

Chordoma Foundation

FINANCIAL STATEMENTS

for the year ended December 31, 2022

CHORDOMA FOUNDATION

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Langdon & Company ^{LLP}
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chordoma Foundation

Opinion

We have audited the accompanying financial statements of Chordoma Foundation (the “Foundation”), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chordoma Foundation as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chordoma Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Chordoma Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s 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 auditor’s 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Chordoma Foundation'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 Chordoma Foundation's ability to continue as a going concern for a reasonable period of time.

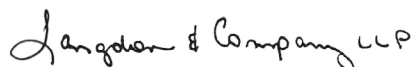
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Foundation adopted ASU 2016-02, *Leases (Topic 842)* and ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Garner, North Carolina
July 19, 2023

CHORDOMA FOUNDATION

STATEMENT OF FINANCIAL POSITION

as of December 31, 2022
with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,121,718	\$ 5,869,762
Investments	2,247,573	-
Unconditional promises to give (less allowance for doubtful accounts of \$105,000 and \$55,000 at December 31, 2022 and 2021, respectively)	419,787	352,728
Employee Retention Credit receivable	-	34,262
Prepaid expenses	28,107	21,334
Total current assets	<u>6,817,185</u>	<u>6,278,086</u>
Fixed assets:		
Computer equipment and furniture	56,342	52,564
Website	63,560	-
Leasehold improvements	7,540	7,540
Less accumulated depreciation	<u>(49,111)</u>	<u>(40,257)</u>
	<u>78,331</u>	<u>19,847</u>
Other assets:		
Unconditional promises to give in one to five years, net	<u>703,995</u>	<u>231,762</u>
Total other assets	<u>703,995</u>	<u>231,762</u>
Total assets	<u>\$ 7,599,511</u>	<u>\$ 6,529,695</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 101,006	\$ 112,114
Grants payable to other organizations - current	664,806	1,436,505
Contract research payable	329,859	347,704
Accrued wages and payroll taxes	106,397	86,099
Accrued vacation	39,611	27,596
Total current liabilities	<u>1,241,679</u>	<u>2,010,018</u>
Grants payable to other organizations - long-term, net	<u>111,628</u>	<u>121,646</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,035,527	2,233,372
Board-designated fund	1,016,729	1,016,729
With donor restrictions	<u>3,193,948</u>	<u>1,147,930</u>
Total net assets	<u>6,246,204</u>	<u>4,398,031</u>
Total liabilities and net assets	<u>\$ 7,599,511</u>	<u>\$ 6,529,695</u>

*The accompanying notes are an integral
part of the financial statements.*

CHORDOMA FOUNDATION

STATEMENT OF ACTIVITIES

for the year ended December 31, 2022
with comparative totals for 2021

	2022			2021
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,310,506	\$ 3,344,769	\$ 4,655,275	\$ 2,802,388
In-kind contributions	204,336	-	204,336	202,823
Investment income	15,406	-	15,406	1,432
Paycheck Protection Program proceeds	-	-	-	127,300
Employee Retention Credit	21,475	-	21,475	98,114
Other income	36,952	-	36,952	25,080
Total public support and revenue	<u>1,588,675</u>	<u>3,344,769</u>	<u>4,933,444</u>	<u>3,257,137</u>
Net assets released from restrictions	<u>1,344,374</u>	<u>(1,344,374)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,933,049</u>	<u>2,000,395</u>	<u>4,933,444</u>	<u>3,257,137</u>
Expenses:				
Program services	2,316,902	-	2,316,902	2,885,532
Management and general	328,060	-	328,060	273,624
Fundraising	491,001	-	491,001	384,411
Total expenses	<u>3,135,963</u>	<u>-</u>	<u>3,135,963</u>	<u>3,543,567</u>
Change in net assets from operations	(202,914)	2,000,395	1,797,481	(286,430)
Other changes in net assets:				
Foreign currency gain (loss) (see Note 4)	<u>5,069</u>	<u>45,623</u>	<u>50,692</u>	<u>(13,300)</u>
Change in net assets	(197,845)	2,046,018	1,848,173	(299,730)
Net assets, beginning of year	<u>3,250,101</u>	<u>1,147,930</u>	<u>4,398,031</u>	<u>4,697,761</u>
Net assets, end of year	<u>\$ 3,052,256</u>	<u>\$ 3,193,948</u>	<u>\$ 6,246,204</u>	<u>\$ 4,398,031</u>

*The accompanying notes are an integral
part of the financial statements.*

CHORDOMA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31, 2022
with comparative totals for 2021

