THE ULMAN CANCER FUND FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Financial Statements
Together with Independent Auditors' Report

For the Years Ended December 31, 2019 and 2018

ATTEST SERVICES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ulman Cancer Fund for Young Adults:

We have audited the accompanying financial statements of The Ulman Cancer Fund for Young Adults (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ulman Cancer Fund for Young Adults as of December 31, 2019 and 2018 , and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SC&H Attest Services, P.C.

August 27, 2020

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statements of Financial Position

As of December 31,		*2019*		*2018*
Assets				
Cash and cash equivalents	$	1,176,619	$	1,122,709
Pledges receivable, net		505,546		959,192
Other receivables, net		35,486		30,470
Investments		404,281		336,828
Prepaid expenses and other assets		85,784		66,699
Property and equipment, net		2,228,490		2,269,633
Total Assets	$	4,436,206	$	4,785,531
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	102,660	$	137,533
Deferred revenue - special events		267,492		223,254
Deferred rent		14,954		23,456
Capital lease obligations		11,580		21,719
Note payable, net of debt issuance costs		899,306		874,922
Total Liabilities		1,295,992		1,280,884
Commitments and Contingencies (Notes 9 and 11)				
Net Assets				
Without donor restrictions				
Undesignated		1,612,809		615,332
Board designated		893,714		589,810
Total Net Assets Without Donor Restrictions		2,506,523		1,205,142
With Donor Restrictions		633,691		2,299,505
Total Net Assets		3,140,214		3,504,647
Total Liabilities and Net Assets	$	4,436,206	$	4,785,531

The accompanying notes are an integral part of these financial statements.

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statements of Activities

For the Years Ended December 31,	*2019*			*2018*		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Operating Revenues and Support						
Contributions	$ 1,678,539	$ 159,765	1,838,304	$ 2,104,722	$ 874,082	$ 2,978,804
Special events, net of direct expenses of $87,824 and $124,401	390,124	-	390,124	294,319	-	294,319
Program fees	83,346	-	83,346	103,125	-	103,125
In-kind contributions	10,175	-	10,175	349,397	-	349,397
Net assets released from restrictions	1,735,406	(1,735,406)	-	666,303	(666,303)	-
Total Operating Revenues and Support, net	3,897,590	(1,575,641)	2,321,949	3,517,866	207,779	3,725,645
Operating Expenses						
Program services	2,064,803	-	2,064,803	2,271,015	-	2,271,015
General and administrative	311,094	90,173	401,267	305,784	-	305,784
Fundraising	307,126	-	307,126	311,490	-	311,490
Total Operating Expenses	2,683,023	90,173	2,773,196	2,888,289	-	2,888,289
Change in Net Assets from Operating Activitie	1,214,567	(1,665,814)	(451,247)	629,577	207,779	837,356
Non-Operating Revenues and Expenses						
Other revenue, net	61,575	-	61,575	45,657	-	45,657
Interest expense	(46,636)	-	(46,636)	(7,964)	-	(7,964)
Loss on disposal of property and equipment	(1,612)	-	(1,612)	(6,379)	-	(6,379)
Investment income (loss), net	73,487	-	73,487	(14,924)	-	(14,924)
Total Non-Operating Revenues and Expenses, net	86,814	-	86,814	16,390	-	16,390
Change in Net Assets	1,301,381	(1,665,814)	(364,433)	645,967	207,779	853,746
Net Assets, beginning of year (Note 6)	1,205,142	2,299,505	3,504,647	559,175	2,091,726	2,650,901
Net Assets, end of year	$ 2,506,523	$ 633,691	$ 3,140,214	$ 1,205,142	$ 2,299,505	$ 3,504,647

The accompanying notes are an integral part of these financial statements.

