



BLADDER CANCER ADVOCACY NETWORK, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2019 and 2018

BLADDER CANCER ADVOCACY NETWORK, INC.
Financial Statements

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Bladder Cancer Advocacy Network, Inc.
Bethesda, Maryland**

Report on the Financial Statements

We have audited the accompanying financial statements of Bladder Cancer Advocacy Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditors' 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 auditors' 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 auditors consider 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.

BLADDER CANCER ADVOCACY NETWORK, INC.

Independent Auditors' Report

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bladder Cancer Advocacy Network, Inc. as of December 31, 2019 and 2018, 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.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors

Gaithersburg, Maryland

March 20, 2020

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,288,141	\$ 1,262,696
Investments	4,254,122	3,201,700
Contributions receivable, current portion	44,524	392,111
Prepaid expenses and other current assets	43,655	20,451
Total current assets	5,630,442	4,876,958
<u>Noncurrent assets:</u>		
Contributions receivable, noncurrent portion	42,750	40,000
Property and equipment, net	43,276	-
Security deposit	13,997	3,848
Total noncurrent assets	100,023	43,848
Total Assets	\$ 5,730,465	\$ 4,920,806
Liabilities and Net Assets		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 37,051	\$ 47,886
Deferred revenue	-	120,000
Grants payable	150,000	194,557
Total current liabilities	187,051	362,443
<u>Other liabilities:</u>		
Deferred lease benefit	2,582	9,411
Total Liabilities	189,633	371,854
<u>Net assets:</u>		
Net Assets Without Donor Restrictions		
Undesignated	3,978,548	2,891,134
Board designated	900,000	700,000
	4,878,548	3,591,134
Net Assets With Donor Restrictions		
Restricted by purpose or time	662,284	957,818
Total net assets	5,540,832	4,548,952
Total Liabilities and Net Assets	\$ 5,730,465	\$ 4,920,806

