

# ***FCANCER***

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

December 31, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of  
FCancer

We have audited the accompanying financial statements of FCancer (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 FCancer as of December 31, 2020 and 2019, and the changes 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.

*Frith-Smith & Archibald, LLP*

Woodland Hills, CA  
October 29, 2021

**FCANCER**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31,**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 3,150,115	\$ 2,905,454
Total current assets	3,150,115	2,905,454
Security deposits	4,500	
Intangibles, net of accumulated amortization	<u>24,028</u>	
Total assets	<u>\$ 3,178,643</u>	<u>\$ 2,905,454</u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable	\$ 51,721	\$ 4,110
Accrued expenses	<u>12,386</u>	<u>8,747</u>
Total current liabilities	<u>64,107</u>	<u>12,857</u>
Total liabilities	<u>64,107</u>	<u>12,857</u>
Net assets		
Without donor restrictions	<u>3,114,536</u>	<u>2,892,597</u>
Total net assets	<u>3,114,536</u>	<u>2,892,597</u>
Total liabilities and net assets	<u>\$ 3,178,643</u>	<u>\$ 2,905,454</u>

**FCANCER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Individual and business contributions	\$ 1,175,495	\$	\$ 1,175,495
Loss from sales of merchandise	(16,082)		(16,082)
Interest income	1,545		1,545
Other income (PPP loan forgiveness)	37,083		37,083
Total revenues and other support	<u>1,198,041</u>		<u>1,198,041</u>
Expenses			
Program services:			
Prevention and early detection	428,581		428,581
Psychosocial support	428,581		428,581
Support services:			
Management and general	90,838		90,838
Fundraising	28,102		28,102
Total expenses	<u>976,102</u>		<u>976,102</u>
Change in net assets	221,939		221,939
Net assets, beginning of year	<u>2,892,597</u>		<u>2,892,597</u>
Net assets, end of year	<u>\$ 3,114,536</u>	<u>\$</u>	<u>\$ 3,114,536</u>

**FCANCER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Individual and business contributions	\$ 1,818,392	\$	\$ 1,818,392
Event revenue, net of expenses	75,287		75,287
Interest income	1,962		1,962
Net assets released from restrictions	130,000	(130,000)	
Total revenues and other support	<u>2,025,641</u>	<u>(130,000)</u>	<u>1,895,641</u>
Expenses			
Program services:			
Prevention and early detection	419,046		419,046
Psychosocial support	301,050		301,050
Support services:			
Management and general	78,804		78,804
Fundraising	83,853		83,853
Total expenses	<u>882,753</u>		<u>882,753</u>
Change in net assets	1,142,888	(130,000)	1,012,888
Net assets, beginning of year	<u>1,749,709</u>	<u>130,000</u>	<u>1,879,709</u>
Net assets, end of year	<u>\$ 2,892,597</u>	<u>\$</u>	<u>\$ 2,892,597</u>

**FCANCER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2020**

	Program Services			Supporting Services		Total
	Prevention and Early Detection Program	Psychosocial Support Programs	Total Program Expenses	Fundraising	Management and General	
Accounting fees	\$	\$	\$	\$	\$ 17,421	\$ 17,421
Administration and office supplies					3,347	3,347
Advertising and marketing	687	687	1,374	157	112	1,643
Amortization expense	486	486	972			972
Bank fees and charges					6,359	6,359
Books, subscription, membership	482	483	965		440	1,405
Business expenses - other	759	759	1,518		56	1,574
Business registration fees					698	698
Contracted services	177,324	177,324	354,648		28,498	383,146
Contractors appreciation					111	111
Fundraising				5,335		5,335
Insurance - liability	2,071	2,071	4,142		1,036	5,178
Legal fees					5,462	5,462
Other services	5,610	5,612	11,222			11,222
Payroll fees	779	779	1,558	124	130	1,812
Payroll taxes	6,113	6,112	12,225	1,048	1,097	14,370
Payroll wages	83,208	83,208	166,416	13,901	14,547	194,864
Postage, mailing service					9	9
Promotional product				262		262
Rent and utilities	8,270	8,270	16,540	1,319	1,381	19,240
Shipping and postage	378	377	755		1,526	2,281
Software and IT subscriptions	2,655	2,654	5,309	4,629	4,743	14,681
Supplies	1,020	1,019	2,039		1,690	3,729
Telephone and internet	1,076	1,077	2,153		2,111	4,264
Transportation	513	514	1,027			1,027
Travel and meetings	378	378	756			756
Video, editing and design				1,266		1,266
Website	381	380	761	61	64	886
	292,190	292,190	584,380	28,102	90,838	703,320
Program related donations	136,391	136,391	272,782			272,782
Total expenses	\$ 428,581	\$ 428,581	\$ 857,162	\$ 28,102	\$ 90,838	\$ 976,102

