

# **American Brain Tumor Association**

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

**December 31, 2021 and 2020**

## CONTENTS

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	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5 - 6
Statements of Activities	7
Statements of Functional Expenses	8 - 9
Statements of Cash Flows	10
Notes to the Financial Statements	11 - 28

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
American Brain Tumor Association  
Chicago, Illinois

### **Opinion**

We have audited the accompanying financial statements of American Brain Tumor Association (the "ABTA"), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ABTA as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ABTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ABTA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ABTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ATBA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

MILLER, COOPER & CO., LTD.



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Certified Public Accountants

Deerfield, Illinois  
August 4, 2022

## **FINANCIAL STATEMENTS**

**American Brain Tumor Association**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

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<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,832,235	\$ 3,239,421
Investments	3,394,860	3,166,610
Receivables		
Grants, net of discount of \$453 and \$886 in 2021 and 2020, respectively	9,547	174,063
Employee Retention Credit receivable (Note D)	356,598	-
Trade Receivable	55,439	61,121
Prepays and deposits	194,397	99,298
Total current assets	<u>7,843,076</u>	<u>6,740,513</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>167,404</u>	<u>228,003</u>
<b>OTHER ASSETS</b>		
Grants receivable, less current portion, net of discount of \$0 and \$453 in 2021 and 2020, respectively	-	9,547
Security deposits	12,225	12,225
	<u>12,225</u>	<u>21,772</u>
	<u>\$ 8,022,705</u>	<u>\$ 6,990,288</u>

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The accompanying notes are an integral part of these statements.

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<u>LIABILITIES AND NET ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 79,485	\$ 89,196
Accrued expenses	164,039	234,555
Grants payable	276,500	231,000
Current portion of deferred rent	32,992	32,992
Unearned revenues	27,441	30,508
	<u>580,457</u>	<u>618,251</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, less current portion	<u>55,504</u>	<u>85,408</u>
	<u>55,504</u>	<u>85,408</u>
<b>NET ASSETS</b>		
Without donor restrictions	7,232,549	6,032,499
With donor restrictions	<u>154,195</u>	<u>254,130</u>
	<u>7,386,744</u>	<u>6,286,629</u>
	<u>\$ 8,022,705</u>	<u>\$ 6,990,288</u>

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**American Brain Tumor Association**  
**STATEMENTS OF ACTIVITIES**  
For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 2,792,620	\$ 645,086	\$ 3,437,706	\$ 3,176,060	\$ 451,993	\$ 3,628,053
Donated goods and services	40,000	-	40,000	112,245	-	112,245
Contributions from fundraising activities	1,205,441	-	1,205,441	1,169,106	-	1,169,106
Fundraising activities, net of direct costs of \$121,907 and \$151,147 in 2021 and 2020, respectively	413,390	-	413,390	311,938	-	311,938
Interest income	99,880	-	99,880	68,180	-	68,180
Net realized and unrealized gain on investments	136,300	-	136,300	236,532	-	236,532
Grant income (Note J)	442,000	-	442,000	439,000	-	439,000
Employee Retention Credits (see Note D)	356,598	-	356,598	-	-	-
Other income	51,192	-	51,192	42,988	-	42,988
Net assets released from restrictions	745,021	(745,021)	-	338,056	(338,056)	-
<b>Total revenues</b>	<b>6,282,442</b>	<b>(99,935)</b>	<b>6,182,507</b>	<b>5,894,105</b>	<b>113,937</b>	<b>6,008,042</b>
Expenses						
Program services	3,813,727	-	3,813,727	3,731,980	-	3,731,980
Fundraising	488,186	-	488,186	618,748	-	618,748
Management and general	780,479	-	780,479	772,649	-	772,649
<b>Total expenses</b>	<b>5,082,392</b>	<b>-</b>	<b>5,082,392</b>	<b>5,123,377</b>	<b>-</b>	<b>5,123,377</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,200,050</b>	<b>(99,935)</b>	<b>1,100,115</b>	<b>770,728</b>	<b>113,937</b>	<b>884,665</b>
Net assets, beginning of year	6,032,499	254,130	6,286,629	5,261,771	140,193	5,401,964
Net assets, end of year	<u>\$ 7,232,549</u>	<u>\$ 154,195</u>	<u>\$ 7,386,744</u>	<u>\$ 6,032,499</u>	<u>\$ 254,130</u>	<u>\$ 6,286,629</u>

The accompanying notes are an integral part of these statements.