	2022						2021	
	Program Services			Supporting Services			Grand Total	Grand Total
	<u>Research</u>	<u>Patient Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Compensation, taxes and benefits	\$ 419,998	\$ 312,225	\$ 732,223	\$ 112,408	\$ 348,459	\$ 460,867	\$ 1,193,090	\$ 977,164
Research grants and contracts	1,169,414	30,000	1,199,414	-	-	-	1,199,414	1,925,627
In-kind contributions	11,006	136,695	147,701	49,733	6,903	56,636	204,337	202,823
Events	-	17,249	17,249	-	8,000	8,000	25,249	2,592
Advertising and promotion	8,327	389	8,716	-	5,874	5,874	14,590	15,170
Information technology	24,074	33,102	57,176	27,727	38,280	66,007	123,183	109,672
Office and occupancy	10,880	8,164	19,044	43,128	26,837	69,965	89,009	78,534
Travel and meetings	5,930	10,813	16,743	8,392	36,172	44,564	61,307	21,313
Contracted services	53,669	51,335	105,004	21,277	19,624	40,901	145,905	187,216
Insurance	10,032	3,600	13,632	6,291	852	7,143	20,775	14,742
Depreciation	-	-	-	9,104	-	9,104	9,104	8,714
Bad debt expense	-	-	-	50,000	-	50,000	50,000	-
Total expenses	<u>\$ 1,713,330</u>	<u>\$ 603,572</u>	<u>\$ 2,316,902</u>	<u>\$ 328,060</u>	<u>\$ 491,001</u>	<u>\$ 769,061</u>	<u>\$ 3,135,963</u>	<u>\$ 3,543,567</u>

The accompanying notes are an integral part of the financial statements.

CHORDOMA FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2022
with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from contributors, grantors and programs	\$ 4,154,364	\$ 3,702,347
Cash paid to employees, grantees and suppliers	(3,602,653)	(2,855,944)
Interest and dividends received	13,748	1,432
Net cash provided by operating activities	<u>565,459</u>	<u>847,835</u>
Cash flows from investing activities:		
Purchases of investments	(2,245,915)	-
Purchases of fixed assets	<u>(67,588)</u>	<u>(3,812)</u>
Net cash used in investing activities	<u>(2,313,503)</u>	<u>(3,812)</u>
Net (decrease) increase in cash	(1,748,044)	844,023
Cash at beginning of year	<u>5,869,762</u>	<u>5,025,739</u>
Cash at end of year	<u>\$ 4,121,718</u>	<u>\$ 5,869,762</u>

*The accompanying notes are an integral
part of the financial statements.*

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation

Chordoma Foundation (the “Foundation”) is a not-for-profit Foundation formed under the General Statutes of North Carolina. The Foundation was incorporated in February 2007 to work to improve the lives of chordoma patients by accelerating the development of effective treatments and by helping patients get the best care possible.

The Foundation initiates and funds research, facilitates information exchange and collaboration among researchers, and provides scientific resources necessary for research. Through the efforts of the Foundation, research projects are proactively funded as strategic priorities for advancing the development of new treatments for chordoma. The Foundation also helps to create, collect, store, and distribute the information and biological materials that researchers need in order to study chordoma and develop new treatments. The Foundation further enhances the study of chordoma by connecting physicians, scientists, and companies from across the world to share information and collaborate on projects they can only achieve together. Finally, the Foundation is committed to patients dealing with the diagnosis of chordoma by providing accurate information about treatment options and clinical trials, referring patients to experienced doctors, and matching patients with trained peer-support mentors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation maintains its cash accounts with various financial institutions which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

Fixed Assets

Fixed assets, which consist of computer equipment, office furniture and a website, are recorded at cost if purchased or at estimated fair value at the date of the gift, if donated, less accumulated depreciation. Maintenance and repairs are expensed as incurred. Gains or losses on dispositions are included in the statement of activities. Purchases of \$500 or more are capitalized and depreciated. Assets are depreciated using the straight-line method over the estimated useful lives, which range from 3 – 7 years.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. **OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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 restrictions. As discussed in Note 6, the governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. 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.

Revenue and Receivables

Contributions, gifts, and cash from special events received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, such as a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give due in the next year are recorded at their net realizable value, less an allowance for uncollectible accounts. The allowance is based on prior experience, donor history and management's best estimate. It is the Foundation's policy to charge off accounts receivable when management determines the receivable will not be collected. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using a risk adjusted discount rate.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Receivables (Continued)

The Foundation's revenue primarily consists of contributions from individuals, corporations and foundations. As of December 31, 2022, 71% of the unconditional promises to give was due from one donor. As of December 31, 2021, 44% of unconditional promises to give were due from two donors.