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 843,283	$ 119,057	$ 126,081	$ 1,088,421
Community outreach	569,466	399	57,465	627,330
Contractual services	39,390	40,076	38,610	118,076
Rent	116,657	12,531	14,354	143,542
Employee benefits	101,733	38,425	12,769	152,927
Depreciation	86,225	2,315	2,314	90,854
Payroll taxes	64,705	11,266	9,235	85,206
Bank charges	48,065	7,777	8,764	64,606
Scholarships	45,000	-	-	45,000
Bad debts	-	115,648	-	115,648
Accounting and legal fees	-	43,008	-	43,008
Advertising and branding	25,672	-	14,112	39,784
Insurance	26,780	3,363	3,229	33,372
Website	25,741	2,832	4,306	32,879
Meetings and conferences	16,762	600	5,494	22,856
Telephone	10,549	720	1,207	12,476
In-kind expenses	9,700	-	475	10,175
Utilities	8,404	569	604	9,577
Office expenses	6,158	1,538	699	8,395
Dues and subscriptions	6,085	482	1,587	8,154
Travel	3,457	102	3,637	7,196
Postage and delivery	2,985	337	1,962	5,284
Printing and publications	4,316	222	222	4,760
Support groups	3,360	-	-	3,360
Automobile repairs	310	-	-	310
Total Operating Expenses	$ 2,064,803	$ 401,267	$ 307,126	$ 2,773,196

The accompanying notes are an integral part of these financial statements.

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
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Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 912,179	$ 144,273	$ 140,663	$ 1,197,115
Community outreach	738,077	19,691	73,927	831,695
Contractual services	8,469	-	-	8,469
Rent	117,040	12,484	14,392	143,916
Employee benefits	88,840	13,273	12,798	114,911
Depreciation	23,769	2,272	2,228	28,269
Payroll taxes	74,481	11,566	11,316	97,363
Bank charges	38,618	8,962	6,228	53,808
Scholarships	62,591	-	-	62,591
Bad debts	-	44,768	-	44,768
Accounting and legal fees	-	32,938	-	32,938
Advertising and branding	48,892	93	23,487	72,472
Insurance	27,774	3,472	3,472	34,718
Website	22,221	2,547	3,534	28,302
Meetings and conferences	18,792	1,075	4,054	23,921
Telephone	11,578	1,085	1,135	13,798
In-kind expenses	23,876	-	500	24,376
Utilities	5,754	716	745	7,215
Office expenses	3,609	790	664	5,063
Dues and subscriptions	14,008	4,598	1,650	20,256
Travel	14,439	-	7,127	21,566
Postage and delivery	3,615	105	2,019	5,739
Printing and publications	8,191	992	1,499	10,682
Support groups	3,172	-	-	3,172
Automobile repairs	1,030	84	52	1,166
Total Operating Expenses	$ 2,271,015	$ 305,784	$ 311,490	$ 2,888,289

The accompanying notes are an integral part of these financial statements.

THE ULMAN CANCER FUND
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Statements of Cash Flows

For the Years Ended December 31,	*2019*	*2018*
Cash Flows from Operating Activities		
Change in net assets	$ (364,433)	$ 853,746
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions designated for capital improvements	(49,773)	(544,297)
Depreciation	90,854	28,269
Provision for uncollectible pledges receivable	84,598	27,953
Provision for uncollectible other receivables	31,050	16,815
Decrease in discount on pledges receivable	(11,433)	(54,076)
Amortization of debt issuance costs	4,082	4,082
Net realized and unrealized (gain) loss on investments	(65,892)	25,699
Interest and dividends reinvested	(9,209)	(11,347)
Loss on disposal of property and equipment	1,612	6,379
Changes in operating assets and liabilities:		
Pledges receivable	380,481	(82,376)
Other receivables	(36,066)	10,993
Prepaid expenses and other assets	(19,085)	41,084
Accounts payable and accrued expenses	(34,873)	(182,084)
Deferred revenue - special events	44,238	(51,863)
Deferred rent	(8,502)	(5,289)
Net Cash and Cash Equivalents Provided by Operating Activities	37,649	83,688
Cash Flows from Investing Activities		
Purchases of property and equipment	(51,323)	(1,405,315)
Proceeds from disposal of property and equipment	-	22,415
Proceeds from sale of investments	152,036	161,826
Purchases of investments	(144,388)	(149,418)
Net Cash and Cash Equivalents Used in Investing Activities	(43,675)	(1,370,492)
Cash Flows from Financing Activities		
Contributions designated for capital improvements	49,773	544,297
Proceeds from draws under note payable	47,286	774,911
Principal payments on note payable	(26,984)	-
Principal payments on capital lease obligations	(10,139)	(7,829)
Net Cash and Cash Equivalents Provided by Financing Activities	59,936	1,311,379
Net Increase in Cash and Cash Equivalents	53,910	24,575
Cash and Cash Equivalents, beginning of year	1,122,709	1,098,134
Cash and Cash Equivalents, end of year	$ 1,176,619	$ 1,122,709
Supplemental Cash Flow Information		
Cash paid for interest	$ 48,578	$ 55,112

