

Fight Colorectal Cancer, Inc.

Independent Auditors' Report
and Financial Statements
Years Ended June 30, 2021 and 2020

KPM
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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, 2021, 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, 2021, 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.

Report on Comparative Information

We have previously audited the Fight Colorectal Cancer, Inc. financial statements as of June 30, 2020, and we expressed an unmodified opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, are consistent, in all material respects, with the audited financial statements from which it has been derived.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
January 6, 2022

Fight Colorectal Cancer, Inc.

Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,207,521	\$ 2,821,094
Contributions receivable, current	584,553	554,520
Prepaid expenses	14,157	49,156
Total current assets	<u>3,806,231</u>	<u>3,424,770</u>
Property and Equipment		
Cost	203,541	140,602
Less accumulated depreciation	80,612	38,555
Net property and equipment	<u>122,929</u>	<u>102,047</u>
Other Assets		
Contributions receivable, long-term	<u>1,072,880</u>	<u>1,601,366</u>
Total assets	<u>\$ 5,002,040</u>	<u>\$ 5,128,183</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 163,032	\$ 26,995
Accrued expenses	114,831	104,967
Total current liabilities	<u>277,863</u>	<u>131,962</u>
Net Assets		
Without donor restrictions	2,854,089	2,421,837
With donor restrictions	1,870,088	2,574,384
Total net assets	<u>4,724,177</u>	<u>4,996,221</u>
Total liabilities and net assets	<u>\$ 5,002,040</u>	<u>\$ 5,128,183</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Activities

Year Ended June 30, 2021

With Summarized Financial Information for the Year Ended June 30, 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenues				
Contributions	\$ 2,250,277	\$ 5,000	\$2,255,277	\$5,186,835
Paycheck Protection Program income	218,000	-	218,000	232,004
Other income	39,964	-	39,964	32,775
Total public support and revenues	2,508,241	5,000	2,513,241	5,451,614
Net assets released from restrictions	709,296	(709,296)	-	-
Total public support, revenues and reclassifications	3,217,537	(704,296)	2,513,241	5,451,614
Expenses				
Program services				
Awareness	751,076	-	751,076	666,383
Advocacy	691,749	-	691,749	589,183
Research	306,215	-	306,215	355,723
Education	639,002	-	639,002	522,451
Total program services	2,388,042	-	2,388,042	2,133,740
Supporting services				
Management and general	240,549	-	240,549	249,548
Fundraising	156,694	-	156,694	155,983
Total supporting services	397,243	-	397,243	405,531
Total expenses	2,785,285	-	2,785,285	2,539,271
Increase (decrease) in net assets	432,252	(704,296)	(272,044)	2,912,343
Net assets - beginning of year	2,421,837	2,574,384	4,996,221	2,083,878
Net assets - end of year	<u>\$ 2,854,089</u>	<u>\$1,870,088</u>	<u>\$4,724,177</u>	<u>\$4,996,221</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

With Summarized Financial Information for the Year Ended June 30, 2020

	2021							2020	
	Program Services				Supporting Services			Total	Total
	Awareness	Advocacy	Research	Education	Total	Management and General	Fundraising		
Expenses									
Salaries	\$ 312,053	\$ 256,594	\$ 107,508	\$ 208,905	\$ 885,060	\$ 128,194	\$ 42,617	\$ 1,055,871	\$ 901,397
Payroll taxes	24,429	19,022	8,997	16,527	68,975	11,780	3,379	84,134	70,122
Employee benefits	32,563	15,247	9,087	25,608	82,505	12,977	2,681	98,163	82,843
Retirement benefits	3,494	4,763	1,973	2,475	12,705	952	661	14,318	11,743
Meetings and events	958	36,382	19,661	90	57,091	75	32,016	89,182	183,224
Depreciation	13,685	6,887	3,860	10,933	35,365	5,565	1,125	42,055	28,652
Office supplies and maintenance	5,350	2,172	1,792	3,225	12,539	12,894	1,213	26,646	36,699
Professional services	138,891	76,689	77,238	143,654	436,472	26,665	24,177	487,314	487,109
Technology	48,095	37,354	15,928	19,005	120,382	7,416	21,442	149,240	83,908
Promotion	116,974	7,997	-	119,715	244,686	3,513	6,419	254,618	145,061
Insurance	2,709	4,195	762	2,139	9,805	1,166	236	11,207	9,045
Travel	6,747	18,030	3,968	2,512	31,257	8,686	16,219	56,162	113,738
Utilities	7,196	3,357	2,014	5,670	18,237	3,258	593	22,088	23,806
Postage	20,848	6,525	1,083	3,429	31,885	1,671	578	34,134	52,068
Printing	61	110	-	-	171	-	-	171	27,039
Grants	-	187,373	46,250	46,455	280,078	-	-	280,078	210,500
Dues and subscriptions	820	1,473	1,729	15,751	19,773	334	185	20,292	7,543
Rent	15,405	7,269	4,347	12,159	39,180	6,053	1,267	46,500	46,872
Bank and merchant fees	1,052	-	-	-	1,052	1,128	1,287	3,467	5,689
Miscellaneous	(254)	310	18	750	824	8,222	599	9,645	12,213
Total expenses	\$ 751,076	\$ 691,749	\$ 306,215	\$ 639,002	\$ 2,388,042	\$ 240,549	\$ 156,694	\$ 2,785,285	\$ 2,539,271

