

# **American Brain Tumor Association**

## **Financial Statements and Independent Auditors' Report**

**December 31, 2019**

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
American Brain Tumor Association  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the American Brain Tumor Association (the "ABTA"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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.

### **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 auditors' 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.

(Continued)

**Auditors' Responsibility** (Continued)

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 ABTA as of December 31, 2019, and the changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

MILLER, COOPER & CO., LTD.

*Miller, Cooper & Co., Ltd.*

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Certified Public Accountants

Deerfield, Illinois  
August 6, 2020

## **FINANCIAL STATEMENTS**

**American Brain Tumor Association**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2019

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ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,270,525
Restricted cash equivalents	31,593
Investments	2,358,555
Receivables	
Grants, net of discount of \$1,300	72,700
Other	7,595
Prepays and deposits	<u>311,805</u>

Total current assets 6,052,773

PROPERTY AND EQUIPMENT, net 249,795

OTHER ASSETS

Grants receivable, less current portion, net of discount of \$1,340	18,660
Security deposits	<u>16,825</u>
	<u>35,485</u>

\$ 6,338,053

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The accompanying notes are an integral part of this statement.

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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 122,887
Accrued expenses	81,171
Current portion of grants payable	430,817
Current portion of deferred rent	29,904
Unearned revenues	<u>89,896</u>
 Total current liabilities	 <u>754,675</u>

LONG-TERM LIABILITIES

Grants payable, less current portion	65,000
Deferred rent, less current portion	<u>116,414</u>
 Total long-term liabilities	 <u>181,414</u>

NET ASSETS

Without donor restrictions	5,261,771
With donor restrictions	<u>140,193</u>
 Total net assets	 <u>5,401,964</u>
	 <u>\$ 6,338,053</u>

**American Brain Tumor Association**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2019

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 3,218,421	\$ 437,880	\$ 3,656,301
Donated goods and services	62,117	-	62,117
Contributions from fundraising activities	2,263,393	-	2,263,393
Fundraising activities, net of direct costs of \$576,158	211,819	-	211,819
Inventory sales, net of cost of goods sold of \$20,002	6,111	-	6,111
Interest income	99,311	-	99,311
Net realized and unrealized gain on investments	288,870	-	288,870
Other income	41,749	-	41,749
Net assets released from restrictions	956,435	(956,435)	-
	<u>7,148,226</u>	<u>(518,555)</u>	<u>6,629,671</u>
Total revenues			
Expenses			
Program services	4,110,332	-	4,110,332
Fundraising	953,380	-	953,380
Management and general	787,828	-	787,828
	<u>5,851,540</u>	<u>-</u>	<u>5,851,540</u>
Total expenses			
CHANGE IN NET ASSETS	1,296,686	(518,555)	778,131
Net assets, December 31, 2018	<u>3,965,085</u>	<u>658,748</u>	<u>4,623,833</u>
Net assets, December 31, 2019	<u>\$ 5,261,771</u>	<u>\$ 140,193</u>	<u>\$ 5,401,964</u>

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The accompanying notes are an integral part of this statement.



