

**ISRAEL CANCER RESEARCH FUND, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**ISRAEL CANCER RESEARCH FUND, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 24

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Israel Cancer Research Fund, Inc.

We have audited the accompanying financial statements of Israel Cancer Research Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 Israel Cancer Research Fund, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
June 15, 2021

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 4,289,847	\$ 4,416,965
Investments	7,518,417	7,228,463
Unconditional promises to give, net	3,200,027	3,928,760
Prepaid expenses and other current assets	141,325	78,595
Property and equipment, net	67,354	44,540
Deposits	48,487	48,487
<b>TOTAL ASSETS</b>	<b>\$ 15,265,457</b>	<b>\$ 15,745,810</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 55,435	\$ 189,832
Research grants payable	1,388,332	1,370,834
Gift annuities payable	-	55,589
Refundable advances	749,544	598,942
Deferred rent payable	66,270	70,617
Total liabilities	2,259,581	2,285,814
Commitments (Notes 7, 11, 15 and 17)		
Net assets:		
Without donor restrictions	6,172,182	5,916,729
With donor restrictions	6,833,694	7,543,267
Total net assets	13,005,876	13,459,996
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,265,457</b>	<b>\$ 15,745,810</b>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 1,009,572	\$ 1,825,053	\$ 2,834,625
Investment income	126,452	34,734	161,186
Realized and unrealized gain (loss) on investments	161,131	(4,681)	156,450
Special events:			
Special event income	\$ 1,459,738		
Less: cost of direct benefit to donors	<u>2,160</u>		
Special events income, net	1,457,578	-	1,457,578
Donated services	343,226	-	343,226
Grant revenue	249,300	-	249,300
Net assets released from restrictions	<u>2,564,679</u>	<u>(2,564,679)</u>	<u>-</u>
Total revenues and public support	<u>5,911,938</u>	<u>(709,573)</u>	<u>5,202,365</u>
Expenses:			
Program services:			
Research	3,541,306	-	3,541,306
Public information	<u>116,287</u>	<u>-</u>	<u>116,287</u>
Total program services	<u>3,657,593</u>	<u>-</u>	<u>3,657,593</u>
Supporting services:			
Management and general	833,153	-	833,153
Fundraising	<u>1,165,739</u>	<u>-</u>	<u>1,165,739</u>
Total supporting services	<u>1,998,892</u>	<u>-</u>	<u>1,998,892</u>
Total expenses	<u>5,656,485</u>	<u>-</u>	<u>5,656,485</u>
Changes in net assets	255,453	(709,573)	(454,120)
Net assets - beginning of year	<u>5,916,729</u>	<u>7,543,267</u>	<u>13,459,996</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 6,172,182</u></u>	<u><u>\$ 6,833,694</u></u>	<u><u>\$ 13,005,876</u></u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 2,117,500	\$ 3,600,591	\$ 5,718,091
Investment income	134,269	18,416	152,685
Realized and unrealized gain on investments	267,200	11,143	278,343
Special events:			
Special event income	\$ 2,639,604		
Less: cost of direct benefit to donors	<u>179,244</u>		
Total special events income	2,460,360	-	2,460,360
Donated services	300,800	-	300,800
Change in valuation of annuity obligation	(3,217)	-	(3,217)
Other income	250	-	250
Net assets released from restrictions	<u>2,299,559</u>	<u>(2,299,559)</u>	<u>-</u>
Total revenues and public support	<u>7,576,721</u>	<u>1,330,591</u>	<u>8,907,312</u>
Expenses:			
Program services:			
Research	3,233,747	-	3,233,747
Public information	<u>99,448</u>	<u>-</u>	<u>99,448</u>
Total program services	<u>3,333,195</u>	<u>-</u>	<u>3,333,195</u>
Supporting services:			
Management and general	729,651	-	729,651
Fundraising	<u>1,777,775</u>	<u>-</u>	<u>1,777,775</u>
Total supporting services	<u>2,507,426</u>	<u>-</u>	<u>2,507,426</u>
Total expenses	<u>5,840,621</u>	<u>-</u>	<u>5,840,621</u>
Changes in net assets	1,736,100	1,330,591	3,066,691
Net assets - beginning of year	<u>4,180,629</u>	<u>6,212,676</u>	<u>10,393,305</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,916,729</u>	<u>\$ 7,543,267</u>	<u>\$ 13,459,996</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 341,188	\$ 87,806	\$ 428,994	\$ 306,506	\$ 788,731	\$ -	\$ 1,095,237	\$ 1,524,231
Payroll taxes	22,374	5,770	28,144	23,997	51,467	-	75,464	103,608
Employee benefits	45,875	4,917	50,792	76,801	37,269	-	114,070	164,862
Total compensation and related expenses	409,437	98,493	507,930	407,304	877,467	-	1,284,771	1,792,701
Research grants awarded	2,722,972	-	2,722,972	-	-	-	-	2,722,972
Occupancy	49,036	15,424	64,460	95,867	82,635	-	178,502	242,962
Professional fees:								
Accounting and legal	-	-	-	56,349	6,304	-	62,653	62,653
Consulting	13,057	-	13,057	6,264	55,216	-	61,480	74,537
Outside services	-	-	-	115,298	31,237	-	146,535	146,535
Office and administration	6,099	1,874	7,973	34,325	86,981	-	121,306	129,279
Meals and entertainment	90	97	187	2,341	2,148	2,160	6,649	6,836
Travel	2,232	-	2,232	2,798	3,708	-	6,506	8,738
Conferences, meetings and event space	65	-	65	49	600	-	649	714
Advertising and public relations	834	-	834	4,052	5,872	-	9,924	10,758
Information technology	-	-	-	31,545	4,434	-	35,979	35,979
Bad debts	-	-	-	75,032	-	-	75,032	75,032
Total expenses before depreciation and donated services	3,203,822	115,888	3,319,710	831,224	1,156,602	2,160	1,989,986	5,309,696
Depreciation	1,258	399	1,657	1,929	2,137	-	4,066	5,723
Donated services	336,226	-	336,226	-	7,000	-	7,000	343,226
Total expenses	3,541,306	116,287	3,657,593	833,153	1,165,739	2,160	2,001,052	5,658,645
Less: expenses included with revenues on the statement of activities	-	-	-	-	-	2,160	2,160	2,160
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,541,306</b>	<b>\$ 116,287</b>	<b>\$ 3,657,593</b>	<b>\$ 833,153</b>	<b>\$ 1,165,739</b>	<b>\$ -</b>	<b>\$ 1,998,892</b>	<b>\$ 5,656,485</b>

