

**Conquer Cancer Foundation of the American Society  
of Clinical Oncology**

**Financial Statements  
and Independent Auditor's Report**

**December 31, 2021 and 2020**

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**Conquer Cancer Foundation of the American Society of  
Clinical Oncology**

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## Independent Auditor's Report

Board of Directors  
Conquer Cancer Foundation of the American Society  
of Clinical Oncology  
Alexandria, Virginia

### *Opinion*

We have audited the financial statements of Conquer Cancer Foundation of the American Society of Clinical Oncology ("Conquer Cancer"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Conquer Cancer as of December 31, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Prior Period Financial Statements*

The financial statements of Conquer Cancer Foundation of the American Society of Clinical Oncology were audited by other auditors whose report dated May 17, 2021 expressed an unmodified opinion on those statements.

### *Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Conquer Cancer's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conquer Cancer's ability to continue as a going concern for a reasonable period of time.

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

*CohnReznick LLP*

Bethesda, Maryland  
May 19, 2022

**Conquer Cancer Foundation of the American Society of  
Clinical Oncology**

**Statements of Financial Position  
December 31, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,062,629	\$ 12,722,183
Investments	99,582,379	89,668,691
Contributions receivable, net	5,040,333	5,286,368
Prepaid expenses and other assets	<u>164,928</u>	<u>246,172</u>
 Total assets	 <u><u>\$ 109,850,269</u></u>	 <u><u>\$ 107,923,414</u></u>
	 <u>Liabilities and Net Assets</u>	
<b>Liabilities</b>		
Accounts payable	\$ 5,287,294	\$ 6,061,495
Accrued Expenses	41,000	2,700
Refundable advances	3,600,008	2,173,918
Due to American Society of Clinical Oncology, net	<u>1,419,496</u>	<u>1,011,216</u>
 Total liabilities	 10,347,798	 9,249,329
 Commitments and contingencies		
<b>Net assets</b>		
Net assets without donor restrictions	47,032,655	42,169,176
Net assets with donor restrictions	<u>52,469,816</u>	<u>56,504,909</u>
 Total net assets	 <u><u>99,502,471</u></u>	 <u><u>98,674,085</u></u>
 Total liabilities and net assets	 <u><u>\$ 109,850,269</u></u>	 <u><u>\$ 107,923,414</u></u>

See Notes to Financial Statements.

**Conquer Cancer Foundation of the American Society of  
Clinical Oncology**

**Statement of Activities and Change in Net Assets  
Year Ended December 31, 2021**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue and support			
Contributions, grants and sponsorships	\$ 8,685,687	\$ 12,894,492	\$ 21,580,179
Dues	95,000	-	95,000
Other	384,509	-	384,509
Net assets released from restrictions	19,800,806	(19,800,806)	-
Total revenue and support	28,966,002	(6,906,314)	22,059,688
Expenses			
Program services			
Research	15,861,828	-	15,861,828
Scientific and medical education	4,814,004	-	4,814,004
Patient and public information	215,853	-	215,853
Quality of care	108,832	-	108,832
Policy	460,408	-	460,408
Total program services	21,460,925	-	21,460,925
Supporting services			
Fundraising	5,391,940	-	5,391,940
Administration	1,553,314	-	1,553,314
Total supporting expenses	6,945,254	-	6,945,254
Total expenses	28,406,179	-	28,406,179
Change in net assets before investment return, net	559,823	(6,906,314)	(6,346,491)
Investment return, net	4,303,656	2,871,221	7,174,877
Change in net assets	4,863,479	(4,035,093)	828,386
Net assets, beginning of year	42,169,176	56,504,909	98,674,085
Net assets, end of year	\$ 47,032,655	\$ 52,469,816	\$ 99,502,471