**American Brain Tumor Association**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	Program Services					Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach	Total			
Grants and other assistance to organizations	\$ 64,000	\$ -	\$ 30,000	\$ -	\$ 94,000	\$ -	\$ -	\$ 94,000
Grants and other assistance to individuals	1,244,538	145,334	-	8,897	1,398,769	-	-	1,398,769
Employee expenses								
Compensation of current officers	138,375	23,063	-	23,063	184,501	11,531	43,594	239,626
Other salaries and wages	565,695	407,015	-	213,783	1,186,493	381,592	338,684	1,906,769
Employee benefit plans	9,317	5,691	-	3,134	18,142	5,202	4,952	28,296
Health insurance	66,868	40,846	-	22,494	130,208	37,336	35,542	203,086
Payroll taxes	58,408	35,678	-	19,648	113,734	32,613	31,045	177,392
Fees for services	22,162	97,344	-	51,508	171,014	125,022	188,858	484,894
Advertising and promotion	33,942	84,854	-	8,485	127,281	42,427	-	169,708
Office expenses	121,505	96,486	-	29,637	247,628	75,569	64,488	387,685
Information technology	114,793	132,289	-	2,892	249,974	147,000	7,651	404,625
Travel	53,470	22,514	-	8,912	84,896	57,992	8,584	151,472
Conferences/conventions/meetings	20,297	832	-	4,092	25,221	8,331	13,437	46,989
Special events	-	-	-	-	-	576,158	-	576,158
Depreciation	33,395	20,399	-	11,234	65,028	18,646	17,750	101,424
Insurance	11,558	-	-	-	11,558	4,816	2,890	19,264
Other expenses	1,885	-	-	-	1,885	5,303	30,353	37,541
	2,560,208	1,112,345	30,000	407,779	4,110,332	1,529,538	787,828	6,427,698
Less special events netted with revenues	-	-	-	-	-	(576,158)	-	(576,158)
Total expenses on Statement of Activities	\$ 2,560,208	\$ 1,112,345	\$ 30,000	\$ 407,779	\$ 4,110,332	\$ 953,380	\$ 787,828	\$ 5,851,540

Miller Cooper & Co., Ltd.

The accompanying notes are an integral part of this statement.

**American Brain Tumor Association**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2019

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Cash flows from operating activities	
Change in net assets	\$ 778,131
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	101,424
Net realized and unrealized gain on investments	(288,870)
(Increase) decrease in assets	
Grants receivable	158,023
Other receivables	3,703
Inventory	37,807
Prepays and deposits	(202,916)
Security deposits	(4,600)
Increase (decrease) in liabilities	
Accounts payable	90,086
Accrued expenses	15,811
Grants payable	39,417
Deferred rent	(24,277)
Unearned revenues	(122,909)
	580,830
Net cash provided by operating activities	
Cash flows from investing activities	
Sales of investments	211,628
Purchases of investments	(275,524)
Purchases of property and equipment	(24,305)
	(88,201)
Net cash used in investing activities	
NET INCREASE IN CASH AND RESTRICTED CASH EQUIVALENTS	492,629
Cash and restricted cash equivalents, December 31, 2018	2,809,489
Cash and restricted cash equivalents, December 31, 2019	\$ 3,302,118

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The accompanying notes are an integral part of this statement.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE A - NATURE OF ASSOCIATION

The American Brain Tumor Association (the "ABTA"), a not-for-profit association, is a national independent organization dedicated to funding brain tumor research and providing patient services and education. The ABTA solicits contributions and grants from individuals, trusts, corporations, and other not-for-profit organizations throughout the United States of America.

In order to attain the above stated goals, the ABTA awards basic research fellowships, discovery grants, medical student summer fellowships and collaborative research grants based on the recommendations of its distinguished Scientific Advisory Council. The ABTA provides patient services, including educational literature that explains relevant medical terms, basic information about the brain and brain tumors and treatment options.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the ABTA have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the ABTA 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 ABTA. These net assets may be used at the discretion of the ABTA's management and board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the ABTA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. At December 31, 2019, all of the ABTA's net assets with donor restrictions were temporary in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Cash Equivalents

For purposes of the statement of cash flows, the ABTA considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

3. Restricted Cash and Adoption of New Accounting Pronouncement

The restricted cash equivalents balance of \$31,593 as of December 31, 2019, consists of contributions that are restricted and are required by the donors to be deposited in a separate bank account. These funds are invested in money market funds and are included in net assets with donor restrictions (see Note K).

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires amounts generally described as restricted cash to be included with cash when reconciling the total beginning and ending amounts for the periods shown on the statement of cash flows. ASU 2016-18 is effective for the ABTA starting January 1, 2019, and the ABTA adopted the provisions of ASU 2016-18 on January 1, 2019.

