

**ISRAEL CANCER RESEARCH FUND, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**ISRAEL CANCER RESEARCH FUND, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 Israel Cancer Research Fund, Inc. as of December 31, 2021 and 2020, 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.

### Basis for Opinion

We conducted our audits 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 Israel Cancer Research Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Israel Cancer Research Fund, Inc.'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 Israel Cancer Research Fund, Inc.'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 Israel Cancer Research Fund, Inc.'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.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
August 22, 2022

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**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,865,639	\$ 4,289,847
Investments	11,617,585	7,518,417
Unconditional promises to give, net	2,050,733	3,200,027
Prepaid expenses and other current assets	106,975	141,325
Property and equipment, net	326,337	67,354
Deposits	48,487	48,487
<b>TOTAL ASSETS</b>	<b>\$ 17,015,756</b>	<b>\$ 15,265,457</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 66,778	\$ 55,435
Research grants payable	1,340,000	1,388,332
Refundable advances	292,544	749,544
Deferred rent payable	58,987	66,270
Capital lease obligation	265,921	-
Total liabilities	2,024,230	2,259,581
Commitments and contingencies (Notes 7, 10, 14 and 16)		
Net assets:		
Without donor restrictions	7,669,611	6,172,182
With donor restrictions	7,321,915	6,833,694
Total net assets	14,991,526	13,005,876
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,015,756</b>	<b>\$ 15,265,457</b>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 1,530,096	\$ 3,381,200	\$ 4,911,296
Investment income	165,717	36,966	202,683
Realized and unrealized gain (loss) on investments	245,759	(4,402)	241,357
Special events:			
Special event income	\$ 1,800,528		
Less: cost of direct benefit to donors	<u>6,890</u>		
Special events income, net	1,793,638	-	1,793,638
Donated services	328,825	-	328,825
Grant revenue	248,381	-	248,381
Net assets released from restrictions	<u>2,925,543</u>	<u>(2,925,543)</u>	<u>-</u>
Total revenues and public support	<u>7,237,959</u>	<u>488,221</u>	<u>7,726,180</u>
Expenses:			
Program services:			
Research	3,468,478	-	3,468,478
Public information	<u>295,537</u>	<u>-</u>	<u>295,537</u>
Total program services	<u>3,764,015</u>	<u>-</u>	<u>3,764,015</u>
Supporting services:			
Management and general	674,903	-	674,903
Fundraising	<u>1,301,612</u>	<u>-</u>	<u>1,301,612</u>
Total supporting services	<u>1,976,515</u>	<u>-</u>	<u>1,976,515</u>
Total expenses	<u>5,740,530</u>	<u>-</u>	<u>5,740,530</u>
Changes in net assets	1,497,429	488,221	1,985,650
Net assets - beginning of year	<u>6,172,182</u>	<u>6,833,694</u>	<u>13,005,876</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 7,669,611</u></u>	<u><u>\$ 7,321,915</u></u>	<u><u>\$ 14,991,526</u></u>