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	<u>Without Donor</u>	<u>With Donor</u>	<u>2019</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>2018</u>
<u>Revenue and support:</u>	Restrictions	Restrictions	Total	Restrictions	Restrictions	Total
Contributions and grants:						
Contributions	\$ 2,922,618	\$ 317,043	\$ 3,239,661	\$ 2,059,583	\$ 693,158	\$ 2,752,741
Grants	134,634	-	134,634	541,507	-	541,507
Conference income	239,890	-	239,890	235,897	-	235,897
Interest and other income	83,818	-	83,818	51,587	-	51,587
Net assets released from restrictions	<u>612,577</u>	<u>(612,577)</u>	<u>-</u>	<u>1,262,301</u>	<u>(1,262,301)</u>	<u>-</u>
Total revenue and support	3,993,537	(295,534)	3,698,003	4,150,875	(569,143)	3,581,732
<u>Expenses:</u>						
<u>Program services:</u>						
Research	655,214	-	655,214	1,348,753	-	1,348,753
Education and information	293,989	-	293,989	298,411	-	298,411
Think Tank	435,122	-	435,122	360,290	-	360,290
Other program services	<u>460,464</u>	<u>-</u>	<u>460,464</u>	<u>368,221</u>	<u>-</u>	<u>368,221</u>
Total program services	1,844,789	-	1,844,789	2,375,675	-	2,375,675
<u>Supporting services:</u>						
Management and general	643,548	-	643,548	458,878	-	458,878
Fundraising	<u>217,786</u>	<u>-</u>	<u>217,786</u>	<u>208,244</u>	<u>-</u>	<u>208,244</u>
Total supporting services	<u>861,334</u>	<u>-</u>	<u>861,334</u>	<u>667,122</u>	<u>-</u>	<u>667,122</u>
Total expenses	<u>2,706,123</u>	<u>-</u>	<u>2,706,123</u>	<u>3,042,797</u>	<u>-</u>	<u>3,042,797</u>
Change in net assets	1,287,414	(295,534)	991,880	1,108,078	(569,143)	538,935
Net assets, beginning of year	<u>3,591,134</u>	<u>957,818</u>	<u>4,548,952</u>	<u>2,483,056</u>	<u>1,526,961</u>	<u>4,010,017</u>
Net assets, end of year	<u>\$ 4,878,548</u>	<u>\$ 662,284</u>	<u>\$ 5,540,832</u>	<u>\$ 3,591,134</u>	<u>\$ 957,818</u>	<u>\$ 4,548,952</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	2019							
	Program services				Supporting services			
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2019 Total
Personnel costs:								
Salaries	\$ 36,757	\$ 133,734	\$ 151,953	\$ 207,497	\$ 529,941	\$ 145,157	\$ 136,705	\$ 811,803
Employee benefits	3,084	11,222	12,751	17,412	44,469	12,182	11,472	68,123
Payroll taxes	2,797	10,177	11,563	15,790	40,327	11,046	10,403	61,776
Total personnel costs	42,638	155,133	176,267	240,699	614,737	168,385	158,580	941,702
Grant expense	510,577	-	-	-	510,577	-	-	510,577
Meetings and conferences	-	81,329	230,081	17,094	328,504	19,944	936	349,384
Marketing and promotion	-	13,258	3,458	50,639	67,355	66,240	301	133,896
Consultants	-	-	1,300	52,540	53,840	59,261	1,507	114,608
Travel	-	26,640	14,263	35,400	76,303	22,817	9	99,129
Printing and copying	200	8,287	2,399	29,721	40,607	21,874	30,840	93,321
PCORI awards	92,081	-	-	-	92,081	-	-	92,081
IT support and online fees	9,667	244	3,549	-	13,460	59,365	9,042	81,867
Occupancy expense	-	-	-	-	-	73,642	-	73,642
Bad debt expense	-	-	-	-	-	38,000	-	38,000
Accounting fees	-	-	-	-	-	32,200	-	32,200
Postage and shipping	-	5,373	1,216	3,748	10,337	16,350	2,738	29,425
Miscellaneous expense	-	555	-	5,977	6,532	12,802	92	19,426
Permits and fees	-	25	-	10,950	10,975	2,776	-	13,751
State registrations	-	-	-	-	-	1,174	11,459	12,633
Dues and membership	-	-	-	-	-	10,035	2,282	12,317
Telephone and communications	51	124	-	-	175	11,625	-	11,800
Merchandise	-	18	1,734	8,684	10,436	997	-	11,433
Media production/services	-	2,831	-	3,265	6,096	4,787	-	10,883
Office supplies	-	82	855	36	973	5,335	-	6,308
Insurance	-	-	-	-	-	5,222	-	5,222
Equipment rental and maintenance	-	90	-	960	1,050	3,094	-	4,144
Board expense	-	-	-	-	-	3,449	-	3,449
Affiliate support	-	-	-	525	525	2,000	-	2,525
Donations - unrestricted	-	-	-	-	-	2,000	-	2,000
Volunteer recognition	-	-	-	226	226	23	-	249
Professional development	-	-	-	-	-	151	-	151
Total	<u>\$ 655,214</u>	<u>\$ 228,989</u>	<u>\$ 414,514</u>	<u>\$ 414,514</u>	<u>\$ 1,713,189</u>	<u>\$ 643,548</u>	<u>\$ 217,786</u>	<u>\$ 2,706,123</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2018

