

**Chordoma Foundation**

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**FINANCIAL STATEMENTS**

**for the year ended December 31, 2019**

# CHORDOMA FOUNDATION

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**Langdon & Company** <sup>LLP</sup>  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Chordoma Foundation

We have audited the accompanying financial statements of Chordoma Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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

### ***Changes in Accounting Principles***

As described in Note 1 to the financial statements, the Foundation adopted ASU 2014-09 (Topic 606) – *Revenue from Contracts with Customers* and ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

### ***Report on Summarized Comparative Information***

We have previously audited the Foundation’s 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Jangdon & Company LLP*

Garner, North Carolina  
June 12, 2020

# CHORDOMA FOUNDATION

## STATEMENT OF FINANCIAL POSITION

as of December 31, 2019  
with comparative totals as of December 31, 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,792,384	\$ 2,242,180
Unconditional promises to give (less allowance for doubtful accounts of \$160,000 and \$0 at December 31, 2019 and 2018, respectively)	2,584,248	1,236,026
Prepaid expenses	<u>20,989</u>	<u>24,136</u>
Total current assets	<u>6,397,621</u>	<u>3,502,342</u>
Fixed assets:		
Computer equipment and furniture	40,514	38,407
Leasehold improvements	4,463	4,463
Less accumulated depreciation	<u>28,361</u>	<u>23,541</u>
	<u>16,616</u>	<u>19,329</u>
Other assets:		
Unconditional promises to give in one to five years	<u>761,990</u>	<u>997,280</u>
Total other assets	<u>761,990</u>	<u>997,280</u>
Total assets	<u>\$ 7,176,227</u>	<u>\$ 4,518,951</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 92,012	\$ 134,632
Grants payable to other organizations - current	1,680,167	605,446
Accrued wages and payroll taxes	21,057	19,898
Accrued vacation	22,075	25,894
Deferred rent	<u>2,290</u>	<u>7,050</u>
Total current liabilities	<u>1,817,601</u>	<u>792,920</u>
Grants payable to other organizations - long-term	<u>655,047</u>	<u>239,336</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,017,832	500,235
Board-designated fund	1,016,729	1,016,729
With donor restrictions	<u>2,669,018</u>	<u>1,969,731</u>
Total net assets	<u>4,703,579</u>	<u>3,486,695</u>
Total liabilities and net assets	<u>\$ 7,176,227</u>	<u>\$ 4,518,951</u>

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

# CHORDOMA FOUNDATION

## STATEMENT OF ACTIVITIES

for the year ended December 31, 2019  
with comparative totals for 2018

	2019			2018
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,689,153	\$ 3,431,163	\$5,120,316	\$2,314,783
In-kind contributions	159,215	-	159,215	166,405
Interest income	1,049	-	1,049	4,180
Other income	2,512	-	2,512	11,150
Total public support and revenue	<u>1,851,929</u>	<u>3,431,163</u>	<u>5,283,092</u>	<u>2,496,518</u>
Net assets released from restrictions	<u>2,713,373</u>	<u>(2,713,373)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>4,565,302</u>	<u>717,790</u>	<u>5,283,092</u>	<u>2,496,518</u>
Expenses:				
Program services	3,147,693	-	3,147,693	1,666,722
Management and general	431,597	-	431,597	306,030
Fundraising	465,150	-	465,150	439,268
Total expenses	<u>4,044,440</u>	<u>-</u>	<u>4,044,440</u>	<u>2,412,020</u>
Change in net assets from operations	520,862	717,790	1,238,652	84,498
Other changes in net assets:				
Foreign currency loss (see Note 3)	<u>(3,265)</u>	<u>(18,503)</u>	<u>(21,768)</u>	<u>(32,787)</u>
Change in net assets	517,597	699,287	1,216,884	51,711
Net assets, beginning of year	<u>1,516,964</u>	<u>1,969,731</u>	<u>3,486,695</u>	<u>3,434,984</u>
Net assets, end of year	<u>\$ 2,034,561</u>	<u>\$ 2,669,018</u>	<u>\$4,703,579</u>	<u>\$3,486,695</u>

