

Fight Colorectal Cancer, Inc.

Independent Auditors' Report
and Financial Statements
Years Ended June 30, 2020 and 2019

KPM
CPAS & ADVISORS



Independent Auditors' Report

To the Board of Directors
Fight Colorectal Cancer, Inc.
Springfield, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Fight Colorectal Cancer, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fight Colorectal Cancer, Inc. as of June 30, 2020, 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.

Prior Period Financial Statements and Summarized Comparative Information

The financial statements of Fight Colorectal Cancer, Inc. as of June 30, 2019, were audited by other auditors whose report dated January 28, 2020, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 27, 2021

Fight Colorectal Cancer, Inc.

Statements of Financial Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,821,094	\$ 2,181,074
Contributions receivable, current	554,520	-
Prepaid expenses	49,156	5,540
Total current assets	<u>3,424,770</u>	<u>2,186,614</u>
Property and Equipment		
Cost	140,602	110,416
Less accumulated depreciation	38,555	66,441
Net property and equipment	<u>102,047</u>	<u>43,975</u>
Other Assets		
Contributions receivable, long-term	<u>1,601,366</u>	-
Total assets	<u>\$ 5,128,183</u>	<u>\$ 2,230,589</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 26,995	\$ 78,739
Accrued expenses	104,967	67,972
Total current liabilities	<u>131,962</u>	<u>146,711</u>
Net Assets		
Without donor restrictions	2,421,837	1,735,615
With donor restrictions	2,574,384	348,263
Total net assets	<u>4,996,221</u>	<u>2,083,878</u>
Total liabilities and net assets	<u>\$ 5,128,183</u>	<u>\$ 2,230,589</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Activities

Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenues				
Contributions	\$ 2,677,951	\$2,508,884	\$5,186,835	\$2,610,885
Paycheck Protection Program income	232,004	-	232,004	-
Other income	32,775	-	32,775	40,464
Total public support and revenues	2,942,730	2,508,884	5,451,614	2,651,349
Net assets released from restrictions	282,763	(282,763)	-	-
Total public support, revenues and reclassifications	3,225,493	2,226,121	5,451,614	2,651,349
Expenses				
Program services				
Awareness	666,383	-	666,383	1,021,036
Advocacy	589,183	-	589,183	490,716
Research	355,723	-	355,723	338,577
Education	522,451	-	522,451	237,414
Total program services	2,133,740	-	2,133,740	2,087,743
Supporting services				
Management and general	249,548	-	249,548	242,954
Fundraising	155,983	-	155,983	210,549
Total supporting services	405,531	-	405,531	453,503
Total expenses	2,539,271	-	2,539,271	2,541,246
Increase in net assets	686,222	2,226,121	2,912,343	110,103
Net assets - beginning of year	1,735,615	348,263	2,083,878	1,973,775
Net assets - end of year	<u>\$ 2,421,837</u>	<u>\$2,574,384</u>	<u>\$4,996,221</u>	<u>\$2,083,878</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