	2018							
	Program services					Supporting services		
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2018 Total
Personnel costs:								
Salaries	\$ 30,907	\$ 112,451	\$ 127,770	\$ 174,475	\$ 445,603	\$ 122,056	\$ 114,949	\$ 682,608
Payroll taxes	2,209	8,038	9,132	12,472	31,851	8,725	8,217	48,793
Employee benefits	1,695	6,168	7,009	9,570	24,442	6,695	6,305	37,442
Total personnel costs	34,811	126,657	143,911	196,517	501,896	137,476	129,471	768,843
Grant expense	1,228,509	-	-	-	1,228,509	-	-	1,228,509
Meetings and conferences	-	45,598	163,298	4,275	213,171	5,801	-	218,972
Marketing and promotion	-	7,025	524	32,389	39,938	76,365	1,995	118,298
Travel	2,373	21,369	18,149	20,795	62,686	43,799	2,295	108,780
Consultants	19,366	14,063	-	25,904	59,333	13,025	8,725	81,083
IT support and online fees	3,239	30	-	781	4,050	67,751	6,717	78,518
Occupancy expense	3,070	12,320	14,021	19,115	48,526	13,666	12,594	74,786
Printing and copying	585	6,789	1,100	17,901	26,375	30,251	14,642	71,268
PCORI awards	49,630	2,899	-	763	53,292	892	-	54,184
Media production/services	-	38,523	-	3,577	42,100	1,475	9,503	53,078
Accounting fees	1,305	5,239	5,962	8,128	20,634	5,811	5,355	31,800
Postage and shipping	27	2,749	1,630	3,123	7,529	19,323	167	27,019
Office supplies	731	8,159	4,719	5,549	19,158	4,015	2,848	26,021
Miscellaneous expense	-	2,015	420	7,900	10,335	8,152	43	18,530
Equipment rental and maintenance	413	1,957	1,886	4,631	8,887	1,838	1,694	12,419
Board expense	-	-	-	-	-	12,290	-	12,290
State registrations	-	-	-	-	-	1,244	10,534	11,778
Dues and membership	-	1,000	2,000	-	3,000	8,190	-	11,190
Permits and fees	625	-	-	8,962	9,587	11	-	9,598
Merchandise	-	664	1,062	5,763	7,489	-	-	7,489
Insurance	212	851	968	1,320	3,351	943	870	5,164
Donations - unrestricted	-	-	-	-	-	4,000	-	4,000
Research support	3,530	-	-	-	3,530	-	-	3,530
Telephone and communications	327	504	640	782	2,253	560	515	3,328
Affiliate support	-	-	-	46	46	2,000	-	2,046
Professional development	-	-	-	-	-	-	276	276
Total	<u>\$ 1,348,753</u>	<u>\$ 298,411</u>	<u>\$ 360,290</u>	<u>\$ 368,221</u>	<u>\$ 2,375,675</u>	<u>\$ 458,878</u>	<u>\$ 208,244</u>	<u>\$ 3,042,797</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 991,880	\$ 538,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Deferred lease benefit	(6,829)	(3,366)
Change in operating assets and liabilities:		
Contributions receivable	344,837	439,263
Prepaid expenses and other current assets	(23,204)	(4,104)
Security deposits	(10,149)	-
Accounts payable and accrued expenses	(10,835)	(126,060)
Deferred revenue	(120,000)	23,890
Grants payable	(44,557)	44,557
Net cash provided by operating activities	1,121,143	913,115
 <u>Cash Flows From Investing Activities:</u>		
Purchases of investments	(1,510,000)	(2,913,040)
Proceeds from the sales of investments	457,578	-
Purchases of property and equipment	(43,276)	-
Net cash used in investing activities	(1,095,698)	(2,913,040)
 Net increase (decrease) in cash and cash equivalents for the year	25,445	(1,999,925)
 Cash and cash equivalents at, beginning of year	1,262,696	3,262,621
 Cash and cash equivalents at, end of year	\$ 1,288,141	\$ 1,262,696

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Bladder Cancer Advocacy Network, Inc. (BCAN) is a not-for-profit corporation that was established in 2005 as the first national patient-based advocacy organization for bladder cancer. BCAN serves as the leading voice for bladder cancer in the United States by providing resources to not only those diagnosed with the disease but also their families, caregivers and the medical community united in support of people affected by the disease. The organization is setting the agenda for bladder cancer by promoting and funding collaborative and cutting-edge research programs and providing critical patient support and education services. Each year, it provides thousands of patients, caregivers, and the medical community with the educational resources and support services they need to navigate their bladder cancer journey. BCAN works collaboratively with the medical and research professionals who are dedicated to the prevention, diagnosis, and treatment of bladder cancer and empowers the patient community by allowing them to share their experiences with others and to participate in building awareness of the need for a cure.

