

**GASTRIC CANCER FOUNDATION**  
**Millbrae, California**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**



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## **INDEPENDENT AUDITOR'S REPORT**

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Board of Directors of  
Gastric Cancer Foundation  
Millbrae, California

We have audited the accompanying financial statements of Gastric Cancer Foundation (a North Carolina nonprofit corporation), which comprise the statement of financial position as of September 30, 2020, and the related statement of activities and changes in net assets, cash flows, and functional expenses 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 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 Gastric Cancer Foundation as of September 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.

*Blackman & Sloop*

Chapel Hill, North Carolina  
June 30, 2021

## GASTRIC CANCER FOUNDATION

## STATEMENT OF FINANCIAL POSITION

EXHIBIT A

September 30, 2020

ASSETS**CURRENT ASSETS:**

Cash and cash equivalents	\$ 713,169
Grants and contributions receivable	12,331
	<hr/>

<b>TOTAL ASSETS</b>	<b>\$ 725,500</b>
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LIABILITIES AND NET ASSETS**CURRENT LIABILITIES:**

Accounts payable	\$ 32,070
Accrued payroll and related liabilities	12,562
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<b>TOTAL LIABILITIES</b>	<b>44,632</b>
	<hr/>

**NET ASSETS:**

Without donor restrictions	659,618
With donor restrictions	21,250
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<b>TOTAL NET ASSETS</b>	<b>680,868</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 725,500</b>
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## GASTRIC CANCER FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
<b>SUPPORT:</b>			
Grants and contributions	\$ 973,431	\$ 94,000	\$ 1,067,431
Donated services	23,438	-	23,438
<b>TOTAL SUPPORT:</b>	<u>996,869</u>	<u>94,000</u>	<u>1,090,869</u>
<b>REVENUE:</b>			
Other income	158	-	158
	997,027	94,000	1,091,027
Net assets released from restrictions	<u>72,750</u>	<u>(72,750)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE:</b>	<u>1,069,777</u>	<u>21,250</u>	<u>1,091,027</u>
<b>EXPENSES:</b>			
Program services	309,295	-	309,295
Management and general	70,580	-	70,580
Fundraising	40,284	-	40,284
<b>TOTAL EXPENSES</b>	<u>420,159</u>	<u>-</u>	<u>420,159</u>
<b>CHANGES IN NET ASSETS</b>	649,618	21,250	670,868
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 659,618</u>	<u>\$ 21,250</u>	<u>\$ 680,868</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## GASTRIC CANCER FOUNDATION

## STATEMENT OF CASH FLOWS

EXHIBIT C

For the Year Ended September 30, 2020

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$ 670,868
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Decrease) increase in cash arising from changes in assets and liabilities:	
Grants and contributions receivable	(12,331)
Accounts payable	32,070
Accrued payroll and related liabilities	<u>12,562</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>703,169</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	703,169
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>10,000</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 713,169</u></u>
<b>SUPPLEMENTAL DISCLOSURES:</b>	
Non-cash activity:	
Donated services	<u><u>\$ 23,438</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## GASTRIC CANCER FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

## EXHIBIT D

For the Year Ended September 30, 2020

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>
Grants to others	\$ 260,000	\$ -	\$ -	\$ 260,000
Professional fees	26,723	47,623	29,517	103,863
Salaries and payroll taxes	5,822	13,974	3,494	23,290
Other expenses	16,750	66	858	17,674
Office expenses	-	5,667	2,375	8,042
Insurance	-	3,153	-	3,153
Event expenses	-	-	2,852	2,852
Advertising and marketing	-	97	1,188	1,285
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	<u>\$ 309,295</u>	<u>\$ 70,580</u>	<u>\$ 40,284</u>	<u>\$ 420,159</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**ORGANIZATION**

Gastric Cancer Foundation (the “Foundation”) is a nonprofit corporation whose mission is to improve the lives of people who are affected by gastric cancer and to work with leading researchers to find a cure. The Foundation funds research that increases understanding of the disease and focuses on developing better diagnostics and treatments and ultimately a cure. The Foundation supports patients with reliable and useful information and resources, and a compassionate community that truly understands.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting.

The Foundation’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, revenues and support are recognized when earned, and expenses are recognized when the obligation is incurred.