See accompanying notes to financial statements.



**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 325,019	\$ 87,137	\$ 412,156	\$ 261,452	\$ 748,404	\$ -	\$ 1,009,856	\$ 1,422,012
Payroll taxes	18,586	5,884	24,470	30,877	39,137	-	70,014	94,484
Employee benefits	<u>30,606</u>	<u>5,291</u>	<u>35,897</u>	<u>90,652</u>	<u>25,366</u>	<u>-</u>	<u>116,018</u>	<u>151,915</u>
Total compensation and related expenses	374,211	98,312	472,523	382,981	812,907	-	1,195,888	1,668,411
Research grants awarded	2,319,166	-	2,319,166	-	-	-	-	2,319,166
Occupancy	62,825	-	62,825	99,405	83,303	-	182,708	245,533
Professional fees:								
Accounting and legal	-	-	-	104,946	5,504	-	110,450	110,450
Consulting	13,000	-	13,000	39,700	115,396	-	155,096	168,096
Outside services	200	-	200	7,522	62,429	-	69,951	70,151
Office and administration	30,088	289	30,377	41,009	313,865	-	354,874	385,251
Meals and entertainment	39,233	209	39,442	10,607	95,280	78,275	184,162	223,604
Travel	41,654	438	42,092	6,631	26,837	-	33,468	75,560
Conferences and meetings	47,777	-	47,777	7,376	90,070	100,969	198,415	246,192
Advertising and public relations	678	200	878	995	53,774	-	54,769	55,647
Information technology	3,542	-	3,542	26,718	8,002	-	34,720	38,262
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,838</u>	<u>-</u>	<u>107,838</u>	<u>107,838</u>
Total expenses before depreciation and donated services	2,932,374	99,448	3,031,822	727,890	1,775,205	179,244	2,682,339	5,714,161
Depreciation	1,373	-	1,373	1,761	1,770	-	3,531	4,904
Donated services	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>800</u>	<u>300,800</u>
Total expenses	3,233,747	99,448	3,333,195	729,651	1,777,775	179,244	2,686,670	6,019,865
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,244</u>	<u>179,244</u>	<u>179,244</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 3,233,747</u>	<u>\$ 99,448</u>	<u>\$ 3,333,195</u>	<u>\$ 729,651</u>	<u>\$ 1,777,775</u>	<u>\$ -</u>	<u>\$ 2,507,426</u>	<u>\$ 5,840,621</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Changes in net assets	\$ (454,120)	\$ 3,066,691
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,723	4,904
Bad debt expense	75,032	107,838
Donated marketable securities	(88,634)	(65,721)
Deferred rent expense	(4,347)	4,195
Net realized and unrealized gain on investments	(156,450)	(278,343)
Changes in assets and liabilities:		
Unconditional promises to give	653,701	(1,702,279)
Prepaid expenses and other current assets	(62,730)	10,600
Accounts payable and accrued expenses	(136,397)	21,085
Research grants payable	17,498	(536,250)
Gift annuities payable	(55,589)	(12,180)
Refundable advances	<u>152,602</u>	<u>37,082</u>
Net cash provided by (used in) operating activities	<u>(53,711)</u>	<u>657,622</u>
Cash flows from investing activities:		
Purchases of investments	(7,612,124)	(7,137,601)
Proceeds from sales and redemptions of investments	7,567,255	6,147,664
Purchase of equipment and improvements	<u>(28,538)</u>	<u>(12,000)</u>
Net cash used in investing activities	<u>(73,407)</u>	<u>(1,001,937)</u>
Net decrease in cash and cash equivalents	(127,118)	(344,315)
Cash and cash equivalents - beginning of year	<u>4,416,965</u>	<u>4,761,280</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,289,847</u></b>	<b><u>\$ 4,416,965</u></b>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1. NATURE OF ACTIVITIES**