See Independent Auditors' Report and accompanying notes



**FCANCER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2019**

	<b>Program Services</b>			<b>Supporting Services</b>		<b>Total</b>
	Prevention and Early Detection Program	Psychosocial Support Programs	Total Program Expenses	Fundraising	Management and General	
Accounting fees	\$	\$	\$	\$	\$ 18,475	\$ 18,475
Administration and office supplies					2,401	2,401
Bank fees and charges					1,144	1,144
Books, subscription, membership	55		55		1,899	1,954
Business expenses - other					95	95
Business registration fees					450	450
Contracted services	172,883	172,883	345,766	27,585	28,864	402,215
Contractors appreciation		1,764	1,764			1,764
Food and beverages	4,974	3,784	8,758			8,758
Fundraising				37,185		37,185
Insurance - liability	1,887	1,887	3,774			3,774
Legal fees					10,400	10,400
Other services		8,500	8,500			8,500
Payroll fees					1,796	1,796
Payroll taxes	4,822	4,819	9,641	1,923		11,564
Payroll wages	58,263	58,264	116,527	10,624	13,280	140,431
Printing and copying	1,771	590	2,361			2,361
Promotional product				6,327		6,327
Shipping and postage	3,608	3,608	7,216			7,216
Supplies	896	572	1,468			1,468
Telephone and internet	6,161	6,161	12,322	209		12,531
Transportation	4,424	4,423	8,847			8,847
Travel and meetings	9,142	5,484	14,626			14,626
Video, editing and design	60,160	28,311	88,471			88,471
	329,046	301,050	630,096	83,853	78,804	792,753
Program related donations	90,000		90,000			90,000
<b>Total expenses</b>	<b>\$ 419,046</b>	<b>\$ 301,050</b>	<b>\$ 720,096</b>	<b>\$ 83,853</b>	<b>\$ 78,804</b>	<b>\$ 882,753</b>

See Independent Auditors' Report and accompanying notes

**FCANCER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 221,939	\$ 1,012,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
PPP loan forgiveness	(37,083)	
Depreciation and amortization	972	
Changes in operating assets and liabilities:		
Accounts payable	47,611	(10,201)
Accrued payroll	3,639	4,410
Security deposits	(4,500)	
Net cash provided by operating activities	<u>232,578</u>	<u>1,007,097</u>
Cash flows from investing activities:		
Payments for application development	(25,000)	
Net cash used in investing activities	<u>(25,000)</u>	
Cash flows from financing activities:		
Proceeds from notes payable	37,083	
Net cash provided by financing activities	<u>37,083</u>	
Net increase in cash	244,661	1,007,097
Cash, beginning of period	<u>2,905,454</u>	<u>1,898,357</u>
Cash, end of period	<u>\$ 3,150,115</u>	<u>\$ 2,905,454</u>

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**1. Organization**

FCancer (the Organization) is a 501(c)(3) nonprofit organization in the United States and a registered Canadian charity dedicated to prevention, early detection and providing emotional support and guidance to those affected by cancer. The Organization operates digital and on-the-ground programs and events that seek to change the way people think and talk about cancer, ultimately improving health outcomes.

**2. Program**

FCancer helps millions of people affected by cancer through its on-the-ground and digital programs - focusing on prevention, early detections and social-mental-support. FCancer achieves its goal by implementing the following:

Decrease late stage colon cancer diagnosis through on the ground programs that offer testing and digital education as well as providing digital resources for those affected by fertility issues due to cancer.

Decrease HPV-associated cancer by increasing HPV vaccination and screening.

The Organization also offers multiple digital education campaigns that focus on finding cancer early through self-detection or encouragement to get screened, as well as offering an online community to support one another.

**3. Significant Accounting Policies**

**Basis of Presentation**

The financial statements are presented in accordance with principles of accounting for nonprofit organizations, with consideration given to recent authoritative publications of the American Institute of Certified Public Accountants. Assets, liabilities, revenue and expenses are recognized under the accrual basis of accounting.

**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. These estimates and assumptions affect the 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 revenue and expenses during the reporting period.

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**3. Significant Accounting Policies (Continued)**

Recent Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource recipient the ASU is effective for annual periods beginning after December 15, 2018, with early adoption permissible. The Organization adopted the new guidance effective January 1, 2019 and applied the changes retrospectively.

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Restricted Cash, which provides new presentation and disclosure guidance for restricted cash and restricted cash equivalents as well as any other cash balances segregated on the balance sheet. The Organization adopted the new guidance effective January 1, 2019, and applied the changes retrospectively.

In May 2014, The Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which revises the Organization's financial reporting model. ASU 2014-09 provides for additional disclosure requirements. The Organization adopted the new guidance effective January 1, 2020 and applied it retrospectively.