**Conquer Cancer Foundation of the American Society of  
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**Statement of Activities and Change in Net Assets  
Year Ended December 31, 2020**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Revenue and support			
Contributions, grants and sponsorships	\$ 6,695,625	\$ 27,184,614	\$ 33,880,239
Dues	948,550	-	948,550
Other	588,794	-	588,794
Net assets released from restrictions	<u>15,025,514</u>	<u>(15,025,514)</u>	<u>-</u>
Total revenue and support	<u>23,258,483</u>	<u>12,159,100</u>	<u>35,417,583</u>
Expenses			
Program services			
Research	13,442,497	-	13,442,497
Scientific and medical education	4,840,571	-	4,840,571
Patient and public information	51,420	-	51,420
Quality of care	312,953	-	312,953
Policy	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	18,647,441	-	18,647,441
Supporting services			
Fundraising	5,862,530	-	5,862,530
Administration	<u>712,426</u>	<u>-</u>	<u>712,426</u>
Total supporting expenses	<u>6,574,956</u>	<u>-</u>	<u>6,574,956</u>
Total expenses	<u>25,222,397</u>	<u>-</u>	<u>25,222,397</u>
Change in net assets before investment return, net	(1,963,914)	12,159,100	10,195,186
Investment return, net	<u>3,159,006</u>	<u>2,850,034</u>	<u>6,009,040</u>
Change in net assets	1,195,092	15,009,134	16,204,226
Net assets, beginning of year	<u>40,974,084</u>	<u>41,495,775</u>	<u>82,469,859</u>
Net assets, end of year	<u>\$ 42,169,176</u>	<u>\$ 56,504,909</u>	<u>\$ 98,674,085</u>

See Notes to Financial Statements.

**Conquer Cancer Foundation of the American Society of  
Clinical Oncology**

**Statement of Functional Expenses  
Year Ended December 31, 2021**

	Research	Scientific and medical education	Patient and public information	Quality of care	Policy	Total program services	Fundraising	Administration	Total supporting services	Total
Awards	\$ 13,957,798	\$ 4,453,739	\$ 200,670	\$ 99,603	\$ 424,198	\$ 19,136,008	\$ 45,100	\$ 91	\$ 45,191	\$ 19,181,199
Salaries and benefits	1,492,924	264,829	11,181	6,986	23,955	1,799,875	3,114,917	1,048,700	4,163,617	5,963,492
Technology	2,616	648	24	16	101	3,405	719,853	4,566	724,419	727,824
Office services	21,729	6,329	278	140	592	29,068	514,899	25,763	540,662	569,730
Occupancy	143,832	38,531	1,718	874	3,667	188,622	187,265	165,597	352,862	541,484
Services and honoraria	163,464	37,847	1,580	894	7,000	210,785	620,498	204,232	824,730	1,035,515
Sales and marketing	-	-	-	-	-	-	46,138	-	46,138	46,138
Temporary help and staff development	28,787	7,236	306	169	658	37,156	43,457	37,378	80,835	117,991
Travel	25,411	864	38	20	82	26,415	16,885	3,849	20,734	47,149
Publication production	24,929	3,933	58	128	154	29,202	81,466	62,248	143,714	172,916
Meetings production	338	48	-	2	1	389	1,462	890	2,352	2,741
<b>Total expenses</b>	<b>\$ 15,861,828</b>	<b>\$ 4,814,004</b>	<b>\$ 215,853</b>	<b>\$ 108,832</b>	<b>\$ 460,408</b>	<b>\$ 21,460,925</b>	<b>\$ 5,391,940</b>	<b>\$ 1,553,314</b>	<b>\$ 6,945,254</b>	<b>\$ 28,406,179</b>

**Conquer Cancer Foundation of the American Society of  
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**Statement of Functional Expenses  
Year Ended December 31, 2020**