Israel Cancer Research Fund, Inc. (the "Organization") was created as a nonprofit corporation in August 1975 to support cancer research in Israel. The Organization is supported primarily through donor contributions, maintains chapters and offices in New York, California, Illinois, Connecticut, and Florida, and has affiliates in Toronto, Montreal and Tel Aviv. The Organization has invested in 2,400 projects conducted by scientists at 24 Israeli research centers. Scientists funded by the Organization are consistently at the forefront of cancer research with globally significant discoveries. Development of certain cancer drugs reflects research supported by the Organization as does CAR T-cell therapy. Numerous internationally prominent Israeli cancer researchers, including recipients of the Nobel Prize, acknowledge the Organization's endorsement and funding as essential to their success, particularly at the earliest stages of their careers.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statements prepared in accordance with U.S. GAAP require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the Organization's management and the board of trustees. The board of trustees may designate portions of these net assets as board designated for various purposes.

*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.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation (Continued)

Contributions received whereby the principal portion is required to be held in perpetuity are recorded as net assets with donor restrictions. The purposes for which the income and net appreciation arising from the underlying assets may be used depend on the wishes of those donors. Those earnings are classified as either with or without donor restrictions in the accompanying statements of activities, pending appropriation by the board of trustees.

Use of Estimates

The preparation of financial statements and related disclosures in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 periods. Actual results could differ from those estimates.

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments with an initial maturity of three months or less to be cash equivalents.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold, as well as held, during the year.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That 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). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 inputs to the valuation methodology include: 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.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment

The Organization capitalizes all property and equipment that materially prolong the useful lives of assets. Maintenance and repairs are expensed as incurred. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method. Leasehold improvements are depreciated over the lesser of the asset's useful life or the term of the lease. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in the Organization's statements of activities.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

The Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization was provided professional services to assist with the awarding of research grants at no charge. The value of such services was computed based on the hourly rates of scientists participating on the Scientific Review Panel for the awarding of research grants (see Note 11). For the years ended December 31, 2020 and 2019, the Organization received \$343,226 and \$300,800 in program research services, respectively, which are reflected as "Donated services" in the accompanying statements of activities and functional expenses. For the years ended December 31, 2020 and 2019, the Organization estimates that approximately 2,100 and 2,000 hours, respectively, were donated by these scientists.