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

The Ulman Cancer Fund for Young Adults (Organization), trading as Ulman Foundation, provides support programs, education and resources, free of charge, to young adults affected by cancer and their families and friends. The Organization also promotes awareness and prevention of cancer through various programs and printed material.

Basis of Accounting

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities: Presentation of Financial Statements* (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are not restricted by donor-imposed stipulations:

Undesignated – Represents resources available for support of operations. Contributions with donor-imposed restrictions that are met in the same reporting period that the contribution is received are reported as net assets without donor restrictions.

Board designated – Represents certain amounts designated by the Organization's Board of Directors (the Board), to be spent only for purposes approved by the Board.

Net assets with donor restrictions: Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations. Net assets may be donor restricted for various purposes, such as use in future periods or use for specified purposes. Donor restrictions may expire by the passage of time or can be fulfilled by actions of the Organization pursuant to these stipulations. Net assets with donor restrictions may also result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled by the Organization's actions.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. The Organization maintains substantially all of its cash with one commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Organization periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

Pledges Receivable

Pledges receivable are recognized when donors and corporate sponsors make a promise to contribute to the Organization that is, in substance, unconditional.

In accordance with ASC 958-310, *Not-for-Profit Entities: Receivables*, pledges receivable to be received in a future period are discounted to their net present value at the time the promise to give is recorded.

The Organization uses the allowance method to determine the reserve for uncollectible pledges. The allowance is based on historical experience and management's analysis of specific pledges. The allowance for doubtful pledges receivable totaled $91,253 and $19,075 as of December 31, 2019 and 2018, respectively.

Other Receivables

The Organization utilizes the allowance method to provide for doubtful accounts based on management's evaluation of the collectability of other receivables. The Organization determines other receivables to be delinquent when greater than 90 days past due. Other receivables are written off when management determines amounts to be uncollectible. The allowance for doubtful other receivables totaled $18,500 and $2,500 as of December 31, 2019 and 2018, respectively.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Property and Equipment

Property and equipment is recorded at cost if purchased and fair value if donated. The Organization's current policy is to capitalize all property and equipment greater than $500. Upon disposal of property and equipment, the cost of the asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation of property and equipment are determined on a straight-line basis over the estimated useful lives as follows:

Computer Equipment	5 years
Vehicles	5 years
Leasehold Improvements	39 years
Race Equipment	10 years
Furniture and Fixtures	7 years
Buildings	39 years

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed are reported at the lower of the carrying amount or fair value, less costs to sell. Management has determined that there is no impairment indicated or assets held for disposal as of December 31, 2019 and 2018.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in FASB ASC 605 and most industry-specific guidance through the Industry Topics in the FASB ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization implemented ASU 2014-09 during the year ended December 31, 2019. The Organization determined that the new standard does not have a material impact on the timing of the Organization's revenue recognition. There was no effect on changes in net assets or net assets as a result of the adoption of ASU 2014-09.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Adopted Accounting Pronouncements – cont'd.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance for contributions. ASU 2018-08 clarifies whether certain transactions should be characterized as contributions (nonreciprocal transactions) within the scope of Topic 958-605 or as exchange (reciprocal) transactions subject to other guidance such as Topic 606, *Revenue from Contracts with Customers*. The ASU provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The update as it relates to contributions received and made is effective for periods beginning after December 15, 2018 and December 15, 2019, respectively. Early adoption is permitted. The Organization implemented ASU 2018-08 during the year ended December 31, 2019. The adoption of the new standard did not have a material impact on the accompanying financial statements.