	Research	Scientific and medical education	Patient and public information	Quality of care	Policy	Total program services	Fundraising	Administration	Total supporting services	Total
Awards	\$ 10,140,586	\$ 4,173,140	\$ 42,711	\$ 264,301	\$ -	\$ 14,620,738	\$ 103,658	\$ 16,304	\$ 119,962	\$ 14,740,700
Salaries and benefits	2,420,378	531,004	6,733	37,439	-	2,995,554	3,389,452	488,752	3,878,204	6,873,758
Technology	130,025	32,147	724	3,827	-	166,723	745,124	17,853	762,977	929,700
Office services	102,796	23,177	261	1,555	-	127,789	709,230	46,145	755,375	883,164
Occupancy	270,750	65,743	743	4,456	-	341,692	277,667	105,674	383,341	725,033
Services and honoraria	248,940	9,102	164	897	-	259,103	404,549	11,553	416,102	675,205
Sales and marketing	-	-	-	-	-	-	164,101	-	164,101	164,101
Temporary help and staff development	42,570	5,809	84	478	-	48,941	41,018	8,921	49,939	98,880
Travel	60,987	394	-	-	-	61,381	22,459	12,331	34,790	96,171
Publication production	17,307	55	-	-	-	17,362	5,272	1,696	6,968	24,330
Meetings production	8,158	-	-	-	-	8,158	-	3,197	3,197	11,355
<b>Total expenses</b>	<b>\$ 13,442,497</b>	<b>\$ 4,840,571</b>	<b>\$ 51,420</b>	<b>\$ 312,953</b>	<b>\$ -</b>	<b>\$ 18,647,441</b>	<b>\$ 5,862,530</b>	<b>\$ 712,426</b>	<b>\$ 6,574,956</b>	<b>\$ 25,222,397</b>

See Notes to Financial Statements.

**Conquer Cancer Foundation of the American Society of  
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**Statements of Cash Flows  
Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 828,386	\$ 16,204,226
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized gain on investments	(5,229,685)	(4,447,190)
Change in discount on contributions receivable	10,130	107,139
Contributions to net assets with donor restrictions - endowments	(1,997,125)	(6,504,115)
Change in operating assets and liabilities:		
Accounts receivable, net	-	610
Contributions receivable	235,905	918,561
Due from American Society of Clinical Oncology	-	994,172
Prepaid expenses and other assets	81,244	51,181
Accounts payable	(774,201)	2,956,836
Accrued expenses	38,300	(263,724)
Refundable advances	1,426,090	(1,651,520)
Due to American Society of Clinical Oncology	408,280	1,011,216
	<u>(4,972,676)</u>	<u>9,377,392</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(7,040,623)	(62,803,303)
Proceeds from sales of investments	2,356,620	53,994,847
	<u>(4,684,003)</u>	<u>(8,808,456)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Contributions to net assets with donor restrictions - endowment	1,997,125	6,504,115
	<u>1,997,125</u>	<u>6,504,115</u>
Net cash provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(7,659,554)	7,073,051
Cash and cash equivalents, beginning of year	12,722,183	5,649,132
Cash and cash equivalents, end of year	<u>\$ 5,062,629</u>	<u>\$ 12,722,183</u>
Supplemental disclosure of cash flow information		
Cash paid for tax	<u>\$ -</u>	<u>\$ 170,363</u>

See Notes to Financial Statements.

**Conquer Cancer Foundation of the American Society of  
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**Notes to the Financial Statements  
December 31, 2021 and 2020**

**Note 1 - Organization and summary of significant accounting policies**

**Organization**

The Conquer Cancer Foundation of the American Society of Clinical Oncology ("Conquer Cancer") is a charitable organization dedicated to accelerating breakthroughs in lifesaving research and empowering people everywhere to conquer cancer. Conquer Cancer was created by the American Society of Clinical Oncology, Inc. (the "Society") to raise funds to support cancer research and to support the lifesaving work of the Society and its global membership of more than 40,000 oncology professionals in over 100 countries. Conquer Cancer is a related entity of the Society and its accounts are included in the Society's consolidated financial statements.

**Operating structure**

Conquer Cancer fulfills its mission by focusing its efforts in the following service areas, which are included in the statements of activities and change in net assets:

**Research**

Conquer Cancer funds and awards multiple research grants for cancer researchers in all spectrums of research activities related to cancer prevention, screening, treatment and outcomes in all cancer types. Awards given include Young Investigator Awards and Career Development Awards, among others.