**American Brain Tumor Association**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2021

	Program Services				Total	Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach				
Grants and other assistance to organizations	\$ -	\$ -	\$ 42,000	\$ -	\$ 42,000	\$ -	\$ -	\$ 42,000
Grants and other assistance to individuals	780,800	8,983	35,000	-	824,783	-	-	824,783
Employee expenses								
Compensation of current officers	169,015	26,002	-	26,002	221,019	13,001	26,002	260,022
Other salaries and wages	627,810	621,575	43,956	139,087	1,432,428	205,508	422,536	2,060,472
Employee benefit plans	10,232	8,316	564	2,120	21,232	2,806	5,760	29,798
Health insurance	116,301	94,518	6,416	24,096	241,331	31,893	65,466	338,690
Payroll taxes	59,837	48,629	3,301	12,397	124,164	16,409	33,682	174,255
Fees for services	122,195	99,156	-	10,361	231,712	38,990	66,937	337,639
Advertising and promotion	7,591	80,528	-	-	88,119	18,349	-	106,468
Office expenses	130,217	137,344	-	25,005	292,566	46,047	74,083	412,696
Information technology	70,247	87,044	-	12,997	170,288	100,369	35,310	305,967
Travel	7,351	4,179	-	2,811	14,341	678	1,391	16,410
Conferences/conventions/meetings	3,267	2,122	-	1,037	6,426	632	1,297	8,355
Special events	-	-	-	-	-	121,907	-	121,907
Depreciation	28,076	21,624	-	5,513	55,213	7,297	14,978	77,488
Other expenses	24,477	18,873	-	4,755	48,105	6,207	33,037	87,349
	<u>2,157,416</u>	<u>1,258,893</u>	<u>131,237</u>	<u>266,181</u>	<u>3,813,727</u>	<u>610,093</u>	<u>780,479</u>	<u>5,204,299</u>
Less special events netted with revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,907)</u>	<u>-</u>	<u>(121,907)</u>
Total expenses on Statement of Activities	<u>\$ 2,157,416</u>	<u>\$ 1,258,893</u>	<u>\$ 131,237</u>	<u>\$ 266,181</u>	<u>\$ 3,813,727</u>	<u>\$ 488,186</u>	<u>\$ 780,479</u>	<u>\$ 5,082,392</u>

Miller Cooper & Co., Ltd.

The accompanying notes are an integral part of this statement.

**American Brain Tumor Association**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2020

	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	\$ -	\$ -	\$ 39,100	\$ -	\$ 39,100	\$ -	\$ -	\$ 39,100
Grants and other assistance to individuals	698,183	4,590	35,029	-	737,802	-	-	737,802
Employee expenses								
Compensation of current officers	162,572	25,011	-	25,011	212,594	12,506	25,011	250,111
Other salaries and wages	647,540	548,657	-	192,747	1,388,944	238,090	389,501	2,016,535
Employee benefit plans	10,728	7,596	-	2,884	21,208	3,318	5,489	30,015
Health insurance	96,469	68,313	-	25,931	190,713	29,841	49,361	269,915
Payroll taxes	63,098	44,682	-	16,960	124,740	19,518	32,285	176,543
Fees for services	54,034	202,118	-	11,851	268,003	54,568	78,499	401,070
Advertising and promotion	4,957	71,163	-	-	76,120	18,834	838	95,792
Office expenses	121,727	138,291	-	31,888	291,906	60,557	76,118	428,581
Information technology	137,786	104,304	-	33,632	275,722	130,975	64,019	470,716
Travel	10,393	5,840	-	1,941	18,174	2,233	3,693	24,100
Conferences/conventions/meetings	1,886	1,288	-	452	3,626	521	862	5,009
Special events	-	-	-	-	-	151,147	-	151,147
Depreciation	36,277	25,689	-	9,752	71,718	11,222	18,562	101,502
Other expenses	8,500	2,254	-	856	11,610	36,565	28,411	76,586
	<u>2,054,150</u>	<u>1,249,796</u>	<u>74,129</u>	<u>353,905</u>	<u>3,731,980</u>	<u>769,895</u>	<u>772,649</u>	<u>5,274,524</u>
Less special events netted with revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,147)</u>	<u>-</u>	<u>(151,147)</u>
Total expenses on Statement of Activities	<u>\$ 2,054,150</u>	<u>\$ 1,249,796</u>	<u>\$ 74,129</u>	<u>\$ 353,905</u>	<u>\$ 3,731,980</u>	<u>\$ 618,748</u>	<u>\$ 772,649</u>	<u>\$ 5,123,377</u>

