



BLADDER CANCER ADVOCACY NETWORK, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2022 and 2021

BLADDER CANCER ADVOCACY NETWORK, INC.
Financial Statements

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, 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 ***Bladder Cancer Advocacy Network, Inc.*** as of December 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 ***Bladder Cancer Advocacy Network, Inc.'s*** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

BLADDER CANCER ADVOCACY NETWORK, INC.

Independent Auditors' Report

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 **Bladder Cancer Advocacy Network, 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 **Bladder Cancer Advocacy Network, 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.

DeLeon & Stang

DeLeon & Stang, CPAs and Advisors

Frederick, Maryland

May 9, 2023

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,871,513	\$ 4,549,691
Investments	10,942,259	4,568,262
Contributions receivable, current portion	434,135	74,959
Prepaid expenses and other current assets	52,287	40,813
Total current assets	13,300,194	9,233,725
<u>Noncurrent assets:</u>		
Contributions receivable, noncurrent portion	457,900	-
Property and equipment, net	36,901	42,479
Operating lease - right of use asset, net	552,386	-
Security deposit	10,149	10,149
Total noncurrent assets	1,057,336	52,628
Total assets	\$ 14,357,530	\$ 9,286,353
LIABILITIES AND NET ASSETS		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 141,699	\$ 49,419
Grants payable	300,000	300,000
Operating lease liability, current portion	122,113	-
Total current liabilities	563,812	349,419
<u>Noncurrent liabilities:</u>		
Deferred lease liability	-	88,051
Operating lease liability, noncurrent portion	511,735	-
Total noncurrent liabilities	511,735	88,051
Total liabilities	1,075,547	437,470
<u>Net assets:</u>		
Net assets without donor restrictions		
Undesignated	8,886,343	7,437,947
Board designated	1,300,000	1,132,742
	10,186,343	8,570,689
Net assets with donor restrictions		
Restricted by purpose or time	3,095,640	278,194
Total net assets	13,281,983	8,848,883
Total liabilities and net assets	\$ 14,357,530	\$ 9,286,353