Revenue Recognition

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services (performance obligation) in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services (transaction price). The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2019 and 2018:

Program fees: The Organization enters into contracts with hospitals to help navigate cancer patients of the hospital through the treatment process. The hospital pays a fixed-fee contract price in equal installments over the contract period. Program fee revenue is recognized as the services are rendered.

Special event revenue: The Organization conducts special events and a portion of the gross proceeds paid by the participant represent an exchange component and a non-exchange component. The special event exchange component consists of the event fee, which is paid to attend the event. The event fee is set by the Organization. The performance obligation is delivery of the event. The special event revenue exchange component totaled $139,619 and $164,238 during the years ended December 31, 2019 and 2018, respectively. The special event non-exchange component consists of sponsorships and contributions that are received from the event. The non-exchange component is the excess of gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the participant rather than the Organization, are netted against special events revenue in the accompanying statements of activities.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Deferred Revenue

The Organization receives payments in advance of the date of special events. The payments are initially deferred and are recognized as revenue upon delivery of the special event.

Contributions

The Organization records contribution revenue in accordance with FASB ASC 958-605 *Not-for-Profit Entities Revenue Recognition*. In accordance with ASC 958-605, contributions received, including unconditional promises to give (pledges), are recorded as contributions with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. If an unconditional promise to give is not previously made, then the contribution is recognized when received. Contributions revenue is reported at the fair value of expected future cash flows.

Contributions received, including unconditional promises to give (pledges), are recognized as revenues, in the appropriate category of net assets in the period received. Conditional promises to give are not recognized until the related conditions are substantially met.

In-Kind Contributions

The Organization receives in-kind contributions, which consist of, but are not limited to donated goods and services. The donated services are recognized if the service creates or enhances long-lived assets or if the service is provided by an individual possessing a specialized skill, which would typically be purchased had it not been provided in-kind. Donated goods and services are recorded at the fair value of the good or service provided. For the years ended December 31, 2019 and 2018, in-kind contributions totaled $10,175 and $349,397, respectively, and are classified as in-kind contributions within the accompanying statements of activities.

Donated goods and services that create or enhance long-lived assets are capitalized. For the year ended December 31, 2019, there were no donated goods and service which enhanced long-lived assets. For the year ended December 31, 2018 donated goods and services which enhanced long-lived assets totaled $237,093.

Fair Value Measurement

ASC 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Common Stocks: Valued at the closing price reported in the active market in which the individual securities are traded.

Exchange Traded Funds and Mutual Funds: Valued at the closing price reported in the active market in which the funds are offered (open-end mutual fund) or traded (closed-end mutual fund), as appropriate.

Mortgage Backed Securities: Valued utilizing the quoted prices and yields currently available on comparable bonds of issuers with similar credit ratings.

Real Estate Investment Trusts: Valued at the closing price reported in the active market in which the individual securities are traded.

Treasury Stripped Interest Security: Valued at the most recent bid price of the equivalent quoted yield for such securities or those of comparable maturity, quality and type.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used as of December 31, 2019 and 2018, respectively.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Common Stocks	$ 178,455	$ -	$ -	$ 178,455
Exchange Traded Funds and Mutual Funds	139,919	-	-	139,919
Mortgage Backed Securities	-	16,167	-	16,167
Real Estate Investment Trusts	49,077	-	-	49,077
Treasury Stripped Interest Security	-	20,663	-	20,663
	$ 367,451	$ 36,830	$ -	$ 404,281

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Common Stocks	$ 153,814	$ -	$ -	$ 153,814
Exchange Traded Funds and Mutual Funds	123,166	-	-	123,166
Mortgage Backed Securities	-	14,969	-	14,969
Real Estate Investment Trusts	44,879	-	-	44,879
	$ 321,859	$ 14,969	$ -	$ 336,828

Investments and Investment Income (Loss)

Investments are recorded at fair value. The cost of investments sold is determined using the specific identification method. Realized and unrealized gains or losses on investments are recorded in the period in which the gain or lose occurs.