**Scientific and medical education**

Conquer Cancer helps healthcare professionals worldwide stay up to date on the latest development and discoveries in cancer knowledge. Conquer Cancer supports the efforts of the Society to provide the latest information and education to physicians, researchers and caregivers through meetings, publications, websites, and other resources.

**Patient and public information**

Conquer Cancer helps the Society in providing the public, including patients and caregivers, the media, legislators, physicians and other health care professionals, with accurate and up-to-date information about cancer, cancer care, treatment, research, prevention, and other issues important to the cancer community. Cancer information in lay terms is available through the Society's free patient education website, [Cancer.net](http://Cancer.net).

**Quality of care**

Conquer Cancer funds projects that develop evidence-based guidelines, develop and validate quality measures in oncology, and conduct quality improvement and measurement activities.

**Policy**

Conquer Cancer supports the Society in the development of healthcare policy to improve equitable access to cancer care, support federal cancer research, and improve access to clinical trials.

**Basis of accounting**

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenue is recognized when earned and expenses are recognized when obligations are incurred.

**Conquer Cancer Foundation of the American Society of  
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**Notes to the Financial Statements  
December 31, 2021 and 2020**

**Use of estimates**

Management uses estimates and assumptions in preparing these consolidated financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Cash and cash equivalents**

Short-term, highly liquid investments with original maturities of 90 days or less are considered cash equivalents, except those associated with the investment portfolio.

**Concentrations of credit risk**

Conquer Cancer maintains demand deposits with commercial banks and financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. Amounts on deposit in excess of federally insured limits at December 31, 2021 approximate \$5.5 million. The uninsured portions of cash and cash equivalents are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to Conquer Cancer. Historically, Conquer Cancer has not experienced losses related to these accounts.

**Investments**

Investments are reflected at fair value. All realized and unrealized gains and losses on investments, interest and dividends, net of management fees, are included in investment return on the statements of activities and change in net assets.

**Contributions receivable**

Unconditional promises to give are recorded as contributions receivable and contribution revenue in the period in which Conquer Cancer is notified in writing by the donor of a commitment to contribute. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

The change in the discount on contributions receivable is recognized in contributions revenue in the statements of activities and change in net assets. The change in the discount on contributions receivable (decreased)/increased contribution revenue by (\$10,130) and \$107,139, for the years ended December 31, 2021 and 2020, respectively.

Management periodically evaluates outstanding receivables for collectability. Receivables are assessed based on various factors including donor credit history, financial conditions and current economic conditions. Management estimates that no allowance for doubtful accounts is needed at December 31, 2021 and 2020, respectively.

**Refundable advances**

Advances received on conditional contributions are recorded as refundable advances and recognized as revenue upon satisfaction of the conditions stipulated by the donor.

**Grants and contributions**

Grants and contributions are classified as either unconditional or conditional. Unconditional grants and contributions, including unconditional pledges, are recognized as revenue when the commitment to contribute is received. Unconditional grants and contributions are recorded as either

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December 31, 2021 and 2020**

with donor restriction or without donor restriction. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of the gift.

A conditional grant or contribution is a transaction where Conquer Cancer has to overcome a barrier to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if Conquer Cancer fails to overcome the barrier. Conquer Cancer recognizes revenue upon overcoming the barrier. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Conquer Cancer had approximately \$8,885,000 and \$1,894,000 in unrecognized conditional promises to give as of December 31, 2021 and 2020, respectively.

**Net assets**

In accordance with GAAP, net assets are reported based on the existence or absence of donor-imposed restrictions as follows:

**Net assets without donor restrictions**

Net assets that are available for general operations and not subject to donor restrictions, including net assets that have been designated by the Board of Directors for a specified purpose.

**Net assets with donor restrictions**

Net assets subject to donor imposed restrictions are available only for the purposes stated by the donor or at the time specified by the donor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or use of funds for the activities specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions that are restricted by donors for specific purposes are as follows:

**General award funds**

Consists of awards that provide support for researchers in the field of clinical oncology or other oncology programs.

