,949,534	137,181	221,728
Travel	14,173	4,065	10,635	1,827	30,700	14,676	25,215
Total Expenses	\$3,932,096	\$3,534,990	\$1,893,360	\$1,059,299	\$10,419,745	\$2,103,902	\$2,995,111
							\$13,414,856

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 (gains and losses on investments, interest and dividends, net of investment fees) 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, 2022 and 2021. 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, 2022, and 2021, management believes all receivables to be collectible. Accordingly, no allowance for doubtful accounts has been established. For the years ended December 31, 2022 and 2021 uncollectible pledges in the amount of \$45,030 and \$48,500 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 \$5,000. 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, 2022 and 2021, there was no unrelated business income, accordingly, no federal or state income taxes have been recorded.

#### *Uncertain Tax Positions*

As of December 31, 2022, 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, 2019 through 2021.

#### *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 assesses 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 \$2,702,606 and \$1,811,723, for the years ended December 31, 2022 and 2021, 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 Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASU] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Alliance adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 using a modified retrospective approach, with certain practical expedients available.

The Alliance elected the available practical expedients to account for our existing operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, we recognized on January 1, 2022 a lease liability of \$3,265,231, which represents the present value of the remaining operating lease payments of \$40,534, discounted using our incremental borrowing rate of 1.56%, other deferred rental assets of \$595,100, and right-of-use assets of \$2,670,131. The standard had a material impact on our statement of financial position, but did not have an impact on our statement of activities, nor statement of cash flows. The most significant impact was the recognition of an ROU asset and lease liability for operating leases.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### *Leases*

The Alliance currently leases office space. The Alliance determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease arrangement does not contain any material residual value guarantees or material restrictive covenants.

#### *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.

### 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.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Investments and Fair Value Measurements (Continued)

**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, 2022 and 2021.

- *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 (loss) for the years ended December 31, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 110,995	\$ 66,895
Net realized and unrealized gain	(712,619)	655,926
Investment fees	(45,631)	(45,776)
Total	<u>\$(647,255)</u>	<u>\$677,045</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks, options, EFTs	\$4,243,861	\$ -	\$ -	\$4,243,861
Mutual funds	153,916	-	-	153,916
Money market funds	32,440	-	-	32,440
Other	-	25,000	2,318	27,318
Total	<u>\$4,430,217</u>	<u>\$25,000</u>	<u>\$ 2,318</u>	<u>\$4,457,535</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks, options, EFTs	\$3,309,361	\$ -	\$ -	\$3,309,361
Money market funds	157,488	-	-	157,488
Mutual funds	43,380	-	-	43,380
Other	-	25,000	-	25,000
Total	<u>\$3,510,229</u>	<u>\$25,000</u>	<u>\$ -</u>	<u>\$3,535,229</u>

# **COLORECTAL CANCER ALLIANCE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 3 – Contributions Receivable**

Unconditional promises to give are estimated to be collected as follows:

	<u>2022</u>	<u>2021</u>
Expected to be collected in:		
Less than one year	\$1,914,966	\$2,862,260
One to five years	<u>2,924,952</u>	<u>3,643,262</u>
Subtotal	4,839,918	6,505,522
Less: Discount of 3.25%	<u>(103,452)</u>	<u>(97,279)</u>
	<u>\$4,736,466</u>	<u>\$6,408,243</u>
 Promises to give, current	 \$1,914,966	 \$2,862,260
Promises to give, long-term, net	<u>2,821,500</u>	<u>3,545,983</u>
	<u>\$4,736,466</u>	<u>\$6,408,243</u>

### **NOTE 4 – Property and Equipment**

Property and equipment consisted of the following as of December 31, 2022 and 2021:

<u>2022</u>		<u>Depreciation</u>	<u>Accumulated</u>
	<u>Cost</u>	<u>Expense</u>	<u>Depreciation</u>
Leasehold improvements	\$ 735,241	\$ 71,152	\$320,185
Furniture and equipment	<u>472,550</u>	<u>47,769</u>	<u>429,724</u>
Total	<u>\$1,207,791</u>	<u>\$118,921</u>	<u>\$749,909</u>
 <u>2021</u>		<u>Depreciation</u>	<u>Accumulated</u>
	<u>Cost</u>	<u>Expense</u>	<u>Depreciation</u>
Leasehold improvements	\$ 735,241	\$ 71,152	\$249,033
Furniture and equipment	<u>472,550</u>	<u>78,289</u>	<u>381,955</u>
Total	<u>\$1,207,791</u>	<u>\$149,441</u>	<u>\$630,988</u>