Miller Cooper & Co., Ltd.

The accompanying notes are an integral part of this statement.

**American Brain Tumor Association**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,100,115	\$ 884,665
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	77,487	101,502
Net realized and unrealized gain on investments	(136,300)	(236,532)
Grant contribution (see Note J)	(442,000)	(439,000)
(Increase) decrease in assets		
Grants receivable	174,063	(92,250)
Proceeds from Employee Retention Credit receivable	(356,598)	-
Trade receivables	5,682	(53,526)
Prepays and deposits	(95,099)	212,507
Security deposits	-	4,600
Increase (decrease) in liabilities		
Accounts payable	(9,711)	(33,691)
Accrued expenses	(70,516)	153,384
Grants payable	45,500	(264,817)
Deferred rent	(29,904)	(27,918)
Unearned revenues	(3,067)	(59,388)
Net cash provided by operating activities	<u>259,652</u>	<u>149,536</u>
Cash flows from investing activities		
Sales of investments	1,008,764	1,067,054
Purchases of investments	(1,100,714)	(1,638,577)
Purchases of property and equipment	(16,888)	(79,710)
Net cash used in investing activities	<u>(108,838)</u>	<u>(651,233)</u>
Cash flows from financing activities		
Proceeds from refundable advance - PPP loan	442,000	439,000
Net cash provided by financing activities	<u>442,000</u>	<u>439,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>592,814</u>	<u>(62,697)</u>
Cash and cash equivalents, beginning of the year	<u>3,239,421</u>	<u>3,302,118</u>
Cash and cash equivalents, end of the year	<u>\$ 3,832,235</u>	<u>\$ 3,239,421</u>

The accompanying notes are an integral part of these statements.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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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, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020

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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. 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. Net realized and unrealized gain on investments is reported net of management fees of \$31,942 and \$23,116 for the years ended December 31, 2021 and 2020, respectively.

4. 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.

5. 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.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Revenue and Contribution 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

The ABTA recognizes revenue upon delivery of goods or services in an amount that reflects the consideration the ABTA expects to receive in exchange for those goods or services. The ABTA's revenue streams that fall under this ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), are derived primarily from sponsorships, registration fees, and other revenues received from ABTA and non-ABTA sponsored events, which are included in the statement of activities as fundraising activities and are presented as net against the related fundraising activity expenses.

Sponsorships and registration fees, which are nonrefundable, are generally collected in advance of the event and are initially recorded as unearned revenue. Revenue is recognized when the event occurs. Sponsorships and registration fees are comprised of an exchange element based on the benefits provided, and a contribution element for the difference between the sponsorship and registration fee and the exchange element. Sponsorship and registration fee revenue was insignificant to the financial statements for the years ended December 31, 2021 and 2020, and continues to be recognized as revenue at a point in time when substantially all benefits have been provided, as an exchange transaction.