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	\$ 4,667,253	\$ 3,509,689	\$ 8,176,942	\$ 3,579,754	\$ 529,658	\$ 4,109,412
Grants	575,363	-	575,363	178,508	-	178,508
Conference income	36,265	-	36,265	20	-	20
Other income	3,060	-	3,060	3,479	-	3,479
Investment income, net	(282,822)	-	(282,822)	95,656	-	95,656
Net assets released from restrictions	692,243	(692,243)	-	1,406,612	(1,406,612)	-
Total revenue and support	<u>5,691,362</u>	<u>2,817,446</u>	<u>8,508,808</u>	<u>5,264,029</u>	<u>(876,954)</u>	<u>4,387,075</u>
Expenses:						
<u>Program services:</u>						
Research	943,036	-	943,036	1,118,674	-	1,118,674
Education and information	318,320	-	318,320	461,232	-	461,232
Think Tank	655,656	-	655,656	294,832	-	294,832
Other	518,006	-	518,006	382,181	-	382,181
Total program services	<u>2,435,018</u>	<u>-</u>	<u>2,435,018</u>	<u>2,256,919</u>	<u>-</u>	<u>2,256,919</u>
<u>Supporting services:</u>						
Management and general	1,333,387	-	1,333,387	771,308	-	771,308
Fundraising	307,303	-	307,303	278,504	-	278,504
Total supporting services	<u>1,640,690</u>	<u>-</u>	<u>1,640,690</u>	<u>1,049,812</u>	<u>-</u>	<u>1,049,812</u>
Total expenses	<u>4,075,708</u>	<u>-</u>	<u>4,075,708</u>	<u>3,306,731</u>	<u>-</u>	<u>3,306,731</u>
Change in net assets	1,615,654	2,817,446	4,433,100	1,957,298	(876,954)	1,080,344
Net assets, beginning of year	<u>8,570,689</u>	<u>278,194</u>	<u>8,848,883</u>	<u>6,613,391</u>	<u>1,155,148</u>	<u>7,768,539</u>
Net assets, end of year	<u>\$ 10,186,343</u>	<u>\$ 3,095,640</u>	<u>\$ 13,281,983</u>	<u>\$ 8,570,689</u>	<u>\$ 278,194</u>	<u>\$ 8,848,883</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program services					Supporting services		
	Research	Education and Information	Think Tank	Other	Total	Management and General	Fundraising	Total
Personnel costs:								
Salaries	\$ 54,072	\$ 196,734	\$ 223,535	\$ 305,245	\$ 779,586	\$ 213,539	\$ 201,105	\$ 1,194,230
Employee benefits	4,563	16,602	18,864	25,759	65,788	18,022	16,972	100,782
Payroll taxes	3,793	13,801	15,681	21,413	54,688	14,980	14,108	83,776
Total personnel costs	62,428	227,137	258,080	352,417	900,062	246,541	232,185	1,378,788
Grant expense	850,000	-	-	-	850,000	3,500	-	853,500
Occupancy expense	5,509	20,039	22,769	31,092	79,409	21,751	20,484	121,644
IT support and online fees	-	205	4,635	3,269	8,109	95,303	6,163	109,575
Consultants	23,142	381	1,061	-	24,584	201,393	20,743	246,720
Marketing and promotion	707	350	6,113	76,028	83,198	316,773	10,000	409,971
Printing and copying	-	11,220	4,716	6,874	22,810	33,656	17,549	74,015
Accounting fees	-	-	-	-	-	46,338	-	46,338
Travel	-	17,812	53,315	8,660	79,787	17,178	179	97,144
Meetings and conferences	-	25,733	298,698	667	325,098	11,566	-	336,664
Postage and shipping	-	5,796	2,727	578	9,101	39,448	-	48,549
Telephone and communications	-	849	-	-	849	23,559	-	24,408
Office supplies	-	2,158	1,506	412	4,076	19,054	-	23,130
Miscellaneous expense	-	150	109	5,937	6,196	4,769	-	10,965
State registrations	-	-	-	-	-	12,390	-	12,390
Equipment rental and maintenance	-	-	-	645	645	2,061	-	2,706
Merchandise	-	1,287	-	22,969	24,256	30	-	24,286
Dues and membership	1,250	2,631	16	-	3,897	9,115	-	13,012
Media production/services	-	92	1,253	-	1,345	179,690	-	181,035
Insurance	-	-	-	-	-	15,898	-	15,898
Professional development	-	-	-	-	-	235	-	235
Depreciation	-	-	-	-	-	12,889	-	12,889
Permits and fees	-	-	25	8,458	8,483	2,344	-	10,827
Volunteer recognition	-	2,480	-	-	2,480	10,499	-	12,979
Board expense	-	-	633	-	633	7,407	-	8,040
Total	\$ 943,036	\$ 318,320	\$ 655,656	\$ 518,006	\$ 2,435,018	\$ 1,333,387	\$ 307,303	\$ 4,075,708

