



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

**Financial Statements
Together with Independent Auditors' Report**

For the Years Ended December 31, 2020 and 2019



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, 2020 and 2019, 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 audits. We conducted our audits 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 The Ulman Cancer Fund for Young Adults as of December 31, 2020 and 2019, 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 AHSST Services, P.C.

June 29, 2021

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

Statements of Financial Position

<i>As of December 31,</i>	<i>2020</i>	<i>2019</i>
Assets		
Cash and cash equivalents	\$ 1,153,860	\$ 1,176,619
Pledges receivable, net	397,461	505,546
Other receivables, net	69,675	35,486
Investments	477,170	404,281
Prepaid expenses and other assets	67,727	85,784
Property and equipment, net	2,147,620	2,228,490
Total Assets	\$ 4,313,513	\$ 4,436,206
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 113,451	\$ 102,660
Deferred revenue - special events	145,175	267,492
Deferred rent	3,157	14,954
Capital lease obligations	2,872	11,580
Note payable, net of debt issuance costs	887,576	899,306
Total Liabilities	1,152,231	1,295,992
Commitments and Contingencies (Notes 9 and 11)		
Net Assets		
Without Donor Restrictions		
Undesignated	1,488,190	1,612,809
Board designated	1,025,861	893,714
Total Net Assets Without Donor Restrictions	2,514,051	2,506,523
With Donor Restrictions	647,231	633,691
Total Net Assets	3,161,282	3,140,214
Total Liabilities and Net Assets	\$ 4,313,513	\$ 4,436,206

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

**THE ULMAN CANCER FUND
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Statements of Activities

<i>For the Years Ended December 31,</i>	2020			2019		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Operating Revenues and Support						
Contributions	\$ 1,092,831	\$ 324,709	\$ 1,417,540	\$ 1,699,639	\$ 159,765	\$ 1,859,404
Special events, net of direct expenses of \$50,760 and \$87,824	326,041	-	326,041	369,024	-	369,024
Program fees	40,000	-	40,000	83,346	-	83,346
In-kind contributions	1,024	-	1,024	10,175	-	10,175
Net assets released from restrictions	301,289	(301,289)	-	1,735,406	(1,735,406)	-
Total Operating Revenues and Support, net	1,761,185	23,420	1,784,605	3,897,590	(1,575,641)	2,321,949
Operating Expenses						
Program services	1,517,830	-	1,517,830	2,064,803	-	2,064,803
General and administrative	251,546	9,880	261,426	311,094	90,173	401,267
Fundraising	230,557	-	230,557	307,126	-	307,126
Total Operating Expenses	1,999,933	9,880	2,009,813	2,683,023	90,173	2,773,196
Change in Net Assets from Operating Activities	(238,748)	13,540	(225,208)	1,214,567	(1,665,814)	(451,247)
Non-Operating Revenues and Expenses						
Other revenue, net	60,658	-	60,658	61,575	-	61,575
Paycheck Protection Program income (Note 11)	210,872	-	210,872	-	-	-
Interest expense	(51,284)	-	(51,284)	(46,636)	-	(46,636)
Loss on disposal of property and equipment	(560)	-	(560)	(1,612)	-	(1,612)
Investment income, net	26,590	-	26,590	73,487	-	73,487
Total Non-Operating Revenues and Expenses, net	246,276	-	246,276	86,814	-	86,814
Change in Net Assets	7,528	13,540	21,068	1,301,381	(1,665,814)	(364,433)
Net Assets, beginning of year	2,506,523	633,691	3,140,214	1,205,142	2,299,505	3,504,647
Net Assets, end of year	\$ 2,514,051	\$ 647,231	\$ 3,161,282	\$ 2,506,523	\$ 633,691	\$ 3,140,214