The following table provides a reconciliation of cash and restricted cash equivalents reported within the statement of financial position that sums to the total of the same amounts shown in the statement of cash flows as of December 31:

Cash and cash equivalents	\$ 3,270,525
Restricted cash equivalents	<u>31,593</u>
	<u>\$ 3,302,118</u>

4. Investments

Investments consist of fixed income and equity securities and mutual funds that are primarily stated at fair values using quoted prices in active markets in the statements of financial position. Interest and dividends earned and realized and unrealized gains and losses on investments are included in operating revenues in the accompanying statement of activities. Investment-related income is reported net of management fees of \$21,047 for the year ended December 31, 2019.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Grants and Other Receivables

Grants and other receivables, which include unconditional promises to give, are measured at their fair values and are reported as increases in net assets and receivables if not yet received. Management deems all receivables to be fully collectible.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

6. Property and Equipment

Property and equipment is stated at cost if purchased. Contributed assets are calculated at their estimated fair market value on the date of receipt. Depreciation is provided on a straight-line basis over the estimated useful lives of three to fifteen years.

Leasehold improvements are amortized over the shorter of its lease term or useful life.

7. Revenue Recognition

Contributions

The ABTA reports gifts of cash and other assets as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. Gifts of cash and other assets that are received without donor stipulations limiting the use of the donated assets are reported as without donor restriction support.

Fundraising Activities

Sponsorships, registration fees, and other revenues received from ABTA and non-ABTA sponsored events are included in the statement of activities as fundraising activities and are presented as net against the related fundraising activity expenses.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Advertising

The ABTA expenses advertising costs as incurred. Total advertising expense was \$126,127 for year ended December 31, 2019.

9. Tax Status

The ABTA is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of American (GAAP) requires management to evaluate tax positions by the ABTA and recognize a tax liability if the ABTA has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Management has analyzed the tax position taken by the ABTA, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The ABTA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

10. Donated Items and Services

The ABTA recognizes the estimated fair value of donated items and services as both revenue and expense if either (a) a nonfinancial asset is created or enhanced or (b) the ABTA would have more likely than not purchased the service if not otherwise provided. For the year ended December 31, 2019, donated items and service revenues of \$62,117 were recognized as donated services in the accompanying statement of activities related to the marketing services and services and goods for ABTA events. These services were valued at the fair value of the services provided if they had been purchased.

The ABTA also receives donated services from a variety of unpaid volunteers assisting with fundraising activities. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under applicable accounting literature have not been satisfied.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Grants Payable

Grants payable represent unconditional promises to give cash and are recorded as liabilities when they are authorized by the Board of Directors. Grants that are payable in one year or less are recorded at their net settlement value. Grants that are payable in greater than one year are recorded at fair value using the net present value of their corresponding future cash flows. Discounts on grants payable, based on risk-adjusted interest rates, are amortized over the term of those grants and are recorded as grant expense and included in program expenses in the accompanying statements of activities. There were no conditional promises to give as of December 31, 2019, other than as noted at Note M-1.

12. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates.

13. Fair Value of Financial Instruments

The ABTA adopted the accounting standard that establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the accounting standard are described below:

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fair Value of Financial Instruments (Continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the ABTA has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- \* Quoted prices for similar assets or liabilities in active markets;
- \* Quoted prices for identical or similar assets or liabilities in inactive markets;
- \* Inputs other than quoted prices that are observable for the asset or liability;
- \* Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the ABTA's financial instruments measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

*Cash equivalents, other receivables, accounts payable, accrued expenses, and unearned revenues:* Approximate fair value due to the nature or short maturity of these instruments.

*Grants receivable and grants payable:* Approximate fair value because the interest rate used to calculate the discounts is based on current market rates on similar financing arrangements.

*Mutual funds and exchange-traded:* Valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the ABTA are deemed to be actively traded.



**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Fair Value of Financial Instruments (Continued)**

*Mortgage-backed securities:* Valued at fair value using discounted cash flow models and inputs related to interest rates, prepayment speeds, loss curves and market discount rates that would be required by investors in the current market given the specific characteristics and inherent credit risk of underlying collateral.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the ABTA believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the ABTA's investments at fair value as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mortgage-backed securities	\$ -	\$ 145	\$ -	\$ 145
Exchange-traded funds	1,527,579	-	-	1,527,579
Mutual funds	<u>830,831</u>	<u>-</u>	<u>-</u>	<u>830,831</u>
Investments, at fair value	<u>\$ 2,358,410</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 2,358,555</u>

It is the ABTA's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these financial statements.