Realized gains and losses on sale of investments are computed on a specific identification basis and are recorded on the settlement date of the transaction in the appropriate net asset category.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Investments and Investment Income (Loss) – cont'd.

The Board determines when investment funds can be spent. The Organization's investment policy is to have a diversified, risk-averse balanced portfolio which will provide a high total return over the long-term.

Investment Risks and Uncertainties

The Organization invests in a professionally managed portfolio. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Debt Issuance Costs

Debt issuance costs are being amortized over the life of the construction loan using the straight-line method. Amortization expense totaled $4,082 during the years ended December 31, 2019 and 2018, respectively. As a result of the adoption of ASU 2015-03, the note payable on the accompanying statements of financial position have been reduced by net deferred financing costs of $18,710 and $22,792 as of December 31, 2019 and 2018, respectively. Amortization of the debt issuance costs is included in interest expense on the accompanying statements of activities.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis within the accompanying statement of functional expenses. Expenses that could not be specifically traced to a particular function or expenses that benefit more than one functional category are allocated on the basis of estimates. The functional expense allocation is based on management's judgement over the portion of time an employee spends on a specific program or the perceived benefit to the program for which the expense was incurred.

Advertising

The Organization expenses advertising costs as incurred. Advertising costs amounted to $39,784 and $72,472 for the years ended December 31, 2019 and 2018, respectively.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Income Taxes

The Organization is described in Section 170(c) of the Internal Revenue Code (the Code) and is exempt from taxation under Section 501(c)(3) of the Code. ASC 740, *Income Taxes*, prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties, and financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has not identified any unrecognized tax exposures. The Organization recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Organization does not have any amounts accrued relating to interest and penalties as of December 31, 2019 and 2018. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among Organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing transactions. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases' guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease.

In June 2020, the FASB deferred the effective date of the lease guidance for non-public entities to reporting periods beginning after December 15, 2021. Early adoption is permitted. Management has elected not to adopt ASU 2016-02 early and is evaluating the impact of adopting the new lease standard on the Organization's accompanying financial statements.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. The reclassification had no effect on the previously reported total change in net assets or total net assets.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Subsequent Event

The Organization evaluated for disclosure of any subsequent events through August 27, 2020, the date the financial statements were available to be issued and determined there were no material events that warrant disclosure, expect as disclosed in Note 11.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following as of December 31,;

		2019		2018
Gross pledges receivable	$	600,499	$	993,400
Less: allowance for uncollectible pledges		(91,253)		(19,075)
Less: unamortized discount		(3,700)		(15,133)
Pledges receivable, net	$	505,546	$	959,192

The payments for the pledges receivable are as follows as of December 31,;

		2019		2018
Less than one year	$	396,899	$	595,244
One to five years		203,600		398,156
Gross pledges receivable	$	600,499	$	993,400

Pledges receivable due in more than one year are recorded at the present value of future cash flows. The Organization uses the U.S. Treasury Bill rates to discount pledges receivable due in more than one year, which ranged from 1.58% to 1.69% for the year ended December 31, 2019 and 2.46% to 2.63% for the year ended December 31, 2018. Pledges receivable are payable at the discretion of the donors. As of December 31, 2019, one donor accounted for approximately 39% of gross pledges receivable. As of December 31, 2018, two donors accounted for approximately 40% of gross pledges receivable.

3. INVESTMENTS

Cost and fair value of investments consist of the following as of December 31,:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	$ 129,661	$ 178,455	$ 140,215	$ 153,814
Exchange Traded Funds and Mutual Funds	134,107	139,919	130,540	123,166
Mortgage Backed Securities	12,263	16,167	12,263	14,969
Real Estate Investment Trusts	35,140	49,077	42,826	44,879
Treasury Stripped Interest Security	20,450	20,663	-	-
Total Investments	$ 331,621	$ 404,281	$ 325,844	$ 336,828

Investment income (loss) consists of the following for the years ended December 31,:

	2019	2018
Interest and dividends	$ 11,758	$ 14,805
Realized gain on investments	18,682	33,730
Unrealized gain (loss) on investments	47,210	(59,429)
Investment management fees	(4,163)	(4,030)
Investment income (loss), net	$ 73,487	$ (14,924)