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, 2020**

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 676,267	\$ 90,272	\$ 123,737	\$ 890,276
Community outreach	343,515	-	34,455	377,970
Rent	102,338	12,381	12,792	127,511
Depreciation	86,080	2,212	2,212	90,504
Employee benefits	56,541	7,071	7,509	71,121
Bad debts	-	70,314	-	70,314
Payroll taxes	52,480	6,992	9,524	68,996
Accounting and legal fees	1,455	55,448	41	56,944
Bank charges	29,697	4,530	4,530	38,757
Insurance	30,642	2,847	2,847	36,336
Website	24,879	2,130	6,734	33,743
Scholarships	30,000	-	-	30,000
Advertising and branding	14,655	-	9,671	24,326
Office expenses	15,742	1,906	1,814	19,462
Contractual services	10,800	1,350	5,548	17,698
Meetings and conferences	11,507	281	4,597	16,385
Telephone	8,995	697	897	10,589
Dues and subscriptions	6,185	1,824	461	8,470
Postage and delivery	4,043	437	1,852	6,332
Utilities	4,527	566	566	5,659
Support groups	3,343	-	-	3,343
Printing and publications	1,983	168	168	2,319
Travel	891	-	602	1,493
In-kind expenses	1,024	-	-	1,024
Automobile repairs	241	-	-	241
Total Operating Expenses	\$ 1,517,830	\$ 261,426	\$ 230,557	\$ 2,009,813

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

**THE ULMAN CANCER FUND
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**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
Employee benefits	101,733	38,425	12,769	152,927
Rent	116,657	12,531	14,354	143,542
Contractual services	39,390	40,076	38,610	118,076
Bad debts	-	115,648	-	115,648
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
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
T/A ULMAN FOUNDATION**

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	<i>2020</i>	<i>2019</i>
Cash Flows from Operating Activities		
Change in net assets	\$ 21,068	\$ (364,433)
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities		
Contributions designated for capital improvements	(97,500)	(49,773)
Depreciation	90,504	90,854
Provision for uncollectible pledges receivable	34,000	84,598
Provision for uncollectible other receivables	36,314	31,050
Decrease in discount on pledges receivable	(3,656)	(11,433)
Amortization of debt issuance costs	4,082	4,082
Net realized and unrealized gain on investments	(21,581)	(65,892)
Interest and dividends reinvested	(5,462)	(9,209)
Loss on disposal of property and equipment	560	1,612
Changes in operating assets and liabilities:		
Pledges receivable	77,741	380,481
Other receivables	(70,503)	(36,066)
Prepaid expenses and other assets	18,057	(19,085)
Accounts payable and accrued expenses	10,791	(34,873)
Deferred revenue - special events	(122,317)	44,238
Deferred rent	(11,797)	(8,502)
Net Cash and Cash Equivalents (Used in) Provided by Operating Activities	(39,699)	37,649
Cash Flows from Investing Activities		
Purchases of property and equipment	(10,194)	(51,323)
Proceeds from sale of investments	88,831	152,036
Purchases of investments	(134,677)	(144,388)
Net Cash and Cash Equivalents Used in Investing Activities	(56,040)	(43,675)
Cash Flows from Financing Activities		
Contributions designated for capital improvements	97,500	49,773
Proceeds from draws under note payable	-	47,286
Principal payments on note payable	(15,812)	(26,984)
Principal payments on capital lease obligations	(8,708)	(10,139)
Net Cash and Cash Equivalents Provided by Financing Activities	72,980	59,936
Net (Decrease) Increase in Cash and Cash Equivalents	(22,759)	53,910
Cash and Cash Equivalents, beginning of year	1,176,619	1,122,709
Cash and Cash Equivalents, end of year	\$ 1,153,860	\$ 1,176,619
Supplemental Cash Flow Information		
Cash paid for interest	\$ 47,202	\$ 48,578

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

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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 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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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 \$45,508 and \$91,253 as of December 31, 2020 and 2019, 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 \$4,000 and \$18,500 as of December 31, 2020 and 2019, respectively.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019.

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 did 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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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 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 for the years ending December 31, 2020 and 2019:

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 \$79,095 and \$139,619 during the years ended December 31, 2020 and 2019, 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.

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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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

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, 2020 and 2019, in-kind contributions totaled \$1,024 and \$10,175, 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 years ended December 31, 2020 and 2019, there were no donated goods and services which enhanced long-lived assets.