With Summarized Financial Information for the Year Ended June 30, 2019

	2020							2019	
	Program Services				Supporting Services			Total	Total
	Awareness	Advocacy	Research	Education	Total	Management and General	Fundraising		
Expenses									
Salaries	\$ 266,403	\$ 242,723	\$ 82,586	\$ 160,053	\$ 751,765	\$ 95,370	\$ 54,262	\$ 901,397	\$ 610,466
Payroll taxes	20,300	19,637	6,719	12,020	58,676	7,165	4,281	70,122	83,043
Employee benefits	27,125	15,816	6,319	15,532	64,792	14,477	3,574	82,843	73,087
Retirement benefits	2,089	2,690	1,258	1,471	7,508	3,538	697	11,743	9,048
Meetings and events	23,070	109,453	1,720	2,509	136,752	288	46,184	183,224	291,822
Depreciation	9,705	5,475	2,249	5,628	23,057	4,415	1,180	28,652	25,679
Office supplies and maintenance	9,131	4,264	4,386	2,714	20,495	15,091	1,113	36,699	30,094
Professional services	108,848	72,204	86,501	160,591	428,144	51,992	6,973	487,109	431,500
Technology	39,590	10,039	4,738	7,517	61,884	5,535	16,489	83,908	73,172
Promotion	91,913	774	-	39,238	131,925	4,965	8,171	145,061	109,210
Insurance	2,927	1,953	707	1,494	7,081	1,444	520	9,045	7,817
Travel	21,246	20,431	24,363	24,008	90,048	16,581	7,109	113,738	275,422
Utilities	7,862	4,788	1,857	4,344	18,851	3,872	1,083	23,806	17,616
Postage	18,591	5,139	1,546	22,381	47,657	3,286	1,125	52,068	22,852
Printing	241	(475)	(164)	27,627	27,229	(232)	42	27,039	32,477
Grants	-	60,000	125,500	25,000	210,500	-	-	210,500	70,809
Dues and subscriptions	597	4,041	1,569	976	7,183	275	85	7,543	13,403
Rent	15,795	9,587	3,699	8,692	37,773	6,900	2,199	46,872	30,612
In-kind promotion	-	-	-	-	-	-	-	-	300,000
Bank and merchant fees	-	-	-	-	-	5,069	620	5,689	19,954
Miscellaneous	950	644	170	656	2,420	9,517	276	12,213	13,163
Total expenses	<u>\$ 666,383</u>	<u>\$ 589,183</u>	<u>\$ 355,723</u>	<u>\$ 522,451</u>	<u>\$ 2,133,740</u>	<u>\$ 249,548</u>	<u>\$ 155,983</u>	<u>\$ 2,539,271</u>	<u>\$ 2,541,246</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities		
Increase in net assets	\$ 2,912,343	\$ 110,103
Adjustments		
Paycheck Protection Program income	(232,004)	-
Depreciation	28,652	25,679
Net change in operating accounts:		
Inventory	-	13,916
Contributions receivable	(2,155,886)	19,313
Prepaid expenses	(43,616)	14,733
Accounts payable	(51,744)	29,113
Accrued expenses	36,995	10,862
Deferred revenue	-	(63,333)
Net cash from operating activities	<u>494,740</u>	<u>160,386</u>
Cash flows used in investing activities		
Acquisition of property and equipment	<u>(86,724)</u>	<u>(25,158)</u>
Cash flows from financing activities		
Proceeds from Paycheck Protection Program	<u>232,004</u>	<u>-</u>
Net increase in cash and cash equivalents	640,020	135,228
Cash and cash equivalents - beginning of year	<u>2,181,074</u>	<u>2,045,846</u>
Cash and cash equivalents - end of year	<u>\$ 2,821,094</u>	<u>\$ 2,181,074</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

1. Summary of Significant Accounting Policies

Nature of business: Fight Colorectal Cancer, Inc. (the Organization) is a 501(c)(3) nonprofit corporation established in March 2005 for the purpose of demanding a cure for colon and rectal cancer, as well as educating and supporting patients, pushing for changes in policy that will increase and improve research, and empowering survivors to raise their voices against the status quo. The primary source of revenue for the organization is contributions raised throughout the United States.

Specific services and programs provided by the Organization include the following:

Awareness: The Organization educates the public on key issues regarding prevention, diagnosis, and treatment of colorectal cancer.

Advocacy: The Organization advocates for increased funding for research, screening, and access to care for patients and their families.

Research: The Organization works with researchers to ensure that research and treatment is responsive to patient needs, as well as training patients and caregivers on how to inform the research process.

Education: The Organization provides educational resources to patients and their caregivers, including webinars, blogs, publications, podcasts, and downloadable materials.

Accounting Pronouncement Adopted: During the year ended June 30, 2020, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending June 30, 2020 and 2019, are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

During the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Not-For-Profit Entities (Topic 985) Presentation of Financial Statements of Not-For-Profit Entities*. The ASU amended the current reporting model for nonprofit organizations and enhances required disclosures including net asset classification, the functional allocation of expenses, and information about liquidity, financial performance, and cash flows.

Revenue recognition: The Organization recognizes revenue using the following method:

Contributions: Contributions are recognized when cash, other assets, and an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Basis of presentation: The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2020 and 2019, the Organization does not have any net assets with donor restrictions held in perpetuity.

All donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and net assets as net assets released from donor restrictions.

Comparative financial information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Accounting estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those 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.

Contributions receivable: Contributions receivable are unconditional promises to give. Amounts that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Property and equipment and related depreciation: Property and equipment has been stated at cost. Depreciation has been computed by applying the straight-line method and estimated lives as follows:

<u>Category</u>	<u>Estimated Life</u>
Furniture, fixtures, and equipment	3-5 years
Software and licenses	3-5 years

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

Tax exempt status: The Organization has been classified as an exempt organization under Internal Revenue Code Section 501(c)(3) as a public charity qualified for charitable contributions under Internal Revenue Code Section 170.

The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2020 and 2019, there are no uncertain positions taken, or expected to be taken, that would require recognition of an asset or liability or disclosure in the financial statements. A tax asset or liability would be recognized if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization does not believe it likely that changes will occur within the next fiscal year that will have a material impact on the financial statements.