4. PROPERTY AND EQUIPMENT

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

	2019	2018
Buildings	$ 2,128,972	$ -
Computer Equipment	149,616	151,035
Furniture and Fixtures	77,406	77,406
Vehicles	23,152	23,152
Race Equipment	10,631	10,631
Leasehold Improvements	5,818	5,818
	2,395,595	268,042
Less: Accumulated Depreciation	(167,105)	(84,024)
	2,228,490	184,018
Construction in Progress	-	2,085,615
Property and equipment, net	$ 2,228,490	$ 2,269,633

4. PROPERTY AND EQUIPMENT – cont'd.

Depreciation expense totaled $90,854 and $28,269 for the years ended December 31, 2019 and 2018, respectively. The construction in progress as of December 31, 2018 was related to the Ulman House, which was placed in service in February 2019.

5. NOTE PAYABLE

Effective July 31, 2017, the Organization entered into a credit agreement (Construction Loan) with a financial institution which allowed for borrowings up to $950,000. The construction loan was used to finance the construction of the Ulman House. During the construction period, the Organization was required to make interest only payments until the earlier of January 31, 2019 or the date of the final advance, at which point the construction loan would be converted to a permanent loan.

The construction period commenced on July 31, 2017 (closing date) and concluded on January 31, 2019. The construction loan bore interest at the prime rate plus 2.00% per annum. Interest incurred during the construction period totaled $6,024 and $51,230 for the years ended December 31, 2019 and 2018, respectively, and was capitalized as a component of buildings. The Ulman House was placed into service during February 2019.

Effective February 1, 2019, the construction loan converted to a permanent loan. Commencing on March 1, 2019, monthly installments of principal and interest are due through July 31, 2025 (maturity date).The permanent loan bears interest at the seven-year treasury bill yield plus 2.50% per annum. Interest expense on the permanent loan totaled $42,554 during the year ended December 31, 2019.

As of December 31, 2019 and 2018, the amount outstanding on the note payable totaled $918,016 and $897,714, respectively.

Future maturities under the note payable are as follows during the years ended December 31,:

2020	$ 28,419
2021	30,022
2022	31,716
2023	33,505
2024	794,354
Total	918,016
Less: deferred financing costs	(18,710)
Note payable, net of debt issuance costs	$ 899,306

5. NOTE PAYABLE – cont'd.

Borrowings under the note payable are collateralized by substantially all assets of the Organization. The Organization is subject to certain financial covenants under the terms of the note payable. The Organization is in compliance with all covenants as of December 31, 2019.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31,:

	2019	2018
Capital Campaign (1)	$ 478,091	$ 1,000,916
Shearer Fund	65,051	72,284
Scholarships	44,609	58,995
Other	33,000	58,352
Patient Navigation	12,940	11,237
Capital Project Fund - Ulman House	-	1,097,721
Total	$ 633,691	$ 2,299,505

(1) Subsequent to the year ended December 31, 2017, management reviewed documentation with respect to the capital campaign net assets with donor restrictions and determined that a portion of these net assets should be reclassified as net assets without donor restrictions – board designated because the use of these net assets were determined to be at the discretion of the. As of January 1, 2018, net assets with donor restrictions that were reclassified to net assets without donor restrictions – board designated totaled $397,959.

During the years ended December 31, 2019 and 2018, net assets totaling $1,735,406 and $666,303, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes, passage of time, or by occurrence of other events specified by donors such as special events or capital events.

7. RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for eligible employees. Employees who elect to contribute a percentage of their compensation to the plan will receive a matching contribution up to 3% of their annual compensation. For the years ended December 31, 2019 and 2018, employer matching contributions totaled $36,266 and $33,186, respectively.

8. CAPITAL LEASES

Effective December 22, 2015, the Organization entered into a furniture lease agreement in the amount of $30,104. The lease requires monthly payments of $518, commencing on January 1, 2016 through the maturity date of January 1, 2021. The lease has been capitalized using a discount rate of 1.25%.