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:

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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

Fair Value Measurement – cont’d.

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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020:

	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 234,065	\$ -	\$ -	\$ 234,065
Exchange Traded Funds and Mutual Funds	177,449	-	-	177,449
Mortgage Backed Securities	-	17,292	-	17,292
Real Estate Investment Trusts	25,219	-	-	25,219
Treasury Stripped Interest Security	-	23,145	-	23,145
	\$ 436,733	\$ 40,437	\$ -	\$ 477,170

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

Investments and Investment Income

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 loss occurs.

Realized gains or losses on the 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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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

Investments and Investment Income – 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

The Organization accounts for debt issuance costs in accordance with ASC 835, *Simplifying the Presentation of Debt Issuance Costs*. ASC 835 requires that debt issuance costs be presented in the accompanying statements of financial position as a reduction from the related note payable.

As of December 31, 2020 and 2019, the debt issuance costs totaled \$28,574 and consists of costs incurred in connection with the issuance of a Note Payable (Note 5). The debt issuance costs are being amortized to interest expense over the term of the loan agreement using the straight-line method which is not materially different from the effective interest method. Amortization expense totaled \$4,082 for each of the years ended December 31, 2020 and 2019. Accumulated amortization as of December 31, 2020 and 2019 totaled \$13,946 and \$9,864, respectively. The note payable on the accompanying statements of financial position has been reduced by the net debt issuance costs totaling \$14,628 and \$18,710 as of December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis within the accompanying statements 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 totaled \$24,326 and \$39,784 for the years ended December 31, 2020 and 2019, respectively.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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

Deferred Rent

The Organization recognizes rent expense from noncancelable operating leases (Note 9) in accordance with ASC 840, *Leases*, which requires rent expense to be recorded using the straight-line method over the duration of the lease. The difference between the straight-line rent expense and rent payments is recorded as a deferred rent expense on the accompanying statements of financial position. Deferred rent totaled \$3,157 and \$14,954 as of December 31, 2020 and 2019, respectively.

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, 2020 and 2019. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Recently Issued Accounting Pronouncements

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 is evaluating the impact of adopting the new lease standard on the Organization's accompanying financial statements.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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

Recently Issued Accounting Pronouncements – cont’d.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure requirements. Under the ASU, not-for-profit entities must present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities. Not-for-profit entities must also disclose the disaggregation of the amount of contributed nonfinancial assets as well as additional qualitative information. ASU 2020-07 is effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is evaluating the impact of adopting the 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.

Subsequent Event

The Organization evaluated, for disclosure, any subsequent events through June 29, 2021, the date the financial statements were available to be issued and determined there were no material events that warrant disclosure, except as disclosed in Note 11 and Note 13.

2. PLEDGES RECEIVABLE

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

	2020	2019
Gross pledges receivable	\$ 443,013	\$ 600,499
Less: allowance for uncollectible pledges	(45,508)	(91,253)
Less: present value discount	(44)	(3,700)
Pledges receivable, net	\$ 397,461	\$ 505,546

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

2. PLEDGES RECEIVABLE – cont’d.

Pledges receivable are expected to be received as follows as of December 31,;

	2020	2019
Less than one year	\$ 409,720	\$ 396,899
One to five years	33,293	203,600
Gross pledges receivable	\$ 443,013	\$ 600,499

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 0.10% to 0.17% for the year ended December 31, 2020 and 1.58% to 1.69% for the year ended December 31, 2019. Pledges receivable are payable at the discretion of the donors. As of December 31, 2020, two donors accounted for approximately 61% of gross pledges receivable. As of December 31, 2019, one donor accounted for approximately 38% of gross pledges receivable.