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
Change in valuation of annuity obligation	-	-	-
Other income	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>\$ 6,172,182</u>	<u>\$ 6,833,694</u>	<u>\$ 13,005,876</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	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	\$ 218,095	\$ 222,366	\$ 440,461	\$ 308,964	\$ 782,462	\$ -	\$ 1,091,426	\$ 1,531,887
Payroll taxes	16,545	15,482	32,027	23,670	55,620	-	79,290	111,317
Employee benefits	41,098	17,518	58,616	42,245	50,443	-	92,688	151,304
Total compensation and related expenses	275,738	255,366	531,104	374,879	888,525	-	1,263,404	1,794,508
Research grants awarded	2,795,000	-	2,795,000	-	-	-	-	2,795,000
Occupancy	41,561	29,874	71,435	87,052	77,977	-	165,029	236,464
Professional fees:								
Accounting and legal	-	-	-	41,799	6,929	-	48,728	48,728
Consulting	12,533	-	12,533	23,436	104,544	-	127,980	140,513
Outside services	-	-	-	8,327	46,294	-	54,621	54,621
Office and administration	7,552	4,911	12,463	39,343	77,777	-	117,120	129,583
Meals and entertainment	-	235	235	746	37,576	6,890	45,212	45,447
Travel	-	939	939	851	1,523	-	2,374	3,313
Conferences, meetings and event space	56	-	56	800	20,568	-	21,368	21,424
Advertising and public relations	1,486	95	1,581	1,244	28,416	-	29,660	31,241
Information technology	-	-	-	39,167	787	-	39,954	39,954
Bad debts	-	-	-	50,000	-	-	50,000	50,000
Total expenses before depreciation and donated services	3,133,926	291,420	3,425,346	667,644	1,290,916	6,890	1,965,450	5,390,796
Depreciation	5,727	4,117	9,844	7,259	10,696	-	17,955	27,799
Donated services	328,825	-	328,825	-	-	-	-	328,825
Total expenses	3,468,478	295,537	3,764,015	674,903	1,301,612	6,890	1,983,405	5,747,420
Less: expenses included with revenues on the statement of activities	-	-	-	-	-	6,890	6,890	6,890
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,468,478</b>	<b>\$ 295,537</b>	<b>\$ 3,764,015</b>	<b>\$ 674,903</b>	<b>\$ 1,301,612</b>	<b>\$ -</b>	<b>\$ 1,976,515</b>	<b>\$ 5,740,530</b>

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 and meetings	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.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,985,650	\$ (454,120)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,799	5,723
Bad debt expense	50,000	75,032
Donated marketable securities	(53,342)	(88,634)
Deferred rent expense	(7,283)	(4,347)
Net realized and unrealized gain on investments	(241,357)	(156,450)
Changes in operating assets and liabilities:		
Unconditional promises to give	1,099,294	653,701
Prepaid expenses and other current assets	34,350	(62,730)
Accounts payable and accrued expenses	11,343	(136,397)
Research grants payable	(48,332)	17,498
Gift annuities payable	-	(55,589)
Refundable advances	<u>(457,000)</u>	<u>152,602</u>
Net cash provided by (used in) operating activities	<u>2,401,122</u>	<u>(53,711)</u>
Cash flows from investing activities:		
Purchases of investments	(9,096,290)	(7,612,124)
Proceeds from sales and redemptions of investments	5,291,820	7,567,255
Purchase of equipment and improvements	<u>-</u>	<u>(28,538)</u>
Net cash used in investing activities	<u>(3,804,470)</u>	<u>(73,407)</u>
Cash used in financing activities:		
Repayment of capital lease obligations	<u>(20,860)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,424,208)	(127,118)
Cash and cash equivalents - beginning of year	<u>4,289,847</u>	<u>4,416,965</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,865,639</u></b>	<b><u>\$ 4,289,847</u></b>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 4,130</u>	<u>\$ -</u>
Supplemental disclosures of noncash financing activities:		
Acquisition of equipment through capital lease financing	<u>\$ 286,781</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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 2,647 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, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 AND 2020**

**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 10). For the years ended December 31, 2021 and 2020, the Organization received \$328,825 and \$343,226, respectively, in program research services which are reflected as "Donated services" in the accompanying statements of activities and functional expenses.

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 2,500 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.

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

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

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 terms 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 the net assets. 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 decided to defer Topic 842 and is evaluating the impact this new guidance will have on its financial statements and related disclosures.

*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.

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

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through August 22, 2022, the date on which these financial statements were available to be issued. Except as disclosed in Note 16, 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, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,865,639
Investments	11,617,585
Unconditional promises to give, net	<u>2,050,733</u>
Total financial assets at year end	16,533,957
Less: amounts not available to be used within one	
year - net assets with donors restrictions	7,321,915
Less: board-designated portion of endowment	1,118,106
Plus: net assets with purpose restrictions to be met in	
less than a year	<u>2,742,815</u>
Financial assets available to meet general	
expenditures over the next 12 months	<u>\$ 10,836,751</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. Board-designated endowment funds totaling \$1,118,106 are available to the Organization for operations upon approval of the Board of Trustees.

