

GASTRIC CANCER FOUNDATION
Millbrae, California
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021



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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 California nonprofit corporation), which comprise the statement of financial position as of September 30, 2021, 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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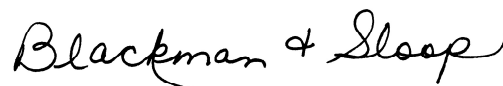
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Opinion

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, 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.

Correction of an Error

As discussed in the notes to the financial statements, the 2020 financial statements have been restated to correct a misstatement that resulted in the understatement of net assets with donor restrictions. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Blackman & Sloop".

Chapel Hill, North Carolina
April 8, 2022

GASTRIC CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION

EXHIBIT A

September 30, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 604,949
Accounts receivable	1,035
Grants and contributions receivable	<u>25,491</u>

TOTAL ASSETS	<u>\$ 631,475</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 1,409
Accrued payroll and related liabilities	<u>14,604</u>

TOTAL LIABILITIES	<u>16,013</u>
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NET ASSETS:

Without donor restrictions	490,462
With donor restrictions	<u>125,000</u>

TOTAL NET ASSETS	<u>615,462</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 631,475</u>
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The accompanying Notes to Financial Statements are an integral part of these financial statements.

GASTRIC CANCER FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
SUPPORT:			
Grants and contributions	\$ 409,725	\$ 185,000	\$ 594,725
Donated services	12,188	-	12,188
TOTAL SUPPORT	421,913	185,000	606,913
REVENUE:			
Other income	283	-	283
Realized loss	(289)	-	(289)
TOTAL REVENUE	(6)	-	(6)
	421,907	185,000	606,907
Net assets released from restrictions	106,250	(106,250)	-
TOTAL SUPPORT AND REVENUE	528,157	78,750	606,907
EXPENSES:			
Program services	539,784	-	539,784
Management and general	124,229	-	124,229
Fundraising	33,300	-	33,300
TOTAL EXPENSES	697,313	-	697,313
CHANGES IN NET ASSETS	(169,156)	78,750	(90,406)
NET ASSETS - BEGINNING OF YEAR (AS RESTATED)	659,618	46,250	705,868
NET ASSETS - END OF YEAR	\$ 490,462	\$ 125,000	\$ 615,462

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, 2021****CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$ (90,406)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
(Decrease) increase in cash arising from changes in assets and liabilities:	
Accounts receivable	(1,035)
Grants and contributions receivable	11,840
Accounts payable	(30,661)
Accrued payroll and related liabilities	2,042

NET CASH USED IN OPERATING ACTIVITIES	(108,220)
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,220)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	713,169
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CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 604,949
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SUPPLEMENTAL DISCLOSURES:

Non-cash activity:	
Donated services	\$ 12,188
Donated stock	\$ 16,299

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, 2021

	Program Services	Management and General	Fundraising	Totals
Grants to others	\$ 467,855	\$ -	\$ -	\$ 467,855
Salaries and payroll taxes	35,121	84,281	21,073	140,475
Professional fees	18,808	25,003	9,202	53,013
Other expenses	18,000	2,562	827	21,389
Office expenses	-	8,337	600	8,937
Insurance	-	3,162	-	3,162
Event expenses	-	-	1,598	1,598
Advertising and marketing	-	884	-	884
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	<u>\$ 539,784</u>	<u>\$ 124,229</u>	<u>\$ 33,300</u>	<u>\$ 697,313</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 presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the use of certain estimates made by the Foundation’s management. 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. Accounts, Grants and Contributions Receivable.

Receivables 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. Receivables 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 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, 2021, management deemed all accounts, 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 and Revenue Recognition.

Revenue from grants and contributions is recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or other notification is received. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

Conditional grants and contributions, 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. There are no conditional grants at September 30, 2021.

Revenue from contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized. There is no revenue from contracts with customers in the year ended September 30, 2021.

E. Net Assets.

Net assets, support and revenue, and gains and losses 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's board selects grant recipients, and disburses grant monies through The V Foundation. Annual reporting is required from all grantees.

GASTRIC CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

H. Advertising and Marketing.

Advertising and marketing costs totaling \$884 during the year ended September 30, 2021, 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. 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.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied on the modified retrospective basis, with no effect on net assets.

GASTRIC CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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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	\$ 604,949
Accounts receivable	1,035
Grants and contributions receivable	<u>25,491</u>
	631,475
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donor	(125,000)
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>\$ 381,475</u></u>

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, 2021, consists of the following:

	<u>2021</u>
Research	<u>\$ 100,000</u>
Restricted for time	<u>25,000</u>
	<u><u>\$ 125,000</u></u>

GASTRIC CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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CONCENTRATIONS

Support from one funding source constitutes 25% of total grants and contributions revenue received during the year ended September 30, 2021. Grants and contributions receivable from one donor represents 98% of total grants and contributions receivable at September 30, 2021.

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 \$12,188 in donated management services during the year ended September 30, 2021.

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.

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, 2021, including judgments about the financial market and economic conditions which may change over time.

GASTRIC CANCER FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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RESTATEMENT

During the year ended September 30, 2021, management noted a promise to give that had been erroneously excluded from prior year revenue. As a result of correcting the error, opening net assets with donor restrictions was increased by \$25,000. The balance was originally reported as \$21,250, and correctly reported as \$46,250, on the statement of activities and changes in net assets for the year ended September 30, 2021.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through April 8, 2022, 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.