3. INVESTMENTS

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	\$ 151,359	\$ 234,065	\$ 129,661	\$ 178,455
Exchange Traded Funds and Mutual Funds	164,410	177,449	134,107	139,919
Mortgage Backed Securities	12,263	17,292	12,263	16,167
Real Estate Investment Trusts	22,947	25,219	35,140	49,077
Treasury Stripped Interest Security	20,450	23,145	20,450	20,663
Total Investments	\$ 371,429	\$ 477,170	\$ 331,621	\$ 404,281

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

	2020	2019
Interest and dividends	\$ 9,252	\$ 11,758
Realized (loss) gain on investments	(10,992)	18,682
Unrealized gain on investments	32,573	47,210
Investment management fees	(4,243)	(4,163)
Investment income, net	\$ 26,590	\$ 73,487

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

4. PROPERTY AND EQUIPMENT

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

	2020	2019
Buildings	\$ 2,128,972	\$ 2,128,972
Computer Equipment	148,912	149,616
Furniture and Fixtures	77,406	77,406
Vehicles	23,152	23,152
Race Equipment	10,631	10,631
Leasehold Improvements	5,818	5,818
	2,394,891	2,395,595
Less: Accumulated Depreciation	(256,107)	(167,105)
	2,138,784	2,228,490
Construction in Progress	8,836	-
Property and equipment, net	\$ 2,147,620	\$ 2,228,490

Depreciation expense totaled \$90,504 and \$90,854 for the years ended December 31, 2020 and 2019, respectively. The construction in progress as of December 31, 2020 relates to the renovation of the Ulman House basement.

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 for the year ended December 31, 2019 and was capitalized as a component of the construction related to the Ulman House. 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 \$45,601 and \$42,554 during the years ended December 31, 2020 and 2019, respectively.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

5. NOTE PAYABLE – cont’d.

On June 29, 2020, the loan was amended for the deferment of loan principal payments for a period of six months, beginning with the payment due on June 30, 2020, through and including the payment due on December 30, 2020 (Deferment Period). Interest on the outstanding principal balance will continue to be due and payable throughout the deferment period. All principal payments deferred will be due and payable upon maturity of the loan.

As of December 31, 2020 and 2019, the amount outstanding on the note payable totaled \$902,204 and \$918,016, respectively.

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

2021	\$	30,536
2022		32,127
2023		33,801
2024		35,562
2025		770,178
Total		902,204
Less: unamortized debt issuance costs		(14,628)
Note payable, net of debt issuance costs	\$	887,576

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, 2020 and 2019.

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020		2019
Capital Campaign	\$ 389,720	\$	478,091
Capital Project Fund - UCF House Renovations	97,500		-
Shearer Fund	66,251		65,051
Other	38,402		33,000
Patient Navigation	31,313		12,940
Scholarships	24,045		44,609
Total	\$ 647,231	\$	633,691

During the years ended December 31, 2020 and 2019, net assets totaling \$301,289 and \$1,735,406, 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.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019, employer matching contributions totaled \$23,556 and \$36,266, 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 furniture and equipment under the capital leases serves as the collateral for the leases. The furniture and equipment held under the capital leases and the related capital lease obligations are recorded at the lesser of the present value of the minimum lease payments or the fair value of the equipment at the time of the lease origination. The furniture and equipment is being amortized over the shorter of the lease term or estimated useful life.

As of December 31, 2020, the future minimum lease payments required under capital leases total \$2,872 and are due during the year ended December 31, 2021. The amount of future minimum lease payments representing interest is de minimis.

The furniture and equipment held under capital leases is as follows as of December 31,:

	2020	2019
Furniture and equipment under capital leases	\$ 50,556	\$ 50,556
Less: accumulated amortization	(47,684)	(38,976)
Net book value	\$ 2,872	\$ 11,580

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

9. OPERATING LEASES

Effective April 1, 2016, the Organization entered into a non-cancelable operating lease for office and storage which expires in March 2021. The lease provides for base monthly rent of \$10,260, an annual rent escalation of 2.50% and rent abatement for the first three months of the lease. As of December 31, 2020, the future minimum lease payments required under the non-cancelable operating lease total \$33,977 and are to be made during the year ending December 31, 2021. The rent expense for office facilities totaled \$127,512 and \$143,542 during the years ended December 31, 2020 and 2019, respectively.