A summary of BCAN's significant programs follows:

Research

BCAN works to advance bladder cancer research. Recognizing the overwhelming need for research funding, BCAN has engaged a new generation of researchers with the Young Investigator Research Awards, and in 2019 granted three awards. In addition, BCAN supports exceptionally novel and creative projects with great potential to produce breakthroughs in the management of bladder cancer through its Bladder Cancer Research Innovation Award, a \$300,000 grant awarded over two-years. One Research Innovation award was granted in 2019. To encourage greater collaboration among bladder cancer researchers, BCAN launched the Bladder Cancer Genomics Consortium (BCGC), a collaborative effort between BCAN and major medical centers, with the goal of developing an enriched understanding of the genomic profile of bladder cancer to facilitate the development of novel therapeutics. The first research project is underway which focuses on patients with metastatic disease, an area in great need of improved treatments. BCAN has invested \$2.3 million from private philanthropy to support the study management, support services, and genomic sequencing reporting – costs which are often a barrier to personalized care for patients. With the launch of BCGC, BCAN has now invested more than \$3 million in bladder cancer research.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Education and Information

BCAN hosts a variety of educational programs and publishes printed materials to educate those coping with a bladder cancer diagnosis. BCAN's comprehensive patient handbook, "Bladder Cancer Basics for the Newly Diagnosed," has been provided to thousands of survivors, caregivers, urology practices, and cancer centers across the United States. The Patient Insight Webinar Series is an interactive program that addresses a variety of issues. The webinars feature top experts in their field and address patient concerns in an easy format. The Survivor 2 Survivor program connects newly diagnosed patients with survivors with a similar diagnosis.

Think Tank

The Bladder Cancer Think Tank (Think Tank) is the medical symposium dedicated solely to bladder cancer. Through collaboration urologists, oncologists, scientists, and researchers are pioneering new treatment protocols, investigating genetic expressions, and improving access to quality care for those living with the disease. The John Quale Travel Fellowship Program provides financial support to help select researchers pay travel expenses related to their attendance at the annual Bladder Cancer Think Tank where they have the opportunity to present their research, network with leading bladder cancer researchers and gain insights from the Think Tank. \$1,700 travel fellowships are awarded to early career physicians and scientists.

Other Program Services

Other program services include the following:

Walk to End Bladder Cancer

The Walk to End Bladder Cancer is part of an awareness campaign which primarily takes place in May. These events unite bladder cancer survivors, loved ones, and the medical community to promote recognition and understanding of the disease. In 2019, walk events were held in over 25 communities nationwide. The overall awareness initiative reached more than 4.3 million through the website, mailings, digital advertising, promotion and outreach.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Program Services

Walk for Bladder Cancer®

The event includes a health walk, survivor recognition and education about the signs and symptoms of bladder cancer. Many walk participants also raise additional funds to support BCAN's mission programs. The Walk for Bladder Cancer® is held in May as part of Bladder Cancer Awareness Month.

Advocacy

As the voice for the patient community, BCAN participates in coalitions and works with other membership groups to weigh in on policy issues that directly impact those living with bladder cancer. Through its annual Bladder Cancer, BCAN provides participants with the opportunity to build connections, identify bladder cancer state and national legislative issues of importance, and learn best practices for raising awareness of bladder cancer within communities.

The advocates successfully urged legislators to support a resolution recognizing National Bladder Cancer Awareness Month. Expanding cancer research is a priority for BCAN. BCAN is a member of *One Voice Against Cancer*, a coalition of patient advocacy groups that work together to support government funded cancer research. Drug shortages, access to screening, and insurance coverage issues are BCAN's other legislative priorities.

