

**The Bonnie J. Addario  
A Breath Away From The Cure  
Foundation**

Financial Statements &  
Independent Auditor's Report  
for the Year Ended  
December 31, 2017

**COOK &  
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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# COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

## Independent Auditor's Report

To the Board of Directors  
The Bonnie J. Addario A Breath Away From The Cure Foundation  
San Carlos, California

We have audited the accompanying financial statements of The Bonnie J. Addario A Breath Away From The Cure Foundation, d.b.a. The Bonnie J. Addario Lung Cancer Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

### *Auditor's 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 of 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 an assessment of the risks of the 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 Bonnie J. Addario A Breath Away From The Cure Foundation as of December 31, 2017, 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.



A Professional Accountancy Corporation  
August 29, 2018

# The Bonnie J. Addario A Breath Away From The Cure Foundation

## Statement of Financial Position

December 31, 2017

### ASSETS

#### Current Assets

Cash and cash equivalents	\$	1,673,028
Grants and pledges receivable - current (Note 3)		687,847
Prepaid expenses		3,597
Total current assets		<u>2,364,472</u>

Grants & pledges receivable, net		1,120,622
Property and equipment, net (Note 4)		52,997
Beneficial interest in assets held by others		<u>11,736</u>
Total assets	\$	<u><u>3,549,827</u></u>

### LIABILITIES & NET ASSETS

#### Current Liabilities

Accounts payable	\$	231,443
Accrued payroll liabilities		78,128
Grants payable		492,068
Total current liabilities		<u>801,639</u>

Grants payable		<u>100,000</u>
Total liabilities		901,639

#### Net Assets

Unrestricted		104,581
Temporarily restricted (Note 5)		2,533,607
Permanently restricted		10,000
Total net assets		<u>2,648,188</u>

Total liabilities and net assets	\$	<u><u>3,549,827</u></u>
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See accompanying notes to financial statements and independent auditor's report.

## The Bonnie J. Addario A Breath Away From The Cure Foundation

### Statement of Activities & Changes in Net Assets for the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Grants	\$ 70,000	\$ 1,757,679	\$ -	\$ 1,827,679
Fundraising event contributions	1,127,391	-	-	1,127,391
Sponsorships	852,977	367,000	-	1,219,977
Event revenue	268,262	-	-	268,262
Less: Direct event expenses	(530,021)	-	-	(530,021)
Memorials	171,044	425	-	171,469
Other contributions	162,174	81,974	-	244,148
Honoraria	27,159	-	-	27,159
Other income	3,927	-	-	3,927
Net assets released from restrictions	2,828,008	(2,828,008)	-	-
Total revenue and support	4,980,921	(620,930)	-	4,359,991
<b>Expenses</b>				
Program services expense				
Research	1,377,917	-	-	1,377,917
Patient services	1,543,775	-	-	1,543,775
Awareness	993,912	-	-	993,912
Total program expenses	3,915,604	-	-	3,915,604
Supporting services expense				
Management and general	366,501	-	-	366,501
Fundraising / development	296,206	-	-	296,206
Total supporting services expenses	662,707	-	-	662,707
Total expenses	4,578,311	-	-	4,578,311
Change in Net Assets	402,610	(620,930)	-	(218,320)
Net Assets, Beginning of Year	(298,029)	3,154,537	10,000	2,866,508
Net Assets, End of Year	\$ 104,581	\$ 2,533,607	\$ 10,000	\$ 2,648,188

See accompanying notes to financial statements and independent auditor's report.

**The Bonnie J. Addario A Breath Away From The Cure Foundation**  
**Statement of Functional Expenses**  
**for the Year Ended December 31, 2017**