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

# CHORDOMA FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31, 2019  
with comparative totals for 2018

	2019					2018		
	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	\$ 297,531	\$ 192,794	\$ 490,325	\$ 138,973	\$ 244,104	\$ 383,077	\$ 873,402	\$ 930,789
Research grants and contracts	2,321,845	13,559	2,335,404	-	-	-	2,335,404	694,716
In-kind contributions	2,945	108,077	111,022	48,193	-	48,193	159,215	166,405
Events	2,667	12,815	15,482	806	35,931	36,737	52,219	143,060
Advertising and promotion	420	8,033	8,453	3,186	12,264	15,450	23,903	16,985
Information technology	19,290	33,735	53,025	30,412	44,028	74,440	127,465	97,393
Office and occupancy	22,904	14,861	37,765	7,508	37,372	44,880	82,645	71,091
Travel and meetings	28,379	10,521	38,900	9,817	21,884	31,701	70,601	78,757
Contracted services	21,815	26,218	48,033	20,462	67,523	87,985	136,018	152,088
Insurance	7,223	2,061	9,284	6,701	2,044	8,745	18,029	16,125
Depreciation	-	-	-	5,539	-	5,539	5,539	5,361
Bad debt expense	-	-	-	160,000	-	160,000	160,000	39,250
Total expenses	\$ 2,725,019	\$ 422,674	\$ 3,147,693	\$ 431,597	\$ 465,150	\$ 736,747	\$ 4,044,440	\$ 2,412,020

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

# CHORDOMA FOUNDATION

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2019  
with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from contributors, grantors and programs	\$ 3,849,895	\$ 2,663,881
Cash paid to employees, grantees and suppliers	(2,297,914)	(2,596,013)
Interest and dividends received	1,049	4,180
Net cash provided by operating activities	<u>1,553,030</u>	<u>72,048</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(2,826)</u>	<u>(1,476)</u>
Net cash used in investing activities	<u>(2,826)</u>	<u>(1,476)</u>
Net increase in cash	1,550,204	70,572
Cash at beginning of year	<u>2,242,180</u>	<u>2,171,608</u>
Cash at end of year	<u>\$ 3,792,384</u>	<u>\$ 2,242,180</u>

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



# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 1. **OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization**

Chordoma Foundation (the “Foundation”) is a not-for-profit organization 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. Also, included in cash and cash equivalents at December 31, 2019 and 2018 is \$83,051 and \$8,014, respectively, of restricted donations from one donor, which are required to be kept in a separate bank account.

#### **Computer Equipment and Furniture**

Computer equipment and furniture 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

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

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

#### **Changes in Accounting Principles**

During 2019, the Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Accounting Standards Codification (ASC) Topic 606 outlines a single model to account for revenue arising from contracts with customers and supersedes most current revenue recognition guidance on the same topic. The core principal is the recognition of contract revenue from customers when an entity transfers promised goods or services in an amount that reflects the consideration an entity expects to receive in exchange for those goods or services. Additionally, ASC Topic 606 requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

During 2019, the Foundation also adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance related to two accounting issues: (1) how to distinguish reciprocal (exchange) transactions from nonreciprocal (contributions) transactions, and (2) how to determine whether a contribution is conditional or unconditional. The change in accounting principle was adopted retrospectively in 2019. Under this method, the Foundation determined that there was no impact upon adoption to beginning net assets without donor restrictions or beginning net assets with donor restrictions as of January 1, 2019.

Analysis of various provisions of these standards resulted in no significant changes in the way the Foundation recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### **Revenue Recognition**

All contributions are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor-imposed restrictions. In-kind contributions of services, materials, or facilities that meet the recording criteria as defined by accounting guidance are recorded at their estimated fair market value on the date of the donation. Such contributions are recorded as in-kind contributions and a corresponding expense on the statement of activities. Conditional promises to give 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. The Foundation's revenue primarily consists of contributions from individuals, corporations and foundations. As of December 31, 2019 and 2018, 57% and 64%, respectively, of unconditional promises to give were due from two donors.

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 not a 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 a contribution and a corresponding amount as an expense.

During the years ended December 31, 2019 and 2018 the Foundation received in-kind services and advertising totaling \$159,215 and \$166,405, respectively.

#### **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, tax and benefits, in-kind contributions, contracted services, events, information technology, office and occupancy, travel and meetings, advertising and promotion, insurance, and depreciation, which are all allocated on the basis of estimates of time and effort.