The Organization subleases a portion of the office space to a tenant under a non-cancelable operating lease expiring in March 2021. As of December 31, 2020, the future minimum lease receipts required under the non-cancelable operating lease total \$10,000 and are due during the year ending December 31, 2021. The Organization generated sublease rent revenue of \$60,000 and \$57,997 during the years ended December 31, 2020 and 2019, 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,:

	2020	2019
Cash and cash equivalents	\$ 1,153,860	\$ 1,176,619
Pledges receivable, net	397,461	505,546
Other receivables, net	69,675	35,486
Investments	477,170	404,281
Total Financial Assets	2,098,166	2,121,932
Less: Pledges receivables, net,:		
To be collected in more than one year	(33,249)	(199,900)
Less: Donor-imposed restrictions:		
Restricted by purpose	(257,511)	(155,600)
Less: Board designated net assets	(1,025,861)	(893,714)
Financial assets able to meet cash needs for general expenditures within one year	\$ 781,545	\$ 872,718

As part of the liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity constraints, the Organization has a spending policy for their investment portfolio. The Organization's spending policy is to draw a fixed percentage, typically between 0% to 4.5%, of the investment's market value. During the year ended December 31, 2020, the Organization did not withdrawal from the investment portfolio. During the year ended December 31, 2019, the withdrawal from the investment portfolio totaled \$200,000.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

11. PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, Congress passed a \$2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides significant tax and non-tax stimulus to individuals and businesses.

In April 2020, the Organization obtained a term note in the amount of \$210,872 with a financial institution under the U.S. Small Business Administration (SBA) 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) the loan proceeds be used to cover eligible expenses, which include payroll costs, mortgage interest, rent and utility costs, and (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven bears interest at 1.0% and is due in monthly payments over a period of five years. In October 2020, the SBA extended the deferral period for loan repayments to either (1) the date that the SBA remits the Organization's loan forgiveness amount to the lender or (2) if the Organization does not apply for loan forgiveness, 10 months after the end of the Organization's loan forgiveness covered period.

The Organization elected to account for the forgivable loan as a conditional grant in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Accordingly, the Organization recorded the initial loan proceeds as a loan payable and reduced the loan payable and recognized revenue once the conditions were substantially met or explicitly waived. In accordance with the CARES Act, the Organization used the loan proceeds to cover eligible expenses and maintained the required employee and compensation levels to be eligible for loan forgiveness. The Organization recognized Paycheck Protection Program loan income totaling \$210,872 on the accompanying statements of activities for the year ended December 31, 2020. Subsequent to year end, the SBA approved forgiveness of the entire loan amount.

12. CORONAVIRUS

In December 2019, the novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." In March 2020, COVID-19 began to spread throughout the United States. Efforts to contain COVID-19, including restrictions mandated by the Federal and State governments caused numerous non-essential businesses to temporarily close or operate remotely in an effort to prevent COVID-19 from spreading more rapidly. The Organization cancelled or changed the format of several programs and events, which has, and is expected to continue to, adversely impact revenue and operational cash flows.

Based on the information available as of the report date, management reviewed the impact of COVID-19 on the Organization's ability to continue as a going concern and determined that the existing cash balances and ongoing operations are expected to be adequate to support the operations of the Organization for the foreseeable future.

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

Notes to the Financial Statements For the Years Ended December 31, 2020 and 2019

13. SUBSEQUENT EVENT

On February 2, 2021, the Organization obtained a second draw term note in the amount of \$166,775, with a financial institution under the SBA PPP, which was established by the 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, debt interest, rent, utility, property damages, supplier costs and worker protection costs over the earlier of 8 to 24 weeks after the date of disbursement, (2) the number of employees and compensation levels are generally maintained. The portion of the loan that is not forgiven bears interest at 1.0% and matures in February 2026. Principal and interest payments are deferred for the first 10 months of the loan at which time the loan is to be repaid on a monthly basis over the remaining 50 months. Management anticipates that 100% of the loan will be forgiven as the Organization plans to use the loan proceeds to fund eligible expenses and plans to maintain the employee and compensation levels as required by the CARES Act for forgiveness.