	Program Services				Total	Management and General	Fundraising / Development	Shared Costs	Total
	Research	Patient Services	Awareness	Programs					
Grants made	\$ 879,761	\$ -	\$ 5,000	\$ 884,761	\$ -	\$ -	\$ -	\$ -	\$ 884,761
Salaries	134,648	528,103	365,574	1,028,325	163,153	142,121	-	-	1,333,599
Payroll taxes	9,856	37,106	26,399	73,361	11,698	10,274	-	-	95,333
Employee benefits	2,515	27,934	24,048	54,497	13,638	9,226	-	-	77,361
Professional fees - accounting	-	-	600	600	59,057	-	-	-	59,657
Professional fees - legal	3,760	5,440	1,470	10,670	32,293	-	-	-	42,963
Professional fees - fundraising	-	-	-	-	-	18,100	-	-	18,100
Other professional fees	231,270	469,069	184,102	884,441	14,542	14,686	-	50,781	964,450
Fundraising event expenses - rent	-	-	80,518	80,518	-	64,519	-	-	145,037
Fundraising event expenses - food and drink	-	-	50,904	50,904	-	62,345	-	-	113,249
Fundraising event expenses - entertainment	-	-	29,276	29,276	-	24,042	-	-	53,318
Fundraising event expenses - other	-	-	133,759	133,759	-	84,658	-	-	218,417
Advertising & promotion	29,339	190,213	103,260	322,812	929	10,525	-	11,951	346,217
Rent	-	1,539	8	1,547	-	17	-	67,488	69,052
Utilities	-	-	-	-	-	-	-	22,491	22,491
Repairs & maintenance	-	2,975	-	2,975	4,430	-	-	16,711	24,116
Telecommunications	-	3,397	155	3,552	102	46	-	27,652	31,352
Insurance	-	-	750	750	4,185	250	-	3,112	8,297
Supplies	-	14,391	3,127	17,518	1,234	1,570	-	23,185	43,507
Postage and delivery	28	3,179	15,055	18,262	76	6,323	-	5,429	30,090
Printing	346	46,104	13,640	60,090	1,007	8,944	-	444	70,485
Travel	12,434	118,706	85,263	216,403	6,600	37,995	-	429	261,427
Meetings & conferences	2,592	7,556	9,035	19,183	17,852	1,858	-	20,682	59,575
Subscriptions & memberships	6,143	3,187	6,358	15,688	1,115	1,599	-	10,242	28,644
Bank fees	1,050	1,152	64,148	66,350	3,113	8,755	-	184	78,402
Depreciation	-	-	-	-	-	-	-	15,135	15,135
Other	-	255	370	625	5,830	6,444	-	398	13,297
Shared cost allocation	64,175	83,469	85,550	233,194	25,647	17,473	-	(276,314)	-
Total expenses by function	1,377,917	1,543,775	1,288,369	4,210,061	366,501	531,770	-	5,108,332	-
Less expenses included with revenues on the statement of activities	-	-	-	(294,457)	-	-	-	-	(530,021)
Direct expenses of fundraising events	-	-	-	(294,457)	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	\$ 1,377,917	\$ 1,543,775	\$ 993,912	\$ 3,915,604	\$ 366,501	\$ 296,206	\$ -	\$ -	\$ 4,578,311

See accompanying notes to financial statements and independent auditor's report.

# The Bonnie J. Addario A Breath Away From The Cure Foundation

## Statement of Cash Flows for the Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	\$ (218,320)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	15,135
Loss on disposal of fixed asset	1,400
Other changes in assets and liabilities	
Grants and pledges receivable	411,328
Prepaid expenses and other assets	(1,258)
Accounts payable and accrued expenses	(74,929)
Grants payable	(254,720)
Net Cash from (used for) Operating Activities	<u>(121,364)</u>
 Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(17,920)</u>
Net Cash from (used for) Investing Activities	<u>(17,920)</u>
 Net Change in Cash and Cash Equivalents	(139,284)
Cash and Cash Equivalents, Beginning of Year	<u>1,812,312</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,673,028</u>

See accompanying notes to financial statements and independent auditor's report.

# The Bonnie J. Addario A Breath Away From The Cure Foundation

## Notes to Financial Statements December 31, 2017

### 1. The Foundation

#### Nature of Activities

The Bonnie J. Addario A Breath Away From The Cure Foundation, d.b.a. The Bonnie J. Addario Lung Cancer Foundation (ALCF or the Foundation), was established in 2006 as a nonprofit organization and is one of the largest philanthropies (patient-founded, patient-focused, and patient-driven) devoted exclusively to eradicating lung cancer through research, early detection, education, and treatment. The Foundation's goal is to work with a diverse group of physicians, organizations, industry partners, individuals, patients, survivors, and their families to identify solutions and make timely and meaningful change and turn lung cancer into a chronically managed disease by 2023.

Major programs conducted in 2017 include:

**Research** – Through funding research grants focused on precision oncology, diagnostics, prognostics, therapeutics, targets, genetics, underlying biology, and translational bench-to-bedside research, we are committed to making a positive impact on patient lives today. Through supporting and investing in lung cancer research initiatives, focused on early detection and screening, target identification and validation, therapeutic discovery and development with a keen focus on ushering in the era of precision or personalized medicine for each lung cancer patient.

**Patient Services** – Education, support and empowerment are at the center of our patient services. We provide a road map to help guide patients and their families and a support system to anchor them through educational resources: Living Room educational support group, Patient 360 educational handbook, educational video library, Lung Cancer Registry, patient and caregiver advisory board, patient portal on our website, our community hospital Centers of Excellence program, and 1-on-1 patient support and guidance.

**Awareness** – We are promoting awareness of lung cancer, educating patients, caregivers, physicians, nurses and the general public, and empowering patients through knowledge to be their own advocates. Through public relations efforts, our messaging is both urgent and simple. Patients hold the key to unlocking the mystery of lung cancer and they must have a “seat at the table”. ALCF is working with clinicians and physicians to make lung cancer a chronically managed disease by 2023. Through creative campaigns, social and traditional media, and a patient founder serving as the advocate for patients everywhere, we deliver our message and provide a unifying voice through programs like Jill's Legacy, Don't Guess Test, Don't Quit on Me/Join the Fight, and various speaking engagements.

The Foundation is exempt from income taxes under Internal Revenue Code section 501(c)(3), and section 23701(d) of the California Revenue and Taxation Code, and is governed by a Board of Directors.