In addition, a number of unpaid volunteers have made or have agreed to make significant contributions of their time to the Organization. The value of such contributions is not reflected in the accompanying financial statements since these services do not require specialized skills. The Organization estimates that approximately 1,900 hours were donated by these volunteers.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts and ratios determined by management.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and employee benefits	Time and effort
Research grants	Directly charged
Professional fees	Directly charged
Occupancy	Time and effort
Conference, meetings	Directly charged

Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and from state income taxes.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under this guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements.

Accounting Pronouncements Issued but not yet Effective

*Leases* - In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. In July 2018, FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening statement of retained earnings. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2020. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* ("ASU 2020-05"). ASU 2020-05 provided for an optional election to defer the effective date for Topic 842 and related amendments for an additional year. Entities may elect to adopt the guidance on the adoption of Topic 842 for annual reporting periods beginning after December 15, 2021. The Organization has determined to defer Topic 842 and is evaluating the impact this new guidance will have on its financial statements and related disclosures.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounting Pronouncements Issued but not yet Effective (Continued)

*In-kind Contributions* - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 15, 2021, the date on which these financial statements were available to be issued. Except as disclosed in Note 17, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 3. LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets as of December 31, 2020 :

Financial assets at year end:	
Cash and cash equivalents	\$ 4,289,847
Investments	7,518,417
Contributions receivable, net	<u>3,200,027</u>
Total financial assets at year end	15,008,291
Less: amounts not available to be used within one	
year - net assets with donors restrictions	6,833,694
Plus: net assets with purpose restrictions to be met in	
less than a year	<u>1,561,980</u>
Financial assets available to meet general	
expenditures over the next 12 months	<u>\$ 9,736,577</u>

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, excess cash is invested in short-term investments, including stocks, mutual funds, U.S. Treasury Bills, and money market accounts.



**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4. UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 2,871,956	\$ 2,500,290
Receivable in one to five years	<u>475,000</u>	<u>1,843,375</u>
Total unconditional promises to give	3,346,956	4,343,665
Less: unamortized discount	60,029	353,905
Less: allowances for uncollectible promises to give	<u>86,900</u>	<u>61,000</u>
Net unconditional promises to give at December 31	<u>\$ 3,200,027</u>	<u>\$ 3,928,760</u>

Unconditional promises to give due in more than one year are reflected at the net present value of estimated future cash flows using discount rates of 0.57% to 4.30% depending upon the date pledged.

As of December 31, 2020 and 2019, 15% and 17% of the Organization's receivables from unconditional promises to give were from one donor, respectively.

Based on management's past experience, the aging of receivables and subsequent receipts, \$86,900 and \$61,000 has been reserved for doubtful collections of promises to give at December 31, 2020 and 2019, respectively.

**NOTE 5. FAIR VALUE MEASUREMENTS**

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table summarizes the Organization's assets measured at fair value on a recurring basis, using the fair value hierarchy as of December 31, 2020:

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2020	Valuation Technique
Common stocks:					
Consumer staples	\$ 3,981	\$ -	\$ -	\$ 3,981	(a)
Exchange traded fund - growth		1,540,759	-	1,540,759	(a)
Fixed income securities:					
Corporate bonds	-	3,761,180	-	3,761,180	
U.S. government bonds	-	1,290,352	-	1,290,352	(a)
Israel government bonds	-	922,145	-	922,145	(a)
Total	<u>\$ 3,981</u>	<u>\$ 7,514,436</u>	<u>\$ -</u>	<u>\$ 7,518,417</u>	

The following table summarizes the Organization's assets measured at fair value on a recurring basis, using the fair value hierarchy as of December 31, 2019:

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2019	Valuation Technique
Common stocks:					
Consumer staples	\$ 2,056	\$ -	\$ -	\$ 2,056	(a)
Exchange traded fund - growth	-	1,326,385	-	1,326,385	(a)
Fixed income securities:					
U.S. government bonds	-	4,969,922	-	4,969,922	(a)
Israel government bonds	-	930,100	-	930,100	(a)
Total	<u>\$ 2,056</u>	<u>\$ 7,226,407</u>	<u>\$ -</u>	<u>\$ 7,228,463</u>	

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2020:

Common stocks are valued based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

Exchange traded funds are valued at quoted market prices, which represent the values of the underlying securities in such funds.

U.S. government and Israel bonds are valued based on the last reported bid price provided by broker-dealers.

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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 Organization believes 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.