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities		
Increase (decrease) in net assets	\$ (272,044)	\$ 2,912,343
Adjustments		
Paycheck Protection Program income	(218,000)	(232,004)
Depreciation	42,055	28,652
Net change in operating accounts:		
Contributions receivable	498,453	(2,155,886)
Prepaid expenses	34,999	(43,616)
Accounts payable	136,037	(51,744)
Accrued expenses	9,864	36,995
Net cash from operating activities	<u>231,364</u>	<u>494,740</u>
Cash flows used in investing activities		
Acquisition of property and equipment	<u>(62,937)</u>	<u>(86,724)</u>
Cash flows from financing activities		
Proceeds from Paycheck Protection Program	<u>218,000</u>	<u>232,004</u>
Net increase in cash and cash equivalents	386,427	640,020
Cash and cash equivalents - beginning of year	<u>2,821,094</u>	<u>2,181,074</u>
Cash and cash equivalents - end of year	<u>\$ 3,207,521</u>	<u>\$ 2,821,094</u>

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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, 2021 and 2020, are presented under FASB ASC Topic 606.

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

Contributions and grants: 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. The grant received by the Organization is nonreciprocal, therefore, revenue is recognized as obligations are met.

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 not subject to donor-imposed restrictions 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.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors must be expended in accordance with donor restrictions. 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, 2021 and 2020, 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, 2020, 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.

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.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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, 2021 and 2020, 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: The Organization initially recorded Paycheck Protection Program loans as refundable advances 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 no longer exist.

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.

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.

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Subsequent events: Management has evaluated subsequent events between the end of the most recent fiscal year end and January 6, 2022, 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 ended June 30, 2020, 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 Organization and overall 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.

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 applied for and was notified in March 2021 that \$232,004 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. Loan forgiveness in the amount of \$232,004 is reflected in the accompanying statements of activities and net assets for the year ended June 30, 2020.

During February 2021, the Organization was granted a \$218,000 loan under the Paycheck Protection Program “PPP” administered by Legacy Bank and Trust, a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization applied for and was notified in October 2021 that \$218,000 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. Loan forgiveness in the amount of \$218,000 is reflected in the accompanying statements of activities and net assets for the year ended June 30, 2021.

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, 2021 and 2020

The following represents the Organization's financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 3,207,521	\$ 2,821,094
Contributions receivable	<u>1,657,433</u>	<u>2,155,886</u>
Total financial assets	4,864,954	4,976,980
Less amounts not available to be used within one year		
Contributions receivable - long-term	<u>1,072,880</u>	<u>1,601,366</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,792,074</u>	<u>\$ 3,375,614</u>

4. Contributions Receivable

Pledges receivable consist of the following unconditional promises to give:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 584,553	\$ 554,520
Due in one to five years	<u>1,089,000</u>	<u>1,633,500</u>
	1,673,553	2,188,020
Less: Unamortized discount	<u>16,120</u>	<u>32,134</u>
Total contributions receivable	<u>\$ 1,657,433</u>	<u>\$ 2,155,886</u>

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

5. Property and Equipment

<u>Category</u>	<u>2021</u>	<u>2020</u>
Furniture, fixtures, and equipment	\$ 97,248	\$ 62,272
Software and licenses	<u>106,293</u>	<u>78,330</u>
	203,541	140,602
Less accumulated depreciation	<u>80,612</u>	<u>38,555</u>
Total	<u>\$ 122,929</u>	<u>\$ 102,047</u>

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

6. Net Assets

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes or periods:

Specific Purpose	2021	2020
Research	\$ 222,675	\$ 295,675
Awareness	-	82,863
Patient education	-	39,960
	<u>222,675</u>	<u>418,498</u>
Passage of Time		
Contribution receivables	1,647,413	2,155,886
Total net assets with donor restrictions	<u>\$ 1,870,088</u>	<u>\$ 2,574,384</u>

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	2021	2020
Research	\$ 47,967	\$ 282,763
Awareness	82,863	-
Patient education	39,960	-
Passage of time	538,506	-
Total net assets released from donor restrictions	<u>\$ 709,296</u>	<u>\$ 282,763</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.

The future minimum lease payments under noncancelable operating leases at June 30, 2021 are as follows:

Year Ended June 30	Future Lease Payments
2022	\$ 45,600
2023	45,600
2024	38,000
	<u>\$ 129,200</u>

Fight Colorectal Cancer, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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.

9. Concentrations of Credit Risk

The Organization maintains bank accounts with two financial institutions. On June 30, 2021, the balance with Legacy Bank exceeded FDIC insurance limit.

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