Contributions

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restrictions end or purpose restrictions are accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**3. Significant Accounting Policies (Continued)**

Donated Assets

Donations of property for the Organization's fundraising events are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions and expensed in the same period.

Functional Expenses

Expenses are classified according to the programs and supporting services for which they were incurred and are reported on a functional basis in the accompanying statement of functional expenses.

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. These expenses have been allocated to programs and supporting functions on the basis of management's estimates of time and effort.

Income Taxes

The Organization is a nonprofit organization exempt as a public charity from federal and state taxes. The Internal Revenue Service periodically reviews the exempt status and activities of nonprofit organizations. Since the Organization is exempt from federal and state tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed. The open tax years are: 2017, 2018 and 2019.

**4. Cash and Cash Equivalents**

Cash includes cash on hand and cash held in financial institutions. The Organization maintains separate bank accounts for various purposes.

**5. Concentration of Credit Risk**

The Organization maintains cash balances at several financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's uninsured cash balances totaled \$2,900,115 and \$2,655,454 as of December 31, 2020 and 2019, respectively.

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**6. Security Deposits**

Security deposits represent amounts that the Organization paid to its landlord for its office located in Los Angeles, CA. The Organization's security deposit consists of the following as of December 31,

	<u>2020</u>	<u>2019</u>
Los Angeles, CA location	<u>\$ 4,500</u>	<u>\$</u>

**7. Intangibles**

The following is a summary of the Organization's intangibles:

	<u>2020</u>	<u>2019</u>	Estimated Useful Lives
Capitalized application costs	\$ 25,000	\$	5 years
Less: accumulated amortization	972		
	<u>\$ 24,028</u>	<u>\$</u>	

Amortization expense for the year ended December 31, 2020 was \$972.

**8. Commitments and Contingencies**

As of December 31, 2020, the Organization has a noncapitalizable lease as follows:

3272 Motor Ave., Suite H, Los Angeles CA 90034

In June 2020, the Organization signed a four (4) years lease agreement for its location in Los Angeles California. The agreement requires monthly payments of \$3,000 from July 1, 2020 through June 30, 2021. After that, rent increases at 3.5 percent annually until the lease expiration on June 30, 2024.

The future minimum lease payments under the operating lease are as follows:

Year ending December 31,	Total
2021	\$ 36,630
2022	37,912
2023	39,239
2024	19,957
	<u>\$ 133,738</u>

Total rent expense for the years ended December 31, 2020 and 2019 was \$18,000 and none, respectively.

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**9. Accrued Expenses**

Accrued expenses consist of the following as of December 31,

	<b>2020</b>	<b>2019</b>
Accrued salaries and wages	\$ 9,386	\$ 7,833
Accrued payroll taxes		914
Accrued rent expense	3,000	
Total accrued expenses	\$ 12,386	\$ 8,747

**10. Restricted Net Assets**

The classifications of net assets are based on restrictions stipulated by the donors. At December 31, 2020 and 2019, the Organization did not have temporarily or permanently restricted net assets.

**11. Liquidity**

As part of FCancer's liquidity management, the Organization invests cash in excess of daily requirements in interest bearing bank accounts. Although the Organization does not intend to spend from its reserve bank accounts other than for amounts appropriated for general expenditure designated in its annual budget, amounts from its cash reserves could be made available if necessary.

The Organization's goal is to maintain financial assets, which consist of cash on hand, to meet 60 days of normal operating expenditures, which are, on average \$120,000.

The Organization's financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position include:

	<b>2020</b>	<b>2019</b>
Cash and equivalents	\$ 3,150,115	\$ 2,905,454

**12. Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. This reclassification had no effect on the reported results of operations. Direct public support, corporate, individual and business contributions were consolidated under individual and business contributions in the statement of activities for the year ended December 31, 2019. This reclassification does not affect previously reported total revenues in the statement of activities.

**13. Other Income - PPP Forgiveness**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

**FCANCER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**13. Other Income - PPP Forgiveness, continued**

Cares Act

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credit, deferment of employer social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation method for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program Loans ("PPP loan") that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization applied for, and received, funds under the Paycheck Protection Program during the year ended December 31, 2020 in the amount of \$37,083. The application for these funds required the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization.

This certification further requires the Organization to take into account the Organization's current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the Organization. The receipt of these funds, and the forgiveness of the loans attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Organization's future adherence to the forgiveness criteria.

Subsequent to December 31, 2020, the Organization applied for forgiveness of the PPP loan. As a result, the Organization reclassified the loan balance in the amount of \$37,083 from liability to other income during the year ended December 31, 2020, as management believes the probability of forgiveness is highly likely.

**14. Subsequent Events**

Subsequent events have been evaluated through October 29, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Subsequent to year ended December 31, 2020, the Organization applied for, and received, funds for the second draw of the PPP loan in the amount of \$37,422.