### **NOTE 5 – Right-of-Use Assets**

Right-of-use assets activity for the year ended December 31, 2022, was as follows:

	<u>Balance @</u>			<u>Balance @</u>
	<u>January 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2022</u>
Right-of-use assets being amortized				
Leased Office Space	\$ _____	\$2,670,131	\$ _____	\$2,670,131
Less Accumulated Amortization for:				
Leased Office Space	_____	<u>349,452</u>	_____	<u>349,452</u>
Right-of-Use Asset, Net	<u>\$ _____</u>	<u>\$2,320,679</u>	<u>\$ _____</u>	<u>\$2,320,679</u>

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – 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. Additionally, the Alliance has various storage, small equipment, and similar leases, all of which expire on various dates through October 2023. Rent expense for the year ended December 31, 2022 and 2021 was \$433,057 and \$398,106, respectively.

Future minimum lease payments for the office lease are as follows as of December 31, 2022:

2023	\$ 633,107
2024	603,758
2025	618,851
2026	634,276
2027	650,088
Thereafter	<u>1,070,932</u>
Total	<u>\$4,211,012</u>

The components of lease expense for the year ended December 31, 2022 were as follows:

Operating lease expense	\$431,844
Short-term lease expense	<u>1,213</u>
Total lease expense	<u>\$433,057</u>

The following summarizes the cash flow information related to operating leases for the year ended December 31, 2022:

Operating cash flows from operating leases	\$506,657
Right-of-use assets obtained in exchange for new operating lease liabilities	\$2,670,131

The weighted average lease term and discount rate used as of December 31, 2022, were as follows:

Weighted-average remaining lease term in years	6.7
Weighted-average discount rate	1.56%

### NOTE 7 – Line of Credit

The Alliance has 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, 2022. Interest is payable monthly. Interest expense paid on the line of credit for the years ended December 31, 2022 and 2021, was \$70,809 and \$19,867, respectively. The balance outstanding on the line as of December 31, 2022 and 2021 was \$2,110,000 and \$0-, respectively.

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8 – 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 \$98,693 and a net book value of \$22,156.

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

For the year ending December 31,	
2023	<u>\$4,565</u>
Total minimum lease payments	<u>\$4,565</u>

### NOTE 9 – 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, 2022, and 2021, net assets with restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Fundraising	\$3,098,055	\$2,424,509
Patient Support	2,724,460	4,105,372
Rebranding	320,000	330,000
Prevention	<u>29,122</u>	<u>142,322</u>
Total Net Assets with Donor Restrictions	<u>\$6,171,637</u>	<u>\$7,002,203</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Patient Support	\$4,108,911	\$2,939,059
Fundraising	886,535	476,057
Prevention	165,761	202,959
Rebranding	<u>148,926</u>	<u>755,000</u>
Total Net Assets Released	<u>\$5,310,133</u>	<u>\$4,373,075</u>

# COLORECTAL CANCER ALLIANCE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 – 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, 2022 and 2021 were \$86,795 and \$72,912, respectively. All contributions are immediately vested.

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

The Alliance has \$3,536,649 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The pledges and other receivables are subject to implied time restrictions but a portion 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 \$3,7420,000. 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	\$4,736,466
Investments	4,457,535
Cash and cash equivalents	510,033
Other receivables	<u>4,252</u>
Total	<u>\$9,708,286</u>
Less amounts not available to be used within one year:	
Restricted by donors for time and purpose	<u>\$6,171,637</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,536,649</u>

### NOTE 12 – CARES Act Paycheck Protection Program Loan Forgiveness

In March 2021, the Alliance received a CARES Act Paycheck Protection Program (PPP) Loan of \$735,300. Based on certain performance requirements under the PPP issued as part of the CARES Act, the Alliance was 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, \$735,300 has been recorded as revenue as of December 31, 2021. The Alliance received notice of forgiveness on the PPP loan on April 15, 2022.

# **COLORECTAL CANCER ALLIANCE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 13 – 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.

### **NOTE 14 – Subsequent Events**

The Alliance has evaluated subsequent events through June 12, 2023, the date which the financial statements were available to be issued.