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**NOTE 4. UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 1,417,255	\$ 2,871,956
Receivable in one to five years	<u>801,500</u>	<u>475,000</u>
Total unconditional promises to give	2,218,755	3,346,956
Less: unamortized discount	75,422	60,029
Less: allowances for uncollectible promises to give	<u>92,600</u>	<u>86,900</u>
Net unconditional promises to give at December 31	<u>\$ 2,050,733</u>	<u>\$ 3,200,027</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 1.47% to 3.67% depending upon the date pledged.

As of December 31, 2021 and 2020, 58% and 15% of the Organization's receivables from unconditional promises to give were from three donors and one donor, respectively.

Based on management's past experience, the aging of receivables and subsequent receipts, \$92,600 and \$21,726 has been reserved for doubtful collections of promises to give at December 31, 2021 and 2020, 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 table 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.**  
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**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, 2021:

<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, 2021	Valuation Technique
Exchange-traded fund - growth	\$ 1,957,310	\$ -	\$ -	\$ 1,957,310	(a)
Fixed income securities:					
Corporate bonds	-	7,398,470	-	7,398,470	(a)
U.S. government bonds	-	1,340,432	-	1,340,432	(a)
Israel government bonds	-	921,373	-	921,373	(a)
Total	<u>\$ 1,957,310</u>	<u>\$ 9,660,275</u>	<u>\$ -</u>	<u>\$ 11,617,585</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, 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>\$ 1,544,740</u>	<u>\$ 5,973,677</u>	<u>\$ -</u>	<u>\$ 7,518,417</u>	

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, 2021:

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.

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)**

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 those of 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, 2021 and 2020, there were no transfers between levels of the fair value hierarchy.

**NOTE 6. PROPERTY AND EQUIPMENT**

As of December 31, 2021, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment and software	\$ 152,909	\$ 152,909
Furniture and fixtures	24,612	24,612
Leasehold improvements	6,357	6,357
Computer equipment under capital lease	<u>286,781</u>	<u>-</u>
	470,659	183,878
Less: accumulated depreciation	<u>144,322</u>	<u>116,524</u>
	<u>\$ 326,337</u>	<u>\$ 67,354</u>

Depreciation expense amounted to \$27,799 and \$5,723 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 7. RESEARCH GRANTS PAYABLE**

Grants Authorized but Unpaid

Grants of \$1,340,000 and \$1,388,332, authorized but not disbursed as of December 31, 2021 and 2020, respectively, are reported as liabilities in the accompanying statements of financial position.

Conditional Grants

Conditional grant obligations of \$3,205,000 as of December 31, 2021, 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, 2021, are as follows:

<u>Grant Year</u>	<u>Expected Awards</u>
2022-23	\$ 1,825,000
2023-24	1,230,000
2024-25	<u>150,000</u>
	<u>\$ 3,205,000</u>

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 8. NET ASSETS**

Net assets at December 31, 2021 and 2020, consisted of:

	2021	2020
Net assets without donor restrictions:		
Undesignated	\$ 6,225,168	\$ 5,414,975
Board-designated endowment	1,118,106	689,853
Net investment in property and equipment	326,337	67,354
Total net assets without donor restrictions	\$ 7,669,611	\$ 6,172,182
Net assets with donor restrictions:		
Subject to expenditure for specified purposes:		
Grant awards and other program activities	\$ 4,686,725	\$ 4,211,765
Subject to the Organization's spending policy and appropriation:		
Accumulated gains on funds restricted in perpetuity	85,898	72,637
Endowment funds restricted in perpetuity	2,549,292	2,549,292
Total net assets with donor restrictions	\$ 7,321,915	\$ 6,833,694

**NOTE 9. 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.**  
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**NOTE 9. ENDOWMENT FUNDS (CONTINUED)**

The composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - January 1, 2020	\$ 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	689,853	2,621,929	3,311,782
Investment income	35,035	17,662	52,697
Net appreciation (depreciation)	<u>393,218</u>	<u>(4,401)</u>	<u>388,817</u>
Endowment net assets - December 31, 2021	<u>\$ 1,118,106</u>	<u>\$ 2,635,190</u>	<u>\$ 3,753,296</u>

**NOTE 10. 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 scored proposals are then evaluated and prioritized for funding by the Organization's International Scientific Council, which presents its 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 \$100,000 per year for five years or a total of \$500,000.
- (b) Acceleration Grants, which are intended to speed up the Organization's 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 \$70,000 per year for two years or a total of \$140,000.
- (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.