**14. Functional Allocation of Expenses**

The cost of providing the ABTA's programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Functional Allocation of Expenses (Continued)**

The expenses that are allocated include the following:

Expense	Method of Allocation
Grants and other assistance to organizations	Direct
Grants and other assistance to individuals	Direct
Employee expenses	Time and Effort
Fees for services	Direct & Time and Effort
Advertising and promotion	Direct
Office expenses	Direct & Time and Effort
Information technology	Direct & Time and Effort
Travel	Direct & Time and Effort
Conferences/conventions/meetings	Direct & Time and Effort
Special events	Direct
Depreciation	Time and Effort
Insurance	Direct
Other expenses	Direct

**15. Accounting Standard Adopted in the Current Year**

**Contributions Received and Contributions Made**

The ABTA has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the ABTA's financial reporting. Adoption of this standard did not result in a change in the timing or amount of revenue recognized or expenses incurred, and therefore the adoption of this standard did not have a material impact on the financial position, results of operations, or business practices of the ABTA.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Significant Accounting Standards Applicable in Future Years

Revenue Recognition

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, *Revenue Recognition*, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods.

ASU 2014-09 is effective for the ABTA's December 31, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2014-09 will have on the ABTA's financial statements.

Leases

The FASB issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02), in February 2016. ASU 2016-02 will require lessees to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 is effective for annual financial statements of not for profit organizations issued for fiscal years beginning after December 15, 2021, and should be applied using a modified retrospective approach.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**NOTE C - AVAILABILITY AND LIQUIDITY**

As of December 31, 2019, the following tables shows the total financial assets held by the ABTA and the amounts of those financial assets could be readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,270,525
Investments	2,358,555
Receivables, net	<u>98,955</u>
Total financial assets	<u>5,728,035</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	140,193
Grants receivable, less current portion, net	18,660
Grants payable (Note I)	<u>430,817</u>
	<u>589,670</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,138,365</u>

The ABTA receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The ABTA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The ABTA strives to maintain liquid financial assets sufficient to cover 6-12 months of general expenditures. The ABTA also has \$250,000 line of credit (see Note H) available to meet cash flow needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the ABTA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the Statement of Cash Flows which identifies the sources and uses of the ABTA's cash and shows positive cash generated by operations for the year ended December 31, 2019.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**NOTE D - INVESTMENTS**

Investments consisted of the following as of December 31, 2019:

	Cost	Fair Value
Mortgage-backed securities	\$ 150	\$ 145
Exchange-traded funds	1,285,366	1,527,579
Mutual funds	783,913	830,831
	\$ 2,069,429	\$ 2,358,555

At December 31, 2019, \$83,155 of cash and cash equivalents were included in the investment brokerage account, which is included in cash and cash equivalents on the statement of financial position. Fixed income investments mature in 2023.

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near-term would affect investment balances and the amounts reported in the financial statements.

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2019:

Furniture and fixtures	\$ 145,594
Computer software and equipment	479,382
Leasehold improvements	273,785
	898,761
Less accumulated depreciation	648,966
Property and equipment, net	\$ 249,795

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

NOTE F - GRANTS RECEIVABLE

Outstanding grants receivable totaled \$91,360 as of December 31, 2019.

Future collections of grants receivable are anticipated as follows as of December 31, 2019:

Period ending December 31,			
2020		\$	74,000
2021			10,000
2022			10,000
			94,000
Discount			(2,640)
		\$	91,360
Less current portion			72,700
Long term portion		\$	18,660

The discount rate used was 4.75% for contributions received during the year ended December 31, 2019.

NOTE G - CONDITIONAL GRANT RECEIVABLE

In 2017 the ABTA was awarded a conditional grant, to be used for the Discovery Grant Program, in an amount up to \$400,000 for the period October 27, 2017 through October 26, 2019. For every \$1 of donations from new private donors, and every \$1 of incremental donations from current private donors, the grantor will award \$1 to the ABTA, up to a maximum of \$50,000 per donor per year and up to a maximum of \$200,000 per year for two years in total. Contribution revenue of \$114,283 related to this grant was recorded and invoiced in 2019.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2019

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NOTE H - NOTE PAYABLE, BANK

The ABTA has an agreement with a bank for a \$250,000 line of credit, with interest at the prime rate (4.75% at December 31, 2019) plus 0.25%, which expires on November 26, 2020. The line of credit is collateralized by all assets of the ABTA. There was no outstanding balance on the line of credit at December 31, 2019.