The ABTA records a contract liability when cash is received or due in advance of the ABTA's performance and is recognized into revenue as the ABTA fulfills the respective performance obligation. The ABTA's contract liabilities are included in unearned revenue in the statements of financial position. Contract liabilities were as follows as of:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Contract liabilities	\$ <u>16,392</u>	\$ <u>30,131</u>	\$ <u>66,353</u>

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Advertising

The ABTA expenses advertising costs as incurred. Total advertising expense was \$67,032 and \$49,956 for years ended December 31, 2021 and 2020, respectively.

8. Tax Status

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

US 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, 2021 and 2020, 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.

9. 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 years ended December 31, 2021 and 2020, donated items and service revenues of \$40,000 and \$112,245, respectively, were recognized as donated services in the accompanying statements of activities related to marketing and campaign services. 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 years ended December 31, 2021 and 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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, 2021 and 2020, other than as noted at Note O-1.

11. 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.

12. 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 years ended December 31, 2021 and 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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, 2021 and 2020.

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

*Grants receivable and grants payable:* Approximate fair value because the discount 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 years ended December 31, 2021 and 2020

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

**12. 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, 2021 and 2020.

	2021			
	Level 1	Level 2	Level 3	Total
Mortgage-backed securities	\$ -	\$ 126	\$ -	\$ 126
Exchange-traded funds	1,764,091	-	-	1,746,090
Mutual funds	1,648,644	-	-	1,648,644
Investments, at fair value	<u>\$ 3,412,735</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ 3,394,860</u>
	2020			
	Level 1	Level 2	Level 3	Total
Mortgage-backed securities	\$ -	\$ 134	\$ -	\$ 134
Exchange-traded funds	1,674,097	-	-	1,674,097
Mutual funds	1,492,379	-	-	1,492,379
Investments, at fair value	<u>\$ 3,166,476</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ 3,166,610</u>

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2021 and 2020

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

12. Fair Value of Financial Instruments (Continued)

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.

13. 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.

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
Other expenses	Direct

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Significant Accounting Standards Applicable in Future Years

*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 is intended to clarify the presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022.

ASU 2020-07 is effective for the ABTA's December 31, 2022 financial statements and thereafter. Management is currently evaluating the effect that ASU 2020-07 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 was to be effective for annual financial statements of not-for-profit organizations issued for fiscal years beginning after December 15, 2019, however the implementation date has been deferred. The new guidance is now effective for annual financial statements of not-for-profit organizations issued for fiscal years beginning after December 15, 2021.

Management is currently evaluating the effect that ASU 2016-02 will have on the ABTA's financial statements, and will implement ASU 2016-02 in the ABTA's December 31, 2022 financial statements using a modified retrospective approach.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2021 and 2020

**NOTE C - AVAILABILITY AND LIQUIDITY**

As of December 31, 2021 and 2020, 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:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,832,235	\$ 3,239,421
Investments	3,394,860	3,166,610
Employee Retention Credit receivable	356,598	-
Receivables, net	<u>64,986</u>	<u>244,731</u>
 Total financial assets	 <u>7,648,679</u>	 <u>6,650,762</u>
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	154,195	254,130
Grants receivable, less current portion, net	-	9,547
Other current liabilities to be settled in cash	553,016	587,743
Grants payable (Note K)	<u>276,500</u>	<u>231,000</u>
	<u>983,711</u>	<u>1,082,420</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 6,664,968</u>	 <u>\$ 5,568,342</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 I) available to meet cash flow needs.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

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 cash used and generated by operations for the years ended December 31, 2021 and 2020.