**Young Investigator Award (YIA) Fund**

The YIA is a one-year grant that provides funds to physicians during the transition from a fellowship program to a faculty appointment and is intended to provide protected research time, monetary support, and mentoring needed to start a successful research career.

**Gianni Bonadonna Breast Cancer Award and Fellowship**

The Gianni Bonadonna Breast Cancer Award (Bonadonna Award) is an annual award recognizing an active clinical or translational researcher with a distinguished record of accomplishments in advancing the field of breast cancer.

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**Career Development Award (CDA) Fund**

The CDA is a three-year grant for early career physician-scientists during their first few years of faculty appointment when funding is difficult to obtain.

**Advanced Clinical Research Award (ACRA) Fund**

The ACRA is a three-year grant that funds cancer researchers in their 5th to 10th year of a full-time faculty appointment in a clinical department at an academic medical institution. These topic-specific grants are designed to fund investigators committed to clinical cancer research.

**Merit Award Fund**

Merit Awards are awarded to physicians in an oncology fellowship training program or doctoral degree candidates whose high-quality abstracts are selected for presentation at the ASCO Annual Meeting and thematic symposia.

**Research Professorship Award Fund**

The Research Professorship Award is a five-year grant supporting researchers who have made significant contributions to the direction of cancer research, and will dedicate their time to training future cancer researchers.

**Donor restricted net assets in perpetuity**

These represent contributions that are restricted by donors in perpetuity to support a particular purpose. Over time, it is expected that the related investment income will be sufficient to fund the donor-designated award or activity.

**Measure of operations**

Conquer Cancer includes contributions, grants and sponsorships, dues, and other sources of income as revenue and support from operations. Nonoperating investment return, which includes interest and dividends net of fees, realized and unrealized gains and losses, is recognized in the statements of activities and change in net assets.

**Revenue recognition**

**Contributions, grants and sponsorships**

Grants and sponsorship support related to a specific event is recognized when the related activity takes place. Conditional grants and sponsorships received in advance are included in refundable advances in the statement of financial position until the conditions under the agreement are satisfied.

Conquer Cancer receives contributions from individuals, corporations, non-profit organizations, private institutions and other organizations. Contributions are transactions under which the donor does not receive commensurate value. Contributions may be either conditional or unconditional transactions. If unconditional, Conquer Cancer recognizes the revenue the earlier of the period received or promised, or if conditional, when the condition has been met. Contributions received are considered to be without donor restriction unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Multi-year unconditional promises to give are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. When the donor-imposed restrictions are met, the funds are released with an offset to support without donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

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**Contracts with customers**

Revenue is recognized when Conquer Cancer satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration Conquer Cancer expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, Conquer Cancer combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue and included in refundable advances in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

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

**Dues**

Dues are for membership in the Conquer Cancer Council. Revenue is recognized at a point in time using the input method when the membership begins for one year.

**Other**

Other fees received are recognized at a point in time using the input method as earning process is completed.

**Functional expense allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate. Salaries and related expenses are allocated based on time reported by program staff and by management estimates of effort for administrative and fundraising staff. Occupancy is allocated based on square footage and information technology expenses are allocated based on the proportion of personnel costs in each of the programs.

**Income taxes**

Conquer Cancer is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). It has been granted public charity status by the Internal Revenue Service (the "IRS") and has been classified as other than a private foundation. In 2021, Conquer Cancer generated no unrelated business income. In 2020, Conquer Cancer generated unrelated business income from advertising sold in conjunction with the Society's annual meeting. Unrelated business income tax of \$0 and \$170,363 was recognized in the financial statements, in 2021 and 2020, respectively.

Conquer Cancer accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"). Conquer Cancer believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. Generally, Conquer Cancer is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2018.

**Reclassifications**

Certain reclassifications have been made to the 2020 amounts to conform with the 2021 presentation.