NOTE I - GRANTS PAYABLE

The ABTA provides grants for brain tumor research.

Amounts expected to be paid in the future are as follows for the years ending December 31:

2020	\$ 430,817
2021	<u>65,000</u>
	<u>\$ 495,817</u>

NOTE J - DEFERRED RENT

As of December 31, 2019, deferred rent consisted of the following:

Landlord-financed leasehold improvements and additional allowances	\$ 70,851
Straight-line expense in excess of rent payments	<u>75,467</u>
	146,318
Less current portion	<u>29,904</u>
	<u>\$ 116,414</u>

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**NOTE K - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of December 31, 2019:

Research	\$ 33,333
Patient services	65,924
Others	<u>40,936</u>
	<u>\$ 140,193</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the year ended December 31, 2019:

Research	\$ 820,997
Patient Services	94,334
Others	<u>41,104</u>
	<u>\$ 956,435</u>

**NOTE L - RETIREMENT PLAN**

The ABTA maintains a 401(k) defined contribution plan for all eligible employees. Contributions are made solely through elective deferrals by the employee through salary reduction agreements. The ABTA matches 50% of employee contributions up to a maximum of 6% of the employee's compensation. The ABTA contributed \$28,296 to the plan for the year ended December 31, 2019.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

1. Fellowships

The ABTA is committed to fund fellowships for brain tumor research. Most commitments are payable semiannually over a two-year period and are contingent on the respective recipients continuing the research for which they originally were awarded the fellowship. As the commitments are contingent, no related liability has been recorded at December 31, 2019.



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NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

Amounts expected to be paid are as follows for the years ending December 31:

2020	\$ 351,000
2021	<u>150,000</u>
	<u>\$ 501,000</u>

2. Office Lease

The ABTA leases office space in Chicago, Illinois, under a noncancelable operating lease agreement expiring on May 31, 2024. The lease agreement includes renewal options.

For financial reporting purposes, lease expense is recognized on a straight-line basis over the term of the lease. The excess of rent and amortization expense over cash paid is shown as a deferred rent liability in the accompanying statements of financial position (see Note J).

The future minimum lease payments required under this agreement, that has initial or remaining noncancelable terms in excess of one year, are as follows:

Year ending December 31:

2020	\$ 126,969
2021	145,508
2022	160,419
2023	165,121
2024	<u>69,615</u>
	<u>\$ 667,632</u>

Total rent expense, which included common area maintenance related expenses of \$90,104, was \$226,746 for the year ended December 31, 2019.

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NOTE N - CONCENTRATION OF CREDIT RISK

The ABTA maintains its cash balances at various financial institutions located in Illinois. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The ABTA may, from time to time, have balances in excess of FDIC insured deposit limits. At December 31, 2019, the ABTA had cash balances in excess of these insured deposit limits.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 6, 2020, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date, other than those noted below, that require disclosure in the financial statements.

The direct and indirect impacts of the current COVID-19 outbreak on the ABTA's donors, vendors, operations, and financing agreements are currently unknown, as is the duration and severity of any impacts that the ABTA may experience. Management is currently unable to quantify the effects that this situation will have on its operations and financial position; however they may be significant.

The United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The ABTA is closely monitoring the investment portfolio and its liquidity and are actively working to minimize the impact of these declines. These financial statements do not include adjustments to fair value that have resulted from these declines.

On May 1, 2020, the ABTA obtained a \$439,000 loan through the United States Small Business Administration's Paycheck Protection Program. The loan matures in May 2022, is uncollateralized, and bears interest at 1.0%; however, payment of principal and interest are deferred until the ABTA submits its application for loan forgiveness, as the loan may be eligible for forgiveness if certain conditions regarding the use of the loan proceeds are met.