Effective February 12, 2016, the Organization entered into a copier lease agreement in the amount of $20,452. The lease requires monthly payments of $325, commencing on March 1, 2016 through the maturity date of July 1, 2021. This lease is non-interest bearing.

The future minimum future lease payments under capital lease agreements are as follows for the years ending December 31,:

2020	$ 9,026
2021	2,596
Total future minimum lease payments	11,622
Less: amount representing interest	(42)
Present value of future minimum lease payments	$ 11,580

The equipment and furniture held under capital leases is being amortized over the related lease terms and is as follows as of December 31,:

	2019	2018
Property under capital leases	$ 50,556	$ 50,556
Less: accumulated amortization	38,976	28,837
Net book value	$ 11,580	$ 21,719

9. COMMITMENTS

Operating Leases

The Organization leases office and storage space under various non-cancelable operating lease agreements, which expire through March 2021.

Future minimum lease payments required under non-cancelable operating leases are as follows for the years ending December 31,:

2020	$	135,078
2021		33,977
Total	$	169,055

The Organization recognizes rent expense on non-cancelable operating leases with fixed annual rent increases using the straight-line method over the life of the lease. Deferred rent totaled $14,954 and $23,456 as of December 31, 2019 and 2018, respectively.

The rent expense for office facilities totaled $143,542 and $143,916 during the years ended December 31, 2019 and 2018, respectively.

The Organization subleases a portion of office space to a tenant under a non-cancelable operating lease expiring in March 2021.

Future minimum lease receipts under non-cancelable operating lease are as follows for the years ending December 31,:

2020	$	60,000
2021		10,000
Total	$	70,000

The Organization generated sublease rent revenue of $57,997 and $47,982 during the years ended December 31, 2019 and 2018, respectively. Sublease rent revenue is recorded in other revenue within the accompanying statements of activities.

10. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available to meet cash needs for general expenditures within one year are as follows as of December 31,:

	2019	2018
Cash and cash equivalents	$ 1,176,619	$ 1,122,709
Pledges receivable, net	505,546	959,192
Other receivables, net of allowance	35,486	30,470
Investments	404,281	336,828
Total Current Financial Assets	2,121,932	2,449,199
Less: Pledges receivables, net,:		
To be collected in more than one year	(203,600)	(398,156)
Less: Donor-imposed restrictions:		
Restricted by purpose	(155,600)	(1,298,589)
Financial assets able to meet cash needs for general expenditures within one year	$ 1,762,732	$ 752,454

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments that may be used for operations upon approval by the Board.

11. SUBSEQUENT EVENT

In December 2019, the novel strain of coronavirus ("COVID-19") was reported in Wuhan, China, and the World Health Organization declared it a global health emergency on January 30, 2020. Since January 2020, the Organization has been monitoring the impact of COVID-19 on its business. Beginning in March 2020, COVID-19 began to impact the global economy. The Organization has had to cancel or change the format of several programs and events, which has, and is expected to continue to, adversely impact revenue and cash flows. Because of the size and duration of this pandemic, all of the direct and indirect consequences of COVID-19 are not yet known and may not emerge for some time. The future impact of the pandemic is highly uncertain and cannot be predicted, but it could have a material adverse impact on the future results of operations and financial position of the Organization. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

11. SUBSEQUENT EVENT – cont'd.

In April 2020, the Organization obtained a term note in the amount of $210,872 with a commercial bank under the U.S. Small Business Administration Paycheck Protection Program (PPP), which was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is eligible for forgiveness pursuant to the CARES Act, which minimally requires that (1) at least 60% of the loan proceeds are used to cover payroll costs and the remainder is used for mortgage interest, rent and utility costs over the earlier of 8 to 24 weeks after the loan is made, or December 31, 2020, (2) the number of employees and compensation levels are generally maintained, and (3) the Company continues to operate in substantially the same manner as at present, to the extent permitted by applicable law. The portion of the loan that is not forgiven bears interest at 1.0% and matures in April 2025. Principal and interest payments are deferred until the lender receives the forgiveness amount from the U.S. Small Business Administration. Management anticipates that 100% of the loan will be forgiven based on qualified expenditures made subsequent to the issuance of the loan.