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### **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 organization. During the years ended December 31, 2019 and 2018, 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, 2019 or 2018.

#### **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.

#### **Advertising Expenses**

The cost of advertising is expensed as incurred. The Foundation incurred \$23,903 and \$16,985 in advertising costs for the year ended December 31, 2019 and 2018, respectively.

#### **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, 2018, from which the summarized information was derived.

#### **Reclassifications**

Certain items included in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Change in net assets of the Foundation previously reported for 2018 was not affected by these reclassifications.

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2019 and 2018. 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>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,792,384	\$ 2,242,180
Unconditional promises to give	<u>2,584,248</u>	<u>1,236,026</u>
	<u>6,376,632</u>	<u>3,478,206</u>
Less amounts not available to be used within one year, due to:		
Donor-imposed restrictions	(2,155,018)	(1,484,931)
Board-designated fund	<u>(1,016,729)</u>	<u>(1,016,729)</u>
	<u>(3,171,747)</u>	<u>(2,501,660)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,204,885</u>	<u>\$ 976,546</u>

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are summarized as follows:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give in less than one year	\$ 2,584,248	\$ 1,236,026
Unconditional promises to give in greater than one year	\$ 775,390	\$ 1,018,377
Less discounts to net present value (rates ranging from 1.62% to 2.46%)	13,400	21,097
Total unconditional promises to give in greater than one year	<u>\$ 761,990</u>	<u>\$ 997,280</u>

The Foundation has donors located in foreign countries whose promises to give may be denominated in a foreign currency. Related receivables are translated using exchange rates in effect at the end of the period. Foreign currency transaction losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled approximately \$21,768 and \$32,787 in 2019 and 2018, respectively, and have been reported separately in the accompanying statement of activities.

The Foundation had \$39,999 of existing conditional promises to give at December 31, 2018. Payment was contingent upon the Foundation receiving matching funds from other donors in future years. The condition was met and the funds were received during 2019.

### 4. GRANTS PAYABLE

All research grant and contract expenses 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 rates ranging from 4.75% to 5.5%.

Grants payable are summarized as follows:

	<u>2019</u>	<u>2018</u>
To be paid in 2019	\$ -	605,446
To be paid in 2020	1,680,167	175,000
To be paid in 2021	598,662	77,500
To be paid in 2022	87,500	-
Total grants payable	<u>2,366,329</u>	<u>857,946</u>
Less: Discount on long-term grants	<u>(31,115)</u>	<u>(13,164)</u>
Net grants payable	<u>\$ 2,335,214</u>	<u>\$ 844,782</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.

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 5. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Subject to the passage of time	\$ 673,938	\$ 1,094,038
Patient education	4,874	22,706
Research	1,990,206	852,987
Total	<u>\$2,669,018</u>	<u>\$1,969,731</u>

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time	\$ 510,100	\$ 281,117
Subject to expenditure for specified purpose:		
Research	2,165,450	847,395
Patient education	37,823	91,185
Total	<u>\$2,713,373</u>	<u>\$1,219,697</u>

### 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, 2019 and 2018, to be used in the event of a downturn in donations or an increase in expenses due to an unforeseen circumstance.

### 7. OPERATING LEASE

The Foundation's non-cancelable sublease agreement, as amended, expires March 2023 for office space in a building owned by an unrelated party. The future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2020	39,303
2021	40,409
2022	41,618
2023	17,678
Total future minimum lease payments	<u>\$ 139,008</u>

The rental expense for the years ended December 31, 2019 and 2018 was \$33,225 and \$31,942.

# CHORDOMA FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 8. 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 \$19,374 and \$20,729 for the years ended December 31, 2019 and 2018, 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 \$535,826 and \$92,109 for the years ended December 31, 2019 and 2018, respectively. Included in accounts receivable is \$317,500 and \$63,100 from board members for the years ended December 31, 2019 and 2018, respectively.

### 9. 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 and have earned at least \$5,000 in one prior 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, 2019 and 2018 totaled \$17,266 and \$17,837, respectively.

### 10. SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on our employees' ability to work, cancellation of events, or decreased contributions. The future effects of these issues are unknown.

Subsequent to year end, the Foundation applied for and was approved a \$120,400 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1.0%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Management has evaluated subsequent events through June 12, 2020, the date which the financial statements are available for issue.