The Foundation reports gifts of cash and other assets as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions and money market funds. At times, the Foundation places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Foundation has not experienced any financial loss related to such deposits.

C. Grants and Contributions Receivable.

Unconditional grants and contributions that are expected to be collected within one year, are recorded at net realizable value and are recognized as support and assets in the period received. Unconditional grants and contributions expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in grants and contribution revenue in the statement of activities and changes in net assets. Conditional promises to give are recognized when conditions on which they depend are substantially met.

The Foundation provides an allowance for uncollectible accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and a review by management of the current status of the existing promises to give. As of September 30, 2020, management deemed all grants and contributions receivable fully collectible.

**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Revenue Recognition.

Revenue from grants which are deemed to be unconditional contributions is recognized when the grantor makes a promise to give to the Foundation. Contributions that are restricted by the grantor are reported as increases in net assets with donor restrictions. Conditional grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions upon which they depend have been substantially met.

E. Net Assets.

Net assets and support and revenue are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

F. Grant Expense.

Grant expense is recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Foundation works in conjunction with The V Foundation to select grant recipients, and disburses grant monies through The V Foundation. Annual reporting is required from all grantees.

G. Estimates.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## H. Advertising and Marketing.

Advertising and marketing costs totaling \$1,285 during the year ended September 30, 2020, were expensed as incurred.

## I. Tax Status.

The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. The entity is annually required to file a Return of Foundation Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation is exempt from state income taxes under section 23701(d) of the California Revenue and Taxation Code. If applicable, the Foundation reports interest and penalties related to unrecognized tax positions as interest expense under management and general expenses.

## J. New Accounting Pronouncements.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	\$ 713,169
Grants and contributions receivable	<u>12,331</u>
	725,500
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donor	(21,250)
Designation by board as operating reserve	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 579,250</u></u>

**GASTRIC CANCER FOUNDATION**  
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**LIQUIDITY AND AVAILABILITY (CONTINUED)**

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The majority of the Foundation's expenditures consist of salaries and wages, professional fees, and grants to others. The bulk of these are for various program activities, which will vary depending on grants received. As such, the expenses would be decreased or eliminated completely if funding was not available. Additionally, the \$125,000 designated by the board as an operating reserve could be undesignated and utilized for general expenditures if considered necessary. Ultimately, management will adjust spending in accordance with funding sources. Management believes financial assets available to meet cash needs for general expenditures within one year to be sufficient.

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions includes \$125,000 designated by the board of directors as an operating reserve.

**NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the year ended September 30, 2020, consists of \$21,250, which is restricted by donors for use in providing patient resources.

**DONATED SERVICES**

The Foundation recognizes donated services that create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. The Foundation recognized \$23,438 in donated services during the year ended September 30, 2020.

Additionally, a number of persons have donated a significant amount of time and services to the Foundation's operations that have not been recognized in the accompanying financial statements.

**CONCENTRATIONS**

Support from one funding source constitutes 88% of total grants and contributions revenue received during the year ended September 30, 2020. Grants and contributions receivable from one donor represents 100% of total grants and contributions receivable at September 30, 2020.

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**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited based on specific identification of expenditures and management estimates of time and resources devoted to those functions.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. Salaries and payroll taxes and professional fees are allocated on the basis of estimates of time and effort, and certain office expenses are allocated based on the purpose of the expenditure. Other expenses are directly coded to the appropriate function as incurred.

**COMMITMENTS**

The Foundation has a subscription agreement with another organization that includes an annual subscription fee of \$12,000. The agreement has no end date but can be terminated by either party within sixty days.

**CONTINGENCIES**

The Foundation is the recipient of grants for specific purposes that are subject to review and final audit by the grantor agencies. Such review and audit could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under the compliance terms of the grant.

The ongoing novel coronavirus (“COVID-19”) pandemic and restrictions on non-essential businesses have caused disruption in the U.S. and global economies. Despite significant market rebounds across many asset classes, the continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on financial market and economic conditions. The estimates and assumptions underlying these financial statements are based on the information available as of September 30, 2020, including judgments about the financial market and economic conditions which may change over time.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure through June 30, 2021, which was the date that the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.