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services					Supporting services		
	Education and				Total	Management		Total
	Research	Information	Think Tank	Other		and General	Fundraising	
Personnel costs:								
Salaries	\$ 46,299	\$ 168,452	\$ 191,400	\$ 261,363	\$ 667,514	\$ 182,841	\$ 172,194	\$ 1,022,549
Employee benefits	3,910	14,227	16,165	22,074	56,376	15,444	14,544	86,364
Payroll taxes	3,472	12,634	14,355	19,602	50,063	13,713	12,915	76,691
Total personnel costs	53,681	195,313	221,920	303,039	773,953	211,998	199,653	1,185,604
Grant expense	1,019,785	-	155	-	1,019,940	-	-	1,019,940
Occupancy expense	5,728	20,839	23,678	32,334	82,579	22,620	21,302	126,501
IT support and online fees	10,333	3,375	30,219	534	44,461	126,129	20,519	191,109
Consultants	24,740	220	2,776	24,140	51,876	151,247	6,126	209,249
Marketing and promotion	-	696	5,232	1,452	7,380	46,631	2,494	56,505
Printing and copying	-	8,938	1,415	2,229	12,582	25,945	16,141	54,668
Accounting fees	-	-	-	-	-	41,935	-	41,935
Travel	4,258	150	407	49	4,864	3,827	-	8,691
Meetings and conferences	-	1,619	2,500	-	4,119	5	-	4,124
Postage and shipping	-	10,009	6,054	6,817	22,880	32,541	766	56,187
Telephone and communications	149	842	-	-	991	56,224	-	57,215
Office supplies	-	33	-	-	33	13,183	-	13,216
Miscellaneous expense	-	-	318	-	318	2,898	-	3,216
State registrations	-	-	-	-	-	1,146	9,266	10,412
Equipment rental and maintenance	-	-	-	-	-	2,332	-	2,332
Merchandise	-	9,046	-	9,435	18,481	3,850	-	22,331
Dues and membership	-	64	-	-	64	5,819	2,237	8,120
Media production/services	-	210,088	158	379	210,625	4,489	-	215,114
Insurance	-	-	-	-	-	4,965	-	4,965
Professional development	-	-	-	-	-	470	-	470
Depreciation	-	-	-	-	-	9,836	-	9,836
Permits and fees	-	-	-	1,773	1,773	1,036	-	2,809
Volunteer recognition	-	-	-	-	-	-	-	-
Board expense	-	-	-	-	-	2,182	-	2,182
Total	\$ 1,118,674	\$ 461,232	\$ 294,832	\$ 382,181	\$ 2,256,919	\$ 771,308	\$ 278,504	\$ 3,306,731

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 4,433,100	\$ 1,080,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,889	9,836
Forgiveness of PPP loan	-	(143,364)
Amortization of right of use asset	109,919	-
Unrealized (gains) losses on investments	398,393	(78,128)
Change in operating assets and liabilities:		
Contributions receivable	(817,076)	645,142
Prepaid expenses and other current assets	(11,474)	3,890
Security deposit	-	3,848
Accounts payable and accrued expenses	92,280	23,156
Grants payable	-	150,000
Lease Liability	(116,508)	-
Deferred lease liability	-	(3,433)
Net cash provided by operating activities	4,101,523	1,691,291
<u>Cash Flows From Investing Activities:</u>		
Purchases of investments	(11,401,858)	(389,865)
Proceeds from the sales of investments	4,629,468	3,508
Purchases of property and equipment	(7,311)	(12,339)
Net cash used in investing activities	(6,779,701)	(398,696)
<u>Cash Flows From Financing Activities:</u>		
Payments on Paycheck Protection Program loan	-	(16,136)
Net cash used in financing activities	-	(16,136)
Net increase (decrease) in cash and cash equivalents	(2,678,178)	1,276,459
Cash and cash equivalents at, beginning of year	4,549,691	3,273,232
Cash and cash equivalents at, end of year	\$ 1,871,513	\$ 4,549,691

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

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.

Significant Program Services

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 2022 and 2021 granted four and five awards, respectively. 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. Two Research Innovation awards were granted in 2022 and 2021.

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 premier scientific 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.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Other Program Services

Other program services include the following:

Walk to End Bladder Cancer

The Walk to End Bladder Cancer is BCAN's signature awareness event and primarily takes place in May. The Walks unite bladder cancer survivors, loved ones, and the medical community to promote recognition and understanding of the disease. In 2022, BCAN had over 2,500 participants register to walk across the United States excluding the participants BCAN hosted virtually.

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. BCAN provides the bladder cancer community 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.

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.

Accounting Method

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

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.

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.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments

Investments consist primarily of money market funds, time deposits and exchange traded funds. 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.