During 2022, the Foundation adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The adoption of this standard related to the Foundation's donated goods and materials and services in the accompanying statement of activities. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation presents contributed nonfinancial assets on the accompanying statement of activities, and therefore, no reclassification of prior year contributed nonfinancial assets amounts were required on a retrospective basis. The contributed nonfinancial asset disclosures have been enhanced in accordance with this standard.

Donated goods are recorded at their estimated fair market value at the date of donation, which is based on researching the price for similar items or based on fair market value provided by the donor. Donations of marketable securities are recognized at fair value on the date received and monetized promptly upon receipt.

The Foundation recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) required specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Volunteers and members of the community perform various services for the Foundation and these services are significant and form an integral part of the efforts of the Foundation. The Foundation does not control the activities of the volunteers as it would paid employees and there is no clearly measurable basis for an amount of contributed services to be recorded. Therefore, the Foundation does not record the amount of volunteer services rendered as contributions and a corresponding amount as expense.

During the years ended December 31, 2022 and 2021 the Foundation received in-kind contributed services and advertising totaling \$204,336 and \$202,823, respectively.

Employee Retention Credit – The Foundation applied for and received the Employer Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages. This program was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Laws and regulations concerning government programs, including ERC are complex and subject to varying interpretations. For the years ended December 31, 2022 and 2021, the Foundation recorded \$21,475 and \$98,114, respectively, in ERC revenue on the accompanying statement of activities. For the year ended December 31, 2021, the Foundation recorded \$34,262 as receivable on the accompanying statement of financial position.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. **OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Paycheck Protection Program (“PPP”)

Funds received pursuant to PPP under Division A, Title I of the CARES Act, enacted March 27, 2020, were recorded as a conditional contribution. Under the terms of the PPP, the Foundation initially recognized the funds as a refundable advance and, as conditions for forgiveness were met, recognized contribution revenue. All conditions were met and the loan was forgiven during the year ended December 31, 2021. It is reflected on the accompanying statement of activities as “Paycheck Protection Program proceeds” for that year ended.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses that are allocated include compensation, taxes and benefits, contracted services, events, information technology, office and occupancy, travel and meetings, advertising and promotion, and insurance, which are all allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported Foundation. During the years ended December 31, 2022 and 2021, the Foundation did not have income subject to taxation as unrelated business income.

The Foundation evaluates any uncertain tax positions. Accordingly, the Foundation’s policy is to record a liability for any tax position taken that is beneficial to the Foundation, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management does not believe any significant income tax uncertainties exist as of December 31, 2022 or 2021.

Advertising Expenses

The cost of advertising is expensed as incurred. The Foundation incurred \$14,590 and \$15,170 in advertising costs for the year ended December 31, 2022 and 2021, respectively.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

For transition, the Foundation has elected to adopt the package of practical expedients, which includes not to reassess: 1) whether any expired or existing contracts are or contain leases available in the year of adoption, 2) the lease classification for any expired or existing leases, 3) initial direct costs on any existing leases, as well as the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

The Foundation determines if an arrangement is a lease at inception and has determined as of December 31, 2022, that there are no right-of-use assets or liabilities to record.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassifications

Certain items included in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Change in net assets of the Foundation previously reported for 2021 were not affected by these reclassifications.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Foundation considers all expenditures related to its ongoing activities of research and patient education as well as the conduct of services undertaken to support those activities to be general expenditures. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In accordance with the Foundation's liquidity plan, the board of directors internally designates funds with a targeted goal of maintaining six months of operating expenses in reserves, which was \$1,016,729 as of December 31, 2022 and 2021. The Foundation can access reserve funds by obtaining approval from the board of directors.

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include the board-designated contingency fund, which could be drawn upon if the governing board approves that action.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,121,718	\$ 5,869,762
Investments	2,247,573	-
Unconditional promises to give	419,787	352,728
	<u>6,789,078</u>	<u>6,222,490</u>
Less amounts not available to be used within one year, due to:		
Donor-imposed restrictions	(2,811,769)	(1,067,930)
Board-designated fund	(1,016,729)	(1,016,729)
	<u>(3,828,498)</u>	<u>(2,084,659)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,960,580</u>	<u>\$ 4,137,831</u>

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value and consist primarily of US Treasury Bills with staggered maturity dates. Fair value at December 31, 2022 is \$2,247,572.

The framework for measuring fair value 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 are described as follows:

Level 1 – valuations based on unadjusted quoted prices within active markets for identical assets and liabilities at the reporting date.