During the years ended December 31, 2020 and 2019, there were no transfers between levels of the fair value hierarchy.

**NOTE 6. PROPERTY AND EQUIPMENT**

As of December 31, 2020, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Computer equipment and software	\$ 152,909	\$ 124,370
Furniture and fixtures	24,612	24,788
Leasehold improvements	<u>6,357</u>	<u>6,357</u>
	183,878	155,515
Less: accumulated depreciation	<u>116,524</u>	<u>110,975</u>
	<u>\$ 67,354</u>	<u>\$ 44,540</u>

Depreciation expense amounted to \$5,723 and \$4,904 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 7. RESEARCH GRANTS PAYABLE**

Grants Authorized but Unpaid

Grants of \$1,388,332 and \$1,370,834, authorized but not disbursed as of December 31, 2020 and 2019, respectively, are reported as liabilities in the accompanying statements of financial position.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 7. RESEARCH GRANTS PAYABLE (CONTINUED)**

Conditional Grants

Conditional grant obligations of \$2,010,000 as of December 31, 2020, which are not included in the accompanying statements of financial position, are dependent upon approval by the Scientific Review Panel and the Organization's ability to pay.

Awarded obligations by grant year, which generally runs from September through August, as of December 31, 2020, are as follows:

<u>Grant Year</u>	<u>Expected Awards</u>
2021-22	\$ 1,395,000
2022-23	515,000
2023-24	<u>100,000</u>
	<u>\$ 2,010,000</u>

**NOTE 8. GIFT ANNUITIES PAYABLE**

A charitable gift annuity is an arrangement between a donor and the Organization in which the donor contributes assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. Assets received by the Organization under such agreements are recorded at fair value on the date of execution. In the case of annuities to be paid over the remaining lives of the beneficiaries, an annuity liability is recorded based on life expectancy tables published by the Internal Revenue Service for retirement distributions, which the Organization believes to be a reasonable actuarial estimate for this type of split-interest agreement. The difference between the fair value of the assets donated and the annuity liability is recorded as contribution revenue without donor restrictions, unless donor-imposed restrictions or state law require other recognition. Amortization over the term of an annuity is provided for using a discount rate equal to the yield, at the date of execution, indicated by Merrill Lynch's index for "AAA"-rated corporate bonds with maturities in the range of the annuity term.

The annual change in value of such split-interest agreements of \$(3,217) in 2019 is recognized in the accompanying statements of activities. During the year ended December 31, 2020, the remaining beneficiary deceased, the remaining annuity liability was eliminated and recorded as contribution revenue without donor restrictions.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 9. NET ASSETS**

Net assets at December 31, 2020 and 2019, consisted of:

	2020	2019
Net assets without donor restrictions:		
Undesignated	\$ 5,414,975	\$ 5,431,261
Board-designated endowment	689,853	440,928
Net investment in property and equipment	67,354	44,540
Total net assets without donor restrictions	\$ 6,172,182	\$ 5,916,729
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Grant awards and other program activities	\$ 4,211,765	\$ 4,951,390
Subject to the Organization's spending policy and appropriation:		
Accumulated gains on funds restricted in perpetuity	72,637	42,585
Endowment funds restricted in perpetuity	2,549,292	2,549,292
Total net assets with donor restrictions	\$ 6,833,694	\$ 7,543,267

**NOTE 10. ENDOWMENT FUNDS**

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Organization and its board of trustees have interpreted NYPMIFA as requiring the preservation in perpetuity of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not comprised of net assets with donor restrictions of a perpetual nature, represents net assets with donor restrictions which will be released from restriction upon appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Donor-restricted endowment funds are invested in money market, exchange traded and fixed income instruments pursuant to the Organization's investment and spending objectives of subjecting the funds to low investment risk and providing current income.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 10. ENDOWMENT FUNDS (CONTINUED)**

The composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - January 1, 2019	\$ 182,127	\$ 2,562,318	\$ 2,744,445
Investment income	18,336	18,416	36,752
Net appreciation	<u>240,465</u>	<u>11,143</u>	<u>251,608</u>
Endowment net assets - December 31, 2019	440,928	2,591,877	3,032,805
Investment income	34,551	34,734	69,285
Net appreciation (depreciation)	<u>214,374</u>	<u>(4,682)</u>	<u>209,692</u>
Endowment net assets - December 31, 2020	<u>\$ 689,853</u>	<u>\$ 2,621,929</u>	<u>\$ 3,311,782</u>

**NOTE 11. PROGRAMMATIC ACTIVITIES**

Research

The Organization annually awards grants to research scientists in Israel. Scientists send proposals to the Organization. These proposals are then graded and scored by the Organization's Scientific Review Panel. The proposals are finally reviewed by the Organization's International Scientific Council, which presents recommendations to the Organization's International Board of Trustees, through its chairman, for approval.