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 10. PROGRAMMATIC ACTIVITIES (CONTINUED)**

Research (Continued)

- (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 \$45,000 per year for three years or a total of \$135,000.
- (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 \$100,000 per year for three years or a total of \$300,000.
- (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. This was a five-year program that is now winding down with two current collaborative grants of \$110,000 per year for two years, or a total of \$220,000 each. An annual symposium bringing researchers from the United States and Israel together to present research discoveries made under the Barron Program was held virtually, with the final symposium planned for early in 2022.

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 10. PROGRAMMATIC ACTIVITIES (CONTINUED)**

Research (Continued)

During 2021, the Organization funded scientists at 10 research institutions in Israel and has arranged that all funds granted are provided to the scientists for research, with no overhead charge paid to the institutions. The Organization also partnered with several other cancer research funding organizations to support collaborative research efforts between Israeli and North American scientists. The Organization's funds were used to support the Israeli-based research, while the partner organizations funded the North American collaborators.

Two scientists funded by the Organization were awarded the Nobel Prize in Chemistry in 2004, and many other Israeli scientists funded by the Organization have also received international recognition by being conferred with other prestigious prizes and awards.

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 11. 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 2021 and 2020, advertising and public relations costs totaled \$31,241 and \$10,758, respectively.

**NOTE 12. EMPLOYEE BENEFIT PLAN**

The Organization maintains a 403(b) plan covering all eligible employees. During 2021 and 2020, the Organization made contributions to the plan amounting to \$27,023 and \$20,382, respectively, which are included in "Employee benefits" in the accompanying statements of functional expenses.

**NOTE 13. 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.

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**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Operating Leases

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.

Future minimum lease payments for these operating leases at December 31, 2021, are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2022	\$ 219,142
2023	221,577
2024	<u>37,080</u>
	<u>\$ 477,799</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 \$213,654 and \$208,978 for the years ended December 31, 2021 and 2020, respectively.

Capital Lease Obligation

The Company has a capital lease for equipment expiring in October 2026. Equipment subject to capital lease obligations is included in property and equipment. As of December 31, 2021, the costs of the property and equipment, related accumulated depreciation and net book value were \$286,781, \$22,760 and \$264,021, respectively. Interest expense on the capital lease was \$4,130 for the year ended December 31, 2021. Depreciation expense related to the leased equipment was \$21,726 for the year ended December 31, 2021.

Future payments under the capital lease obligation at December 31, 2021, are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2022	\$ 59,976
2023	59,976
2024	59,976
2025	59,976
2026	<u>49,980</u>
	289,884
Less: amounts representing interest	<u>23,963</u>
Net future annual lease payments due under capital leases	<u>\$ 265,921</u>

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.

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**NOTE 15. 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's involvement in the awarding of research grants by the local chapters through its International Board of Trustees and Scientific Review Panel. The Organization awarded \$1,628,000 and \$1,363,000 in grants on behalf of its Canadian and Israeli affiliates in 2021 and 2020, respectively.

**NOTE 16. PAYCHECK PROTECTION PROGRAM**

On April 14, 2020, under the Paycheck Protection Program (the "PPP"), the Organization received loan proceeds of approximately \$249,300 ("PPP 1"). 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 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 1 loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP 1 Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and are payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP 1 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 1 Loan forgiveness and received approval from the Small Business Administration (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 accompanying statement of activities.

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**NOTE 16. PAYCHECK PROTECTION PROGRAM (CONTINUED)**

On January 26, 2021, under the PPP, the Organization received additional loan proceeds of approximately \$248,400 (the "PPP 2"). 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 2 loan matures five years from the date of first disbursement of proceeds to the Organization (the "PPP 2 Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for at least six months and are payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP 2 Loan Date.

The Organization applied for PPP 2 Loan forgiveness and received approval from the SBA in January 2022. The Organization recognized \$248,381 in grant revenue under the PPP loan program during the year ended December 31, 2021, which is included in "Grant revenue" on the accompanying statement of activities.

If it is determined that the Organization was not eligible to receive the PPP loans 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.