Fair Value Measurements

BCAN complies with Financial Accounting Standards Codification topic, *Fair Value Measurements*. The statement establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

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, 2022 and 2021, management believes 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 to seven years. Repairs and maintenance fees are charged to expense 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 time 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 \$2,913,491 and \$278,194 at December 31, 2022 and 2021, respectively.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition

BCAN recognizes contributions when cash, securities, or other assets; unconditional promise to give; or notification of a beneficial interest are 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 statement of activities.

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

Leases

BCAN assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, using the risk-free discount rate based on the number of years of the lease term, and ROU assets also include prepaid or accrued rent.

Operating lease expense is recognized on a straight-line basis over the lease term. BCAN does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less).

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 an allocation of salaries. Management believes that this method accurately reflects the cost of administering BCAN's programs.

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, 2022 and 2021, there was no unrelated business income.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 1 **ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounting for Uncertain Tax Provisions (Continued)

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 statements of financial position, 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, 2022 and 2021. At December 31, 2022, tax years 2019 through 2021 remain subject to examination by federal and state taxing jurisdictions. BCAN has not been contacted by any tax authority regarding any tax issue.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors is largely unchanged. Under the new guidance, there was a material impact on the statement of financial position, in the lessee will be required to recognize the following for all long-term leases: (1) a lease liability, which is the lessee's obligation to make lease payments measured on a discounted basis and (2) a right-of-use (ROU) asset, which represents the lessee's right to use (or control use of) a specified asset for the lease term. BCAN adopted this new standard effective January 1, 2022 and utilized all of the available practical expedients. BCAN recorded a right of use asset of \$662,305 and related operating lease liability in the amount of \$750,356 at January 1, 2022.

NOTE 2 **RISKS AND UNCERTAINTIES**

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. Uninsured balances as of December 31, 2022 and 2021 were \$1,620,642 and \$4,298,451, respectively.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 3 INVESTMENTS

The three levels of the fair value hierarchy are described 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 cash, bank deposit program and money market funds, exchange traded funds and government securities. The following is a description of the valuation methodologies used for exchange traded funds and government securities and their classification in the valuation hierarchy:

Exchange traded funds – Valued at last sales price or if there was no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within level 1 of the valuation hierarchy.

Government securities – Valued at quoted market prices in active markets. The market for US Treasury notes is an actively traded market given the high level of daily trading volume and are classified within level 1 of the valuation hierarchy.

The following tables set forth by level within the fair value hierarchy are BCAN's investments at fair value as of December 31, 2022 and 2021:

	2022		
	Level 1		
	Cost Basis	Unrealized Gain (Loss)	Fair Value
Cash, bank deposit program and money market funds	\$ 419,432	\$ -	\$ 419,432
Exchange traded funds	2,063,066	(238,068)	1,824,998
Government Securities	<u>8,780,026</u>	<u>(82,197)</u>	<u>8,697,829</u>
	<u>\$ 11,262,524</u>	<u>\$ (320,265)</u>	<u>\$ 10,942,259</u>
	2021		
	Level 1		
	Cost Basis	Unrealized Gain	Fair Value
Cash, bank deposit program and money market funds	\$ 3,475,954	\$ -	\$ 3,475,954
Exchange traded funds	1,014,180	78,128	1,092,308
	<u>\$ 4,490,134</u>	<u>\$ 78,128</u>	<u>\$ 4,568,262</u>

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 3 **INVESTMENTS** (Continued)

Investment income (loss) for the years ended December 31, 2022 and 2021 was comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 115,571	\$ 17,528
Unrealized gain (loss)	<u>(398,393)</u>	<u>78,128</u>
	<u>\$ (282,822)</u>	<u>\$ 95,656</u>