Level 2 – valuations based on inputs that are observable, either directly or indirectly, for the assets or liabilities other than quoted prices included in level 1.

Level 3 – valuations based on inputs that are unobservable and apply only when there is little or no market activity for the asset or liability.

Fair values for assets measured on a recurring basis are as follows:

US Treasury Bills are considered a level 1 investment.

For the years ended December 31, 2022, and 2021, income from interest and dividends of \$13,748 and \$1,432, respectively, were included in investment income. For the year ended, December 31, 2022, unrealized gains of \$1,658 were included in investment income.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are summarized as follows:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give in less than one year	\$ 419,787	\$ 386,990
Unconditional promises to give in greater than one year	\$ 755,000	\$ 235,000
Less discounts to net present value (rates ranging from 0.6% to 4.2%)	51,005	3,238
Total unconditional promises to give in greater than one year	<u>\$ 703,995</u>	<u>\$ 231,762</u>

Foreign currency transaction gains (losses) resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled approximately \$50,692 and \$(13,300) in 2022 and 2021, respectively, and have been reported separately in the accompanying statement of activities.

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

5. GRANTS PAYABLE

All research grants are recognized when they are unconditionally promised to the recipient. Those expenses are recorded in the statement of functional expenses as program expenses. Grants to be paid in more than one year are discounted using interest rates ranging between 3.25% - 7.5% for 2022 and 2021.

Grants payable are summarized as follows:

	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 1,436,505
2023	664,806	146,250
2024	120,000	-
Total grants payable	<u>784,806</u>	<u>1,582,755</u>
Less allowance on grants payable	-	20,000
Less discount on long-term grants	8,372	4,604
Less current portion	<u>664,806</u>	<u>1,436,505</u>
Net grants payable - long-term	<u>\$ 111,628</u>	<u>\$ 121,646</u>

Amortization of discounts on grants payable is reported in the statement of activities in the same program service functional expense classification in which the promise to give was initially reported.

6. BOARD OPERATING RESERVE

The Board of Directors has designated \$1,016,729 of the Foundation's net assets without donor restrictions as of December 31, 2022 and 2021, to be used in the event of a downturn in donations or an increase in expenses due to an unforeseen circumstance.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time	\$ 408,110	\$ 420,616
Patient education	-	17,776
Patient travel assistance	25,584	-
Research	<u>2,760,254</u>	<u>709,538</u>
Total	<u>\$3,193,948</u>	<u>\$1,147,930</u>

CHORDOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time	\$ 97,500	\$ 235,556
Subject to expenditure for specified purpose:		
Research	1,181,894	1,969,237
IT Improvements	-	9,569
Patient education	64,980	20,596
Total	<u>\$1,344,374</u>	<u>\$2,234,958</u>

8. OPERATING LEASES

The Foundation's non-cancelable lease agreement, as amended, expires May 31, 2023 for office space in a building owned by an unrelated party. The future minimum lease payments for the year ended December 31, 2023 are \$17,678.

The rental expense for the years ended December 31, 2022 and 2021 was \$35,769 and \$35,588.

On April 15, 2021, the Foundation transitioned to a virtual office environment and subleased the space previously occupied by the Foundation. The future minimum lease rentals to be received under the sublease for the year ended December 31, 2023 are \$14,437.

On January 1, 2022, the Foundation entered into a month-to-month lease agreement for lab space. Rental expense paid for this rental agreement for the year ended December 31, 2022 was \$49,696.

9. RELATED PARTY TRANSACTIONS

The Foundation received an in-kind donation of legal services from a law firm in which one of the partners is also a member of the Board of Directors of the Foundation. The donation of services was estimated to be \$47,194 and \$37,504 for the years ended December 31, 2022 and 2021, respectively. The donation is included in in-kind contributions on the Foundation's statement of activities and a corresponding expense has been recorded as in-kind contributions on the statement of functional expenses.

The Foundation also receives significant contributions from Board members. Contributions received from Board members were \$95,138 and \$232,369 for the years ended December 31, 2022 and 2021, respectively. Included in accounts receivable is \$110,000 and \$210,000 from board members for the years ended December 31, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT PLAN

The Foundation offers a simple IRA plan which allows all employees who receive at least \$5,000 in compensation during the calendar year to participate. The Foundation matches up to 3% of the employee's compensation. Employee contributions are subject to certain limitations. Employer contributions for the year ended December 31, 2022 and 2021 totaled \$22,825 and \$17,738, respectively.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2023, the date which the financial statements are available for issue.