Grants are made by the Organization based on the evaluations of the International Scientific Council and the amount of funding available to support the grant proposals.

The Organization awards 10 types of grants, as follows:

- (a) Professorships, which are awarded to full-time senior faculty or persons in equivalent positions who have made outstanding contributions to cancer research. The current grant for a Professorship is \$50,000 per year for seven years, or a total of \$350,000.
- (b) Acceleration Grants, which are intended to speed up our efforts to fully understand the biology behind cancer. Recipients are required to propose highly-innovative approaches that have the promise of pioneering new ways of thinking about cancer biology and therapeutics. The current grant for an Acceleration Grant is \$50,000 per year for two years, or a total of \$100,000.
- (c) Clinical Research Career Development Awards, which are awarded to promising young medical or pediatric oncologists to afford them time to conduct clinical research projects and to obtain additional training to become leaders in clinical research programs. The current grant for a Clinical Research Career Development Award is \$45,000 per year for three years, or a total of \$135,000.
- (d) Research Career Development Awards, which are awarded to promising cancer researchers who have advanced beyond the postdoctoral level and are well on their way to becoming outstanding independent investigators. The current grant for a Research Career Development Award is \$35,000 per year for three years, or a total of \$105,000.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 11. PROGRAMMATIC ACTIVITIES (CONTINUED)**

Research (Continued)

- (e) Project Grants, which are awarded to support the research of established investigators working on specific projects under the direction of designated principal investigators. The current grant for a Project Grant is \$60,000 per year for three years, or a total of \$180,000.
- (f) Postdoctoral Fellowships, which are awarded to new M.D.s and Ph.D.s who will apprentice in the laboratories of senior investigators. The current grant for a Postdoctoral Fellowship is \$30,000 per year for three years, or a total of \$90,000.
- (g) Gesher Awards, which are awarded to scientists who wish to return to Israel to develop an independent research program after their period of postdoctoral training abroad. The Organization has partnered with the Israeli Ministry of Science, Technology, and Space ("MOST") to develop this joint program aimed at encouraging young scientists to return to Israel. Applications must be submitted while the applicant is conducting research outside Israel; during the funding period, the applicant must conduct his or her research in Israel. The current grant for a Gesher Award is NIS200,000 per year for three years, or a total of NIS600,000. The Organization will provide NIS100,000 per year for research expenses, while MOST will provide NIS100,000 per year for living expenses.
- (h) Len and Susan Mark Initiative for Ovarian and Uterine/MMMT Cancer Grants, which are awarded to support the research of established investigators to advance our knowledge of the pathogenesis and treatment of Ovarian and Uterine/MMMT Cancers. The grant for a Mark Initiative Grant is \$60,000 per year for three years, or a total of \$180,000.
- (i) International Collaboration Grants, which are awarded to promote international partnerships for outstanding cancer research in Israel between an investigator in Israel and a collaborating investigator in Canada or the United States. The support to the participating institutions will be divided such that 80% of the funds will be designated for the investigator in Israel and 20% will be designated to the investigator in North America. The current grant for an International Collaboration Grant is \$150,000 per year for three years, or a total of \$450,000.
- (j) Barron Cancer Research Scholars' Program Grants, which are awarded to foster outstanding collaborative research and promote the exchange of ideas between exceptional researchers in the United States at City of Hope in Duarte, California, and in Israel. The four interrelated components of the program are: 1) one-year collaborative grants to scientists at City of Hope and in Israel, for \$75,000; 2) one year of postdoctoral training at City of Hope for promising young Israeli scientists, for \$71,203; 3) six-month sabbaticals for established Israeli scientists at City of Hope and for City of Hope Scientists in Israel, for \$62,000; and 4) an annual symposium that will bring researchers from the United States and Israel together to share research discoveries.