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**Subsequent events**

The Organization has evaluated subsequent events for potential recognition or disclosure through May 19, 2022, the date the financial statements were available to be issued.

**Note 2 - Liquidity and availability**

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

	December 31,	
	2021	2020
Financial assets		
Cash and cash equivalents	\$ 5,062,629	\$ 12,722,183
Investments	99,582,379	89,668,691
Contributions receivable, net	5,040,333	5,286,368
Total financial assets	109,685,341	107,677,242
Less those unavailable for general expenditure within one year due to		
Net assets subject to donor restrictions	(52,469,816)	(56,504,909)
Board-designated net assets	(37,921,984)	(35,183,548)
Refundable advances	(3,600,008)	(2,173,918)
Add Board approved spending from endowments and quasi-endowments		
Maximum spending on restricted endowments	1,394,375	1,338,500
Maximum spending on board designated endowments	1,497,358	1,603,472
Financial assets available to meet cash needs for general expenditure within one year	\$ 18,585,266	\$ 16,756,839

Donor-restricted endowment funds and unspent donor-restricted gifts are not available for general use. Board-designated quasi-endowments are included in net assets without donor restrictions and are available to creditors. For purposes of evaluating liquidity, Conquer Cancer treats Board-designated funds as not available for general use. Refundable advances include advances on conditional contributions.

The Board-imposes a maximum annual spending rate of up to 6% of average market value from the previous 16 consecutive quarters ending June 30 of each year for Conquer Cancer endowment and quasi-endowments.

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**Note 3 - Investments**

Investments consist of the following:

	December 31,	
	2021	2020
Equity mutual funds	\$ 47,903,740	\$ 41,653,466
Fixed income mutual funds	51,678,639	48,015,225
	<u>\$ 99,582,379</u>	<u>\$ 89,668,691</u>

Investment return, net, consists of:

	Year ended December 31,	
	2021	2020
Interest and dividends	\$ 1,980,450	\$ 1,592,952
Realized gain (loss) on investments	637,045	(3,956,006)
Unrealized gain on investments	4,592,640	8,403,196
Less investment fees	(35,258)	(31,102)
	<u>\$ 7,174,877</u>	<u>\$ 6,009,040</u>

**Note 4- Contributions receivable**

Contributions receivable consists of the following at:

	December 31,	
	2021	2020
Receivable in less than one year	\$ 3,952,473	\$ 3,856,720
Receivable in one to five years	1,157,188	1,488,846
Total contributions receivable	5,109,661	5,345,566
Less discount to present value (.12%-3.32%)	69,328	59,198
Net contributions receivable	<u>\$ 5,040,333</u>	<u>\$ 5,286,368</u>

**Note 5 - Awards payable**

Awards payable, which are included in accounts payable in the accompanying statements of financial position, represent amounts authorized but not paid to grant award recipients. Conquer Cancer has determined that the impact of discounting awards payable beyond one year to their net present value is immaterial to the overall financial statements.

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Awards payable are committed for the following periods:

	December 31,	
	2021	2020
Within one year	\$ 3,318,143	\$ 4,799,170
More than one year	1,608,341	1,091,661
	\$ 4,926,484	5,890,831

**Note 6 - Net assets without donor restrictions**

Net assets without donor restrictions consist of the following at:

	December 31,	
	2021	2020
Undesignated	\$ 9,110,671	\$ 6,985,628
Board designated for		
Mission endowment	37,874,831	35,136,645
Lichter endowment	47,153	46,903
Total board designated for quasi-endowments	37,921,984	35,183,548
Total net assets without donor restrictions	\$ 47,032,655	\$ 42,169,176

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**Note 7- Net assets with donor restrictions**

Net assets with donor restrictions consist of the following at:

	December 31,	
	2021	2020
Subject to expenditures for specific purpose	\$ 9,928,800	\$ 16,914,416
Subject to the passage of time	3,462,646	3,897,932
	13,391,446	20,812,348
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Young investigator award	33,508,077	31,988,263
Merit and other award fund	4,088,178	2,609,912
Promises to give, proceeds of which have been restricted by donor for		
Young investigator award	633,000	1,061,750
Merit and other award fund	936,365	293,967
Underwater Endowments	(87,250)	(261,331)
	39,078,370	35,692,561
 Total Net assets with Donor restrictions	\$ 52,469,816	\$ 56,504,909

**Note 8 - Endowments and quasi-endowments**

Conquer Cancer's endowments consist of donor-restricted funds which are classified within donor restricted net assets that are perpetual in nature and of funds designated by the Board as a quasi-endowment. Conquer Cancer's current endowments accumulate investment income, gains and losses as part of the endowment as presently instructed by donors and these are classified as net assets with donor restrictions to the extent that they exceed cumulative allocations. Donors, at times, remove the restriction from a portion of the endowment to be used for awards or scholarships. Absent explicit direction from the donor regarding the classification of investment income from the permanently restricted endowments, investment income is recorded in net assets with donor restrictions until appropriated for spending.

The Board of Directors has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act ("VA UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, Conquer Cancer retains in perpetuity (a) the original value of initial and subsequent gift amounts, including promises to give at fair value donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Conquer Cancer in a manner consistent with the standard of prudence prescribed by VA UPMIFA. Conquer Cancer

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considers the following factors in making a determination to appropriate or to accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

**Investment objectives and risk strategies**

Conquer Cancer has adopted an investment policy that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Conquer Cancer makes reasonable efforts to control risk of loss, and investments are evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives. Conquer Cancer recognizes that some risk is present in all types of securities and investment portfolios, and that some risk is necessary to produce long-term investment results that meet its objectives. Leveraging through the use of futures and margining of marketable securities, unless approved in advance by the Board or employed within alternative investments, is not allowed under the investment policy.

**Spending policy**

**Donor-restricted endowments**

Donor-restricted endowments are spent in accordance with the terms of the applicable gift agreements, typically funding the annual amount of the specified award.

**Board-designated quasi endowments**

Conquer Cancer may spend up to 6% of the average market value of board-designated endowment funds per year, subject to approval by the Board of Directors. The actual spending rate in 2021 and 2020 was 3.8% and 4.8%, respectively.

**Underwater endowments**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or VA UPMIFA requires Conquer Cancer to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported as net assets with donor restrictions. The cumulative underwater deficiencies were \$87,250 and \$261,331 as of December 31, 2021 and 2020, respectively.

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**Endowment net asset composition**

Endowment funds consists of the following at:

<u>December 31, 2021</u>	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 35,529,010	\$ 35,529,010
Accumulated Investment gain	-	3,549,360	3,549,360
Board-designed quasi-endowment funds	<u>37,921,984</u>	<u>-</u>	<u>37,921,984</u>
Total	<u>\$ 37,921,984</u>	<u>\$ 39,078,370</u>	<u>\$ 77,000,354</u>
 <u>December 31, 2020</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 33,531,885	\$ 33,531,885
Accumulated Investment gain	-	2,160,676	2,160,676
Board-designed quasi-endowment funds	<u>35,183,548</u>	<u>-</u>	<u>35,183,548</u>
Total	<u>\$ 35,183,548</u>	<u>\$ 35,692,561</u>	<u>\$ 70,876,109</u>

**Changes in endowment net assets**

The following table represents the changes in endowment net assets at:

<u>December 31, 2021</u>	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 35,183,548	\$ 35,692,561	\$ 70,876,109
Contributions		1,997,125	1,997,125
Additional board-designations during the year	1,331,000	-	1,331,000
Investment return, net	2,904,794	2,783,059	5,687,853
Appropriations of endowment assets to spending-rate policy	<u>(1,497,358)</u>	<u>(1,394,375)</u>	<u>(2,891,733)</u>
Endowment net assets, end of year	<u>\$ 37,921,984</u>	<u>\$ 39,078,370</u>	<u>\$ 77,000,354</u>
 <u>December 31, 2020</u>			
Endowment net assets, beginning of year	\$ 33,803,951	\$ 27,740,161	\$ 61,544,112
Contributions	-	6,504,115	6,504,115
Additional board-designations during the year	937,451	-	937,451
Investment return, net	2,045,618	2,786,765	4,832,383
Appropriations of endowment assets to spending-rate policy	<u>(1,603,472)</u>	<u>(1,338,480)</u>	<u>(2,941,952)</u>
Endowment net assets, end of year	<u>\$ 35,183,548</u>	<u>\$ 35,692,561</u>	<u>\$ 70,876,109</u>

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**Note 9 - Related party transactions**

Conquer Cancer solicits contributions in support of the Society's educational and quality programs. Conquer Cancer provided contributions to the Society totaling \$7,797,511 and \$6,135,763 for the years ended December 31, 2021 and 2020, respectively, to support these programs.

The Society reimburses Conquer Cancer for the fundraising costs related to the contributions supporting the Society's programs. This reimbursement was \$3,457,000 and \$3,150,000 for the years ended December 31, 2021 and 2020, respectively. In addition, the Society provides certain services to Conquer Cancer including staff, office, and equipment rental and general administrative services. Conquer Cancer reimburses the Society for these costs. From time to time, there may be changes in the shared services agreement between the Society and Conquer Cancer which result in an increase or decrease in certain expenses recorded in Conquer Cancer's financial statements. Conquer Cancer was charged rent expense for the use of office space from the Society amounting to \$496,839 and \$527,614 for the years ended December 31, 2021 and 2020, respectively.

Further, the Society provides funds to Conquer Cancer in support of its grant programs including funding endowments for Young Investigator awards. The amount provided for support of grant awards totaled \$58,300 and \$4,158,500 for the year ended December 31, 2021 and 2020, respectively, and is included in contributions in the statements of activities and change in net assets. The Society collects contributions on behalf of Conquer Cancer.

The amounts due from the Society consist of the following at December 31:

	December 31,	
	2021	2020
Contributions for grant programs	\$ 111,264	\$ 344,819
Conquer Cancer contributions collected by the Society	242,011	113,312
Due from the Society	353,275	458,131
Grants for educational programs	(944,221)	(634,117)
Administrative expenses	(828,550)	(835,230)
Due to the Society	(1,772,771)	(1,469,347)
Net due to the Society	\$ (1,419,496)	\$ (1,011,216)

**Note 10 - Commitments and contingencies**

Conquer Cancer guarantees the Society's \$20,000,000 line-of-credit with Truist Bank. There was no outstanding balance on the line of credit as of December 31, 2021.

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**Note 11 - Fair value measurements**

The Organization has determined the fair value of certain assets through Topic 820, *Fair Value Measurement*, of the FASB ASC. Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

- Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation techniques.
- Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The following section describes the valuation methodologies Conquer Cancer uses to measure assets at fair value:

	Fair value measurements at reporting date using			
	Fair value	Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant observable inputs (Level 3)
<u>December 31, 2021</u>				
Equity mutual funds	\$ 47,903,740	\$ 47,903,740	\$ -	\$ -
Fixed income mutual funds	51,678,639	51,678,639	-	-
	\$ 99,582,379	\$ 99,582,379	\$ -	\$ -
<u>December 31, 2020</u>				
Equity mutual funds	\$ 41,653,466	\$ 41,653,466	\$ -	\$ -
Fixed income mutual funds	48,015,225	48,015,225	-	-
	\$ 89,668,691	\$ 89,668,691	\$ -	\$ -

This FASB ASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs. Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets as significant other observable inputs. Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no

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changes in the valuation methodologies used during the current year. All assets have been valued using a market approach.

**Note 12- Risks and uncertainties**

The spread of a novel strain of coronavirus ("COVID-19") has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of the Organization will depend on future developments, which cannot be determined at this time. Management continues to assess and monitor the situation as it evolves.



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