Contributed services: Unpaid volunteers have made contributions of their time to assist with the Organization's programs and fundraising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Paycheck Protection Program: In April 2020, the Organization was granted a \$232,004 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a conditional contribution and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and a right of return of the PPP loan no longer exists. Contribution revenue in the amount of \$232,004 is reflected in the accompanying statements of activities. The Organization is eligible for loan forgiveness of up to 100% of the loan, as long as (1) the loan proceeds are used to cover payroll costs and certain other eligible costs over the covered period after the loan is made; and (2) employees and compensation levels are maintained. The organization has applied for and estimates the majority of the funds will be forgiven under the program. However, if any funds are not forgiven, the Organization has two years to repay the remaining amount at a fixed interest rate of 1%.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services identified. Such allocations are determined by management on an equitable basis. All other costs have been directly applied.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

The allocated expenses include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and payroll taxes	Time and effort
Employee and retirement benefits	Time and effort
Depreciation	Full time equivalent
Office supplies and maintenance	Full time equivalent
Insurance	Full time equivalent
Professional services	Full time equivalent
Rent	Full time equivalent

Statement of cash flows: Cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with maturities of three months or less at the date of their acquisition.

Subsequent events: Management has evaluated subsequent events between the end of the most recent fiscal year end and May 27, 2021, the date the financial statements were available to be issued. See Note 2 for further discussion of risks related to the coronavirus pandemic occurring during the year.

2. Risks and Uncertainties

During the year, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable but will likely be significant for both the local and global economy. The effects of COVID-19 on the Organization are also not yet determinable. However, COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

Subsequent to year end, the Organization obtained an additional \$218,000 in financing under the Paycheck Protection Program. The loan is subject to a note dated February 2021. The Organization estimates the majority of the funds will be forgiven under the program. However, if any funds are not forgiven, the Organization has five years to repay the remaining amount at a fixed interest rate of 1%.

3. Availability and Liquidity

The Organization manages to maintain financial assets to meet three months of operating expenses. Excess cash may be invested in short-term investments, including money market accounts and certificates of deposit.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 2,821,094	\$ 2,181,074
Contributions receivable	<u>2,155,886</u>	<u>-</u>
Total financial assets	4,976,980	2,181,074
Less amounts not available to be used within one year		
Contributions receivable - long-term	<u>1,601,366</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,375,614</u>	<u>\$ 2,181,074</u>

4. Contributions Receivable

Pledges receivable consist of the following unconditional promises to give:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 554,520	\$ -
Due in one to five years	<u>1,633,500</u>	<u>-</u>
	2,188,020	-
Less: Unamortized discount	<u>32,134</u>	<u>-</u>
Total contributions receivable	<u>\$ 2,155,886</u>	<u>\$ -</u>

The unamortized discount was calculated using an average rate of 1%.

5. Property and Equipment

<u>Category</u>	<u>2020</u>	<u>2019</u>
Furniture, fixtures, and equipment	\$ 62,272	\$ 38,716
Software and licenses	<u>78,330</u>	<u>71,700</u>
	140,602	110,416
Less accumulated depreciation	<u>38,555</u>	<u>66,441</u>
Total	<u>\$ 102,047</u>	<u>\$ 43,975</u>

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

6. Net Assets

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes or periods:

Specific Purpose	2020	2019
Awareness	\$ 82,863	\$ 2,865
Research	295,675	335,438
Patient education	39,960	9,960
	<u>418,498</u>	<u>348,263</u>
Passage of Time		
Contribution receivables	2,155,886	-
Total net assets with donor restrictions	<u>\$ 2,574,384</u>	<u>\$ 348,263</u>

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	2020	2019
Research	<u>\$ 282,763</u>	<u>\$ 109,254</u>

7. Operating Leases

The Organization leases office space from an unrelated third party with a monthly rental of \$3,800 with the lease expiring April 30, 2024. Rent expense for the years ended June 30, 2020 and 2019 amounted to \$46,872 and \$30,613, respectively.

The future minimum lease payments under noncancelable operating leases at June 30, 2020 are as follows:

Year Ended June 30	Future Lease Payments
2021	\$ 45,600
2022	45,600
2023	45,600
2024	38,000
	<u>\$ 174,800</u>

8. Retirement Plan

The Organization has adopted a 403(b)-retirement plan matching up to two percent of employee contributions at the discretion of the Board of Directors. The plan provides coverage for all employees after eligibility requirements are met. Contributions to the plan for the years ended June 30, 2020 and 2019 amounted to \$11,743 and \$9,048, respectively.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

9. Concentrations of Credit Risk

The Organization maintains bank accounts with two financial institutions. On June 30, 2020, the balance with Legacy Bank exceeded FDIC insurance limit.

Contributions receivable as presented on the statements of financial position are due from one donor.

10. Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on the change in net assets.