During 2020, the Organization funded scientists at 10 research institutions in Israel, as well as one research institute in North America, that were awarded International Collaboration Grants. The Organization has arranged that all funds granted are provided to the scientists for research, with no overhead charge paid to the institutions.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 11. PROGRAMMATIC ACTIVITIES (CONTINUED)**

Research (Continued)

Two scientists funded by the Organization were awarded the Nobel Prize in Chemistry in 2004.

All grants awarded by the Organization are contingent upon the awardees conducting the specific research contemplated in their proposals and upon the Organization having sufficient means to make payments to the awardees.

Although it is frequently the intention of the Organization to award grants that will extend over multiple years, each multi-year grant is subject to an annual review and re-approval by the International Scientific Council. Accordingly, only the grant amounts awarded and approved in the current year are reported as an expense in the accompanying financial statements.

Public Information

The Organization publishes information that encourages an understanding of all aspects of cancer, its treatments and the research that is ongoing in Israel and across the globe to stem the spread and devastation of the disease.

**NOTE 12. ADVERTISING**

The Organization uses advertising and public relations services to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During 2020 and 2019, advertising and public relations costs totaled \$10,758 and \$55,648, respectively.

**NOTE 13. EMPLOYEE BENEFIT PLANS**

The Organization maintains a 403(b) plan covering all eligible employees. During 2020 and 2019, the Organization made contributions to the plan amounting to \$20,382 and \$18,020, respectively, which are included in "Employee benefits" in the accompanying statements of functional expenses.

**NOTE 14. CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and investments. At times, the Organization's cash and cash equivalents and investments, which are placed with major financial institutions and brokerages, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

Commitments

The Organization has noncancelable operating leases for offices in New York, California and Illinois that expire at various dates through February 2024 and include provisions for real estate tax escalations.



**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Commitments (Continued)

Future minimum lease payments for these operating leases at December 31, 2020, are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2021	\$ 218,754
2022	219,142
2023	221,577
2024	<u>37,080</u>
	<u>\$ 696,553</u>

Rental payments under these leases are recognized on a straight-line basis over the terms of the leases. The difference between the actual rent paid and the expense recognized under the terms of these leases is included in "Deferred rent payable" in the accompanying statements of financial position. Rent expense incurred in connection with these leases amounted to \$208,978 and \$213,331 for the years ended December 31, 2020 and 2019, respectively.

Contingencies

The Organization is involved in various claims and legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the financial position of the Organization or the results of its operations.

**NOTE 16. RELATED ENTITIES**

The Organization has three affiliates that serve as local chapters of the Organization in Canada and Israel. The Organization has no voting interests in these local chapters. However, agreements between the local chapters and the Organization allow the Organization involvement in the awarding of research grants by the local chapters through its International Board of Trustees and Scientific Review Panel. The Organization awarded \$1,363,000 and \$1,315,000 in grants on behalf of its Canadian and Israeli affiliates in 2020 and 2019, respectively.

**NOTE 17. COVID-19 PANDEMIC**

During the 2020 fiscal year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Minor disruptions to the Organization's operations have occurred as a result from quarantines of employees and contributors and grantors in areas affected by the outbreak. Furthermore, economic uncertainties have arisen which are likely to negatively impact support and revenue. Given the uncertainty of the situation, the duration of the disruption and related financial impact cannot be reasonably estimated at this time. No adjustments or provisions were made to the financial statements related to COVID-19.

Paycheck Protection Program

On April 14, 2020, the Organization received loan proceeds of approximately \$249,300 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 17. COVID-19 PANDEMIC (CONTINUED)**

Paycheck Protection Program (Continued)

expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after eight weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 40% of the amount forgiven can be attributable to non-payroll costs.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the “PPP Loan Date”) and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program.

The Organization applied for PPP Loan forgiveness and received approval from the SBA in December 2020. The Organization recognized \$249,300 in grant revenue under the PPP loan program during the year ended December 31, 2020, which is included in grant revenue on the statement of activities. If it is determined that the Organization was not eligible to receive the PPP Loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA’s Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

On January 26, 2021, the Organization received additional loan proceeds of approximately \$248,400 under the PPP. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes as defined by the PPP. The PPP loan matures five years from the date of first disbursement of proceeds to the Organization (the “PPP Loan Date”) and accrues interest at a fixed rate of 1%. Payments are deferred for at least six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.