NOTE 4 **CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of amounts due to BCAN that have not been collected as of year-end. BCAN used a discount rate of 4.21% for the multi-year pledge received in 2022. Contributions receivable are due as of December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Unconditional contributions receivable	\$ 934,135	\$ 76,964
Less: unamortized discount	<u>(42,100)</u>	<u>(2,005)</u>
Net unconditional promises to give	<u>\$ 892,035</u>	<u>\$ 74,959</u>
	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 434,135	\$ 76,964
Receivable in one to five years	<u>500,000</u>	<u>-</u>
Total contributions receivable	<u>\$ 934,135</u>	<u>\$ 76,964</u>

As of December 31, 2022 and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer equipment and software	\$ 39,183	\$ 31,873
Furniture and equipment	<u>57,089</u>	<u>57,089</u>
Total property and equipment	96,272	88,962
Less: accumulated depreciation	<u>(59,371)</u>	<u>(46,483)</u>
Property and equipment, net	<u>\$ 36,901</u>	<u>\$ 42,479</u>

Depreciation expense totaled \$12,889 and \$9,836 for the years ended December 31, 2022 and 2021, respectively.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 6 **LEASING ARRANGEMENTS**

On July 29, 2019, BCAN entered into an agreement for lease space at 4520 East West Highway in Bethesda, Maryland for a term of 93 months. BCAN moved in January 2020. Base 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. The first nine months of rent were abated.

For the years ended December 31, 2022 and 2021, occupancy expense totaled \$121,643 and \$126,501, respectively.

The remaining lease term is 57 months and a discount rate of 1.75% (10-year US Treasury). Future maturities of the lease liability are as follows:

<u>Year Ending December 31,</u>		
2023	\$	132,036
2024		135,660
2025		139,380
2026		143,208
2027		<u>110,289</u>
	\$	660,573
Less imputed interest		<u>(26,725)</u>
	\$	<u>633,848</u>

NOTE 7 **BOARD DESIGNATED NET ASSETS**

As of December 31, 2022 and 2021, the Board had designated net assets without donor restrictions as follows:

	<u>2022</u>	<u>2021</u>
General reserves	\$ 1,200,000	\$ 1,100,000
Research	<u>100,000</u>	<u>32,742</u>
	<u>\$ 1,300,000</u>	<u>\$ 1,132,742</u>

These designated amounts cannot be used for operations unless the Board of Directors approves such action.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements (Continued)
December 31, 2022 and 2021

NOTE 8 **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2022 and 2021 were comprised of the following time and purpose restricted categories:

	<u>2021</u>	<u>Additions</u>	<u>Releases</u>	<u>2022</u>
<u>Purpose restricted:</u>				
Research	\$ 110,533	\$ 507,410	\$ (617,943)	\$ -
Research - TCTA	-	3,000,000		3,000,000
Research - outsourced	33,825	-	-	33,825
Research - Bladder Cancer Genomic Collaboration	<u>133,836</u>	<u>2,279</u>	<u>(74,300)</u>	<u>61,815</u>
	<u>\$ 278,194</u>	<u>\$ 3,509,689</u>	<u>\$ (692,243)</u>	<u>\$ 3,095,640</u>

NOTE 9 **LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects BCAN's financial assets as of December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,871,513	\$ 4,549,691
Investments	10,942,259	4,568,262
Contributions receivable, current portion	<u>434,135</u>	<u>74,959</u>
Less:		
Net assets with donor restrictions	(3,095,640)	(278,194)
Board-designated net assets	<u>(1,300,000)</u>	<u>(1,132,742)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 8,852,267</u>	<u>\$ 7,781,976</u>

BCAN has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to these available financial assets, BCAN operates with a balanced budget and it is expected that a significant portion of annual expenditures not covered by donor-restricted resources will be funded by current year collections of contributions and grants.

NOTE 10 **SUBSEQUENT EVENTS**

All subsequent events have been evaluated through May 9, 2023, which is the date the financial statements were available to be issued. There were no subsequent events identified requiring disclosure or recognition in the financial statements.