Patient and Volunteer Support

BCAN is a grassroots organization and volunteers are an important part of patient outreach. BCAN continues to expand its volunteer programs which were formalized in 2014.

- **Survivor 2 Survivor** matches newly diagnosed patients with other survivors who have had a similar experience. Through these personal connections, newly diagnosed patients learn more about living with bladder cancer and treatment options.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The **Speaker's Bureau** is a program that trains community volunteers to promote bladder cancer awareness. The program has three components - providing basic information at health fairs where they work, live and worship, sharing your personal story to make an impact, and conducting a formal community education presentation "Bladder Cancer 101".

Accounting Method

BCAN uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

Net Assets With Donor Restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are times restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. Net assets with donor restrictions totaled \$662,284 and \$957,818 at December 31, 2019 and 2018, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, BCAN considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments consist primarily of US Treasuries and certificates of deposit. These investments with readily determinable fair values are reflected at their fair market value based on quoted market prices. To adjust the carrying amount of these investments, the difference between cost and fair market value is charged or credited to operations and reflected in the statements of activities. Dividends and interest are reflected as income when earned.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection information and existing economic conditions. Receivables deemed uncollectible are charged off based on specific circumstances of the parties involved. At December 31, 2019 and 2018, management feels the amount in contributions receivable is fully collectible.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized and are carried at cost. Depreciation is computed using the straight-line method over an estimated life of three years. Repairs and maintenance fees are charged to expense when incurred.

Revenue Recognition

BCAN recognizes contributions when cash, securities or other assets; as unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Grants and contributions received that are designated for future periods or that are restricted by the donor for specific purposes, if any, are reported as support with donor restrictions and as an increase to net assets with donor restrictions. All other amounts received are reported as support without donor restrictions and as an increase to net assets without donor restrictions. When a 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 on the Statements of Activities.

Conference income is recognized at the time of the conference, which is when the performance obligation is satisfied.

Tax Exempt Status

BCAN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to BCAN's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2019 and 2018, there was no unrelated business income.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized in the accompanying statements of functional expenses. Costs which cannot be specifically identified with a particular function and which benefit more than one functional category are allocated to the different functional areas based on direct salaries. Management believes that this method accurately reflects the cost of administering BCAN's programs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting for Uncertain Tax Provisions

In general, when tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. BCAN has determined that no such liabilities were required at December 31, 2019 and 2018. At December 31, 2019, tax years 2016 through 2018 remain subject to examination by federal and state taxing jurisdictions. BCAN has not been contacted by any tax authority regarding any tax issue.

Reclassifications

Certain 2018 amounts have been reclassified to conform with the 2019 financial statement presentation. These reclassifications had no impact on previously reported net assets.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2019 and 2018

NOTE 2- CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject BCAN to concentrations of credit risk include cash deposits with commercial banks. BCAN's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk.

NOTE 3- INVESTMENTS

The Fair Value Measurements topic of the FASB Accounting Standards Codification establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

BCAN's investments consist of U.S. Treasuries and certificates of deposit. The following is a description of the valuation methodologies used for US Treasuries and certificates of deposit at fair value and their classification in the valuation hierarchy:

U.S. Government bonds and certificates of deposit – Valued at closing price reported in the active market in which the security is traded. Such securities are classified within Level 2 of the valuation hierarchy.

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to the Financial Statements (Continued)****December 31, 2019 and 2018****NOTE 4- CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of unconditional promises to give to promote bladder cancer research. Contributions receivable are due as of December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give	\$ 89,279	\$ 434,116
Less: unamortized discount	<u>(2,005)</u>	<u>(2,005)</u>
Net unconditional promises to give	<u>\$ 87,274</u>	<u>\$ 432,111</u>

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 44,524	\$ 392,111
Receivable in one to five years	<u>42,750</u>	<u>40,000</u>
Total contributions receivable	<u>\$ 87,274</u>	<u>\$ 432,111</u>

As of December 31, 2019 and 2018, management believes these contributions to be fully collectible, and accordingly no reserve has been established.