#### Funding

Major funding is received in the form of charitable grants from foundations and businesses, as well as contributions from individuals and families. In addition, a substantial amount of revenue is generated from the Foundation's various special events held throughout the year.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.



# The Bonnie J. Addario A Breath Away From The Cure Foundation

## Notes to Financial Statements December 31, 2017

### Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted net assets**, which includes resources not subject to donor-imposed restrictions.

**Temporarily restricted net assets**, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

**Permanently restricted net assets**, which includes resources subject to donor-imposed restrictions that require permanent investment by the Foundation.

### Accounting for Restricted Support

Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the expirations of donor restrictions are recorded when the donated or acquired assets are placed in service.

### Fair Value Measurements

FASB ASC #820 establishes a fair value framework in accordance with generally accepted accounting principles. ASC #820 clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
- Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

### Cash & Cash Equivalents

Cash and cash equivalents include deposits held in a bank checking account, as well as money market funds held with an investment firm.

### Grants Receivable

Grants receivable are reported at the amount management expects to receive from contributors based on formal promises received. Amounts due within one year are stated at face value. Pledges due beyond one year are recorded at fair value on a non-recurring basis (using Level 3 inputs) and discounted using a risk-adjusted rate based on the US Treasury Rates in effect at the inception of the pledge.

# The Bonnie J. Addario A Breath Away From The Cure Foundation

## Notes to Financial Statements December 31, 2017

### Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consists of endowment contributions transferred to the Parasol Tahoe Community Foundation (PTCF) for investment purposes. Consistent with the regulations pertaining to such funds, the governing board of PTCF has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in its judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the communities served by the PTCF. This investment is recorded at fair value (using Level 2 inputs) on a recurring basis.

### Property & Equipment

Property and equipment with an initial cost of at least \$1,000 consist of office equipment and the Foundation's website. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to five years.

### Functional Expenses

The Foundation allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific activity or support service are allocated directly. Expenses that are common to several functions are allocated according to a formula based on the relative amount of staff time spent on the particular function.

### Allocation of Joint Costs

The Foundation conducts various athletic and community events that educate the public, raise awareness about lung cancer, and solicit contributions. The costs of these events are allocated among *fundraising* and *awareness* on the statement of functional expenses based on the content of the material provided to attendees.

### Income Taxes

As a public charity, the Foundation is exempt from income taxes except on activities unrelated to its mission. As management believes that all of the Foundation's activities are directly related to its mission, no provision has been made for income tax expense. The Foundation's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2015 through 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Foundation's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2014 through 2017 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. Grants & Pledges Receivable

### *Current*

Amounts due within one year	\$687,847
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### *Non-current*

Amounts due in one to five years	1,000,000
Amounts due beyond five years	250,000
Less: unamortized discount	(129,378)
Subtotal – non-current	1,120,622

Grants & pledges receivable, net	\$1,808,469
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**The Bonnie J. Addario A Breath Away From The Cure Foundation**

**Notes to Financial Statements  
December 31, 2017**

**4. Property & Equipment**

Office equipment	\$67,327
Website	27,500
Less: accumulated depreciation	<u>(41,830)</u>
Property & equipment, net	\$52,997

**5. Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 consist of awards received for the following:

General support for future periods	\$1,370,622
Patient services	345,000
Centers of excellence	190,000
Young Innovators team award	156,504
Patient registry	150,000
Living room program	145,000
ROSI project	56,426
Patient handbook	48,695
Patient video library	38,400
Other programs and activities	<u>32,960</u>
Total temporarily restricted net assets	\$2,533,607

**6. Joint Costs**

Joint costs were incurred for activities that included programmatic elements (i.e. educating participants and raising awareness), as well as the solicitation of contributions. These costs have been allocated as follows:

	<u>Awareness</u>	<u>Fundraising</u>	<u>Total</u>
Joint costs	\$819,603	\$378,482	\$1,198,085
Less: amounts included with revenue on the statement of activities	<u>(294,457)</u>	<u>(235,564)</u>	<u>(530,021)</u>
Total expenses included in the expense section of the statement of activities	\$525,146	\$142,918	\$668,064

**7. Related Party Transactions**

The Foundation rents two facilities in San Carlos on a month-to-month basis from an entity owned by a board member. Rent payments for 2017 totaled \$67,488.

In addition, three family members of a board member are employed as full-time employees of the Foundation. During 2017, two of these individuals were compensated \$88,817 each, while the third was compensated \$87,325.

# **The Bonnie J. Addario A Breath Away From The Cure Foundation**

## **Notes to Financial Statements December 31, 2017**

### **8. Contingencies**

#### Satisfaction of Donor Requirements

The Foundation receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor requirements have been met for grants and contributions that have been recognized in unrestricted revenue and support.

#### Cash Deposits in Excess of Federal Insurance Limits

As of December 31, 2017, the Foundation held \$1,373,476 in one financial institution, exceeding F.D.I.C insurance limits by \$1,123,476, however, management believes the risk of loss is minimal. To date, the Foundation has not experienced any such losses.

### **9. Subsequent Events - Financial Statement Preparation**

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through August 29, 2018, the date the financial statements were available to be issued.