NOTE D - EMPLOYEE RETENTION CREDITS

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law, which includes provisions for the Employee Retention Credit ("ERC"). The provisions of the ERC were later amended by the Consolidated Appropriations Act, 2021, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act (collectively, the "Acts"). The ERC is a refundable tax credit taken against certain payroll taxes equal to a specified percentage of qualified wages paid after March 12, 2020 and before October 1, 2021 by an eligible employer, as defined in the Acts. The credit is claimed through the ABTA's quarterly Form 941 payroll tax filings, or other means as prescribed by the IRS. The IRS has extended the statute of limitations on ERC claims from three to five years.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. The Company has elected to early adopt ASU 2021-10 which is intended to increase the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. Management has determined the ABTA is eligible for the ERC under the decline in gross receipts test, as defined in the Acts. The ABTA has accounted for the ERC as a conditional contribution under the provisions of FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958-605): Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Based on this guidance, the Company has concluded that the amounts are known, and all conditions for qualification are substantially met. The Company has claimed credits totaling \$356,598, which are included as "Employee Retention Credits" on the statement of activities. As of December 31, 2021, the ABTA has not yet received refunds from the IRS totaling \$356,598, which are included as "Employee Retention Credits receivable" on the accompanying statements of financial position.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2021 and 2020

**NOTE E - INVESTMENTS**

Investments consisted of the following as of December 31, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Mortgage-backed securities	\$ 127	\$ 126	\$ 136	\$ 134
Exchange-traded funds	1,312,308	1,746,090	1,294,305	1,674,097
Mutual funds	1,555,309	1,648,644	1,360,432	1,492,379
	\$ 2,867,744	\$ 3,394,860	\$ 2,654,873	\$ 3,166,610

At December 31, 2021 and 2020, \$74,000 and \$68,269, respectively, 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 2024.

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 F - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Furniture and fixtures	\$ 145,594	\$ 145,594
Computer software and equipment	568,774	551,886
Leasehold improvements	280,991	280,991
	995,359	978,471
Less accumulated depreciation	827,955	750,468
Property and equipment, net	\$ 167,404	\$ 228,003

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2021 and 2020

**NOTE G - GRANTS RECEIVABLE**

Outstanding grants receivable totaled \$9,547 and \$183,610 as of December 31, 2021 and 2020, respectively.

The following table sets forth future collections of grants receivable at December 31, 2021 and 2020:

	2021	2020
Amounts due in:		
Less than one year	\$ 10,000	\$ 174,949
One to four years	-	10,000
	10,000	184,949
Discount	(453)	(1,339)
	\$ 9,547	\$ 183,610
Less current portion	9,547	174,063
Long term portion	\$ -	\$ 9,547

The discount rate used was 4.75% for contributions received during the years ended December 31, 2021 and 2020.

**NOTE H - CONDITIONAL GRANT RECEIVABLE**

In 2020 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 November 11, 2020 through November 11, 2022. 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 \$164,949 related to this grant was recorded and invoiced in 2020.

In 2021 the ABTA was awarded a one year conditional grant, to be used to support the GBM Awareness Day Campaign, in an amount of \$50,000 for the period through December 31, 2021. For donations raised by the ABTA totaling \$100,000, the ABTA will be awarded \$50,000. Contribution revenue of \$50,000 related to this grant was recorded and invoiced in 2021.



**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE I - NOTE PAYABLE, BANK

The ABTA has an agreement with a bank for a \$250,000 line of credit, with interest at the prime rate (3.25% at December 31, 2021) plus 0.25%, which expires on November 26, 2022. 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, 2021 and 2020.

NOTE J - NOTE PAYABLE, PAYCHECK PROTECTION PROGRAM

On May 1, 2020, the ABTA entered into a Paycheck Protection Program (PPP) loan agreement that totaled \$439,000, bore interest at 1.00%, was set to mature in April 2022, was not collateralized, and was eligible for forgiveness subject to provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). For any amounts that are not forgiven, principal and interest payments will begin after a deferral period, which is the earlier of Small Business Administration (SBA) determination of forgiveness (including denial of forgiveness or partial forgiveness) or 10 months after the end of the covered period as defined in the CARES Act. In 2021, the ABTA received forgiveness by the SBA. As the ABTA met the PPP's forgiveness criteria and concluded that the PPP loan represents, in substance, a grant has been forgiven, the ABTA has chosen to analogize to FASB ASC 958-605, accounting for conditional contributions as allowed by the AICPA and FASB. Under this accounting method, the money received is initially recorded as a refundable advance and then subsequently you reduce the advance and record grant income as qualified expenditures are made and the criteria of forgiveness are "substantially met", as defined by the FASB. The ABTA has recorded the full amount of the loan as grant income in 2020 as the qualifying expenses for the forgiveness were met prior to December 31, 2020.