NOTE 5- PROPERTY AND EQUIPMENT

BCAN holds the following property and equipment as of December 31:

	<u>2019</u>	<u>2018</u>
Computer equipment and software	\$ 16,654	\$ 16,654
Furniture and equipment	<u>57,089</u>	<u>13,813</u>
Total property and equipment	73,743	30,467
Less: accumulated depreciation	<u>(30,467)</u>	<u>(30,467)</u>
Property and equipment	<u>\$ 43,276</u>	<u>\$ -</u>

Depreciation expense totaled \$0 for both the years ended December 31, 2019 and 2018.

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to the Financial Statements (Continued)****December 31, 2019 and 2018****NOTE 6- NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2019 and 2018 were comprised of the following purpose restricted categories:

	<u>2018</u>	<u>Additions</u>	<u>Releases</u>	<u>2019</u>
Cancer Research Challenge Grant	\$ 347,643	\$ 229,710	\$ (464,055)	\$ 113,298
PCORI	146,374	81,534	(92,082)	135,826
Bladder Cancer Genomic Collaboration	<u>463,801</u>	<u>5,799</u>	<u>(56,440)</u>	<u>413,160</u>
Temporarily restricted net assets	<u>\$ 957,818</u>	<u>\$ 317,043</u>	<u>\$ (612,577)</u>	<u>\$ 662,284</u>

NOTE 7- BOARD DESIGNATED NET ASSETS

As of December 31, 2019 and 2018, the Board designated \$900,000 and \$700,000, respectively, of its unrestricted net assets for a reserve fund. These designated amounts cannot be used for operations unless the Board of Directors approves such action.

NOTE 8- COMMITMENTS

BCAN leases space in Bethesda, Maryland under a 63-month lease that started on January 1, 2012 and ends on March 31, 2018, with the first three months of free rent. Monthly rent under the new lease is \$3,848 per month with a 4% increase annually and BCAN's share of operating expenses and real estate taxes. On April 6, 2015 BCAN signed an addendum to the lease for additional space, extending the lease for an additional five years. In accordance with accounting principles generally accepted in the United States of America (GAAP), all rental payments are recognized on a straight-line basis over the term of the lease. Deferred lease benefits in the amounts of \$2,582 and \$9,411 as of December 31, 2019 and 2018, respectively, are included in the accompanying statements of financial position. For the years ended December 31, 2019 and 2018, occupancy expense totaled \$73,642 and \$74,786, respectively.

On July 29, 2019 BCAN reached an agreement for a new lease space at 4520 East West Highway in Bethesda, Maryland. BCAN moved in January 2020. Monthly rent under the new lease is \$10,149 with a 2.75% increase annually and BCAN's share of operating expenses and real estate taxes. In accordance with accounting principles generally accepted in the United States of America (GAAP), all rental payments will be recognized on a straight-line basis over the term of the lease.

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to the Financial Statements (Continued)****December 31, 2019 and 2018****NOTE 8- COMMITMENTS (Continued)**

At December 31, 2019, the future minimum base lease obligations are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 57,576
2021	125,070
2022	128,520
2023	132,038
2024	135,658
2024 - 2027	<u>392,927</u>
	<u>\$ 971,789</u>

NOTE 9- LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31,

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 1,288,141	\$ 1,262,696
Investments	4,254,122	3,201,700
Contributions receivable, current portion	<u>44,524</u>	<u>392,111</u>
Financial assets, at year-end:	<u>\$ 5,586,787</u>	<u>\$ 4,856,507</u>

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N has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 10- SUBSEQUENT EVENTS

BCAN has evaluated subsequent events for potential required disclosure through March 20, 2020 which is the date financial statements were available to be issued.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2019 and 2018