In April 2021, the Organization entered into a second PPP loan agreement that totaled \$442,000, bore interest at 1.00%, was set to mature in April 2026, was not collateralized, and was eligible for forgiveness subject to provisions of the CARES Act. The ABTA has accounted for the advance in accordance with ASC 958-605, in which the advance is treated as a conditional contribution. The ABTA received forgiveness in December 2021. Accordingly, the ABTA has recorded the full amount of the advance as contribution revenue in 2021 as the criteria for forgiveness was substantially met. The full forgiveness of the loan has been included in grant income on the accompanying statement of activities for the year ended December 31, 2021.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2021 and 2020

NOTE J - NOTE PAYABLE, PAYCHECK PROTECTION PROGRAM (Continued)

As part of the PPP, the ABTA is required to retain all records relating to the loan for six years from the date the loan was forgiven and permit authorized representatives of the SBA to access such records upon request. Although forgiveness of the loan has been granted, the SBA may undertake a review at any time at the SBA's discretion.

NOTE K - GRANTS PAYABLE COMMITMENTS

The ABTA provides grants for brain tumor research. Approximately \$277,000 is expected to be paid during the year ended December 31, 2021.

NOTE L - DEFERRED RENT

As of December 31, 2021 and 2020, deferred rent consisted of the following:

	2021	2020
Landlord-financed leasehold improvements and additional allowances	\$ 31,569	\$ 61,473
Straight-line expense in excess of rent payments	56,927	56,927
	88,496	118,400
Less current portion	32,992	32,992
	\$ 55,504	\$ 85,408

NOTE M - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2021 and 2020:

	2021	2020
Research	\$ 133,333	\$ 198,282
Patient services	20,862	54,184
Others	-	1,664
	\$ 154,195	\$ 254,130

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE M - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Research	\$ 672,683	\$ 275,930
Patient Services	51,969	49,182
Others	<u>20,369</u>	<u>12,944</u>
	<u>\$ 745,021</u>	<u>\$ 338,056</u>

NOTE N - 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 \$29,798 and \$30,015 to the plan for the years ended December 31, 2021 and 2020, respectively.

NOTE O - 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, 2021 and 2020. The ABTA expects to pay \$1,000 during the year ending December 31, 2022.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE O - COMMITMENTS AND CONTINGENCIES (Continued)

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 L).

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:

2022	\$	160,419
2023		165,121
2024		<u>69,615</u>
	\$	<u><u>395,155</u></u>

Total rent expense, which included common area maintenance related expenses of \$140,066 and \$119,687, was \$276,708 and \$256,329 for the years ended December 31, 2021 and 2020, respectively.

The lease agreement was amended in August 2020 to defer rent payments for the period August 1, 2020 through November 30, 2020 to be paid in 2021. Total rent payments deferred approximated \$92,000 and was included in accrued expenses in the accompanying statement of activities, as of December 31, 2020. The deferred rent payments totaling \$92,000 were paid during the year ended December 31, 2021.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2021 and 2020

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NOTE P - CONCENTRATION OF CREDIT RISK AND UNCERTAINTIES

1. Uninsured Cash and Cash Equivalents

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, 2021 and 2020, the ABTA had cash balances in excess of these insured deposit limits.

2. COVID-19

The direct and indirect impacts of the current COVID-19 outbreak on the ABTA's donors, vendors, and operations are currently unknown, as is the duration and severity of any impacts that the ABTA may experience. In light of the pandemic, the ABTA postponed in-person events and moved to a virtual environment. The ABTA continues to stay in constant communication with their donors and is actively working to minimize the impact of any declines which may result. Management is currently unable to quantify the effects that this situation will have on its operations, cash flows, and financial position; however, they may be significant.

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 4, 2022, 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 that require disclosure in the financial statements.