

Heartland Cancer Foundation
Financial Statements and
Independent Auditor's Report
December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Heartland Cancer Foundation
Lincoln, Nebraska

Opinion

We have audited the accompanying financial statements of Heartland Cancer Foundation (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and functional expenses, and cash flows for the year 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 Heartland Cancer Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Heartland Cancer Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Heartland Cancer Foundation'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 Heartland Cancer Foundation'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 Heartland Cancer Foundation'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.

SP Group, P.C.

Lincoln, Nebraska
November 13, 2023

Heartland Cancer Foundation
Statement of Activities and Functional Expenses
Year Ended December 31, 2022

| | 2022 |
|---|------------|
| Current Assets | |
| Cash | \$ 129,352 |
| Investments, short-term | 41,576 |
| Prepaid expenses | 8,236 |
| Total current assets | 179,164 |
| Property and equipment, net | - |
| Other Assets | |
| Certificates of deposit, long-term | 216,744 |
| Operating lease right-of-use assets | 17,483 |
| Total other assets | 234,227 |
| | \$ 413,391 |
| LIABILITIES AND NET ASSETS | |
| Current Liabilities | |
| Deferred revenue | \$ 41,750 |
| Accounts payable | 1,939 |
| Operating lease liabilities, current | 6,438 |
| Other current liabilities | 450 |
| Total current liabilities | 50,577 |
| Other Liabilities | |
| Operating lease liabilities, noncurrent | 11,916 |
| Total liabilities | 62,493 |
| Net Assets, without donor restrictions | 350,898 |
| | \$ 413,391 |

See accompanying notes to financial statements.

Heartland Cancer Foundation
Statement of Activities and Functional Expenses
Year Ended December 31, 2022

| | 2022 |
|---------------------------------|------------|
| Revenues and Gains | |
| Fundraising events | \$ 483,062 |
| General donations | 96,971 |
| Grant receipts | 7,500 |
| In-kind contributions | 2,150 |
| Investment return, net of fees | 2,011 |
| Total revenues and gains | 591,694 |
| Expenses, by Function | |
| Program services | |
| Housing | 99,137 |
| Gas cards | 87,050 |
| Utilities | 66,318 |
| Auto expense | 16,068 |
| General and administrative | |
| Salaries and payroll taxes | 143,368 |
| Consulting | 15,650 |
| Marketing and advertising | 8,069 |
| Rent expense | 6,871 |
| Dues and subscriptions | 6,799 |
| Professional fees | 4,565 |
| Office expenses | 4,540 |
| Insurance expense | 3,170 |
| Taxes and fees | 2,732 |
| Printing and mailings | 1,989 |
| Office supplies | 1,892 |
| Fundraising | |
| Food and beverage | 25,229 |
| Speaker fees | 20,479 |
| Facility expense | 13,902 |
| Supplies | 8,755 |
| Marketing and advertising | 7,525 |
| Auction expenses | 7,141 |
| Taxes and fees | 6,147 |
| Printing and mailings | 4,237 |
| Total expenses | 561,633 |
| Increase in net assets | 30,061 |
| Net assets at beginning of year | 320,837 |
| Net assets at end of year | \$ 350,898 |

See accompanying notes to financial statements.

Heartland Cancer Foundation
Statement of Cash Flows
Year Ended December 31, 2022

| | 2022 |
|---|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 30,061 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | - |
| Changes in assets and liabilities: | |
| Prepaid expenses | 491 |
| Accounts payable | 1,939 |
| Deferred revenue | (29,940) |
| Operating lease assets and liability, net | 871 |
| Other current liabilities | (3,869) |
| Net cash used in operating activities | (447) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments, net of proceeds | (147,431) |
| Net cash used in investing activities | (147,431) |
| Net decrease in cash | (147,878) |
| Cash, beginning of year | 277,230 |
| Cash, end of year | \$ 129,352 |

See accompanying notes to financial statements.

Heartland Cancer Foundation
Notes to the Financial Statements
December 31, 2022

NOTE 1- NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Heartland Cancer Foundation is organized as a not-for-profit Nebraska corporation whose primary mission is to provide grants to cancer patients with insufficient financial resources to cover health support services necessary to receive treatment or to regain their mental or physical health. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income.

Basis of Accounting

The Foundation prepares its financial statements in accordance with the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board and reports information regarding its financial position and activities according to the following net asset classifications.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board.

The Foundation has no net assets with donor restrictions.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. As of December 31, 2022, the Foundation has no net assets with donor restrictions.

Revenue Recognition

Revenue from donations is typically recognized as revenue in the accounting period in which the donation is received. Revenue from sponsorship and fundraising events is recognized in the accounting period in which the fundraising event is held. All revenue relating to future calendar years is included on the statement of financial position as deferred revenue liability, and will be recognized as revenue in the appropriate period.

The Foundation uses the allowance method to determine uncollectible dues receivable. The allowance is based on prior years' experience and management's analysis of receivable amounts. As of December 31, 2022, the Foundation had no accounts receivable and no allowance for bad debt is deemed necessary.

Heartland Cancer Foundation
Notes to the Financial Statements
December 31, 2022

NOTE 1- NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED

Functional Allocation of Expenses

The allocation of expenses to functional categories is directly attributed when possible. The costs of various activities have been summarized on a functional basis on the Statement of Activities and Functional Expenses.

Property and Equipment

The Foundation capitalizes individually significant purchases as property and equipment in accordance with their capitalization policy. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives. As of December 31, 2022, all property and equipment in use has been fully depreciated.

Subsequent Events

The Foundation has evaluated subsequent events through November 13, 2023, the date which the financial statements were available to be issued.

Financial Risk

The Foundation maintains its cash in various checking, deposit accounts and certificates of deposit. At times, certain balances held within these accounts may be in excess of Federally insured limits. The Foundation has not experienced any losses on such accounts, and does not believe it is exposed to significant risk of losses on these accounts.

Income Taxes

The Internal Revenue Service has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is not subject to federal income taxes except to the extent they derive income from certain activities not substantially related to their tax-exempt purposes (unrelated business income). The Foundation is also exempt from state income taxes in this same regard.

Management has analyzed the tax positions taken by the Foundation and concluded that as of December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NOTE 2- CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. In March of 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency, including the State of Nebraska. It is anticipated that these impacts will continue for some time. At this time, it is not currently possible to ascertain the overall impact of COVID-19 on the Foundation.

Heartland Cancer Foundation
Notes to the Financial Statements
December 31, 2022

NOTE 3- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation adopted the provisions of this new principle and the presentation of the December 31, 2022, financial statements have been classified to accommodate this principle. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources.

The following reflects the Foundation's liquid financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Thus, financial assets may not be available for general expenditures within one year.

Financial assets available for general expenditure, that is, net of donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | <u>2022</u> |
|--|-------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 129,352 |
| Investments, short-term | 41,576 |
| Certificates of deposit, at face value | 215,154 |
| Less those unavailable for general expenditures within one year: | |
| Restricted by donor with time or purpose restrictions | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 386,082</u> |

As the investment account consists of highly marketable securities and cash equivalents held in an investment account and no investments are subject to timing or purpose restrictions, the balance is deemed to be readily available for general expenditures, should the need arise. Certificates of deposit are listed at their original face value, as that amount would be fully accessible should the need arise. In addition to financial assets available to meet general expenditures, the Foundation's liquidity management is typically structured to be balanced. They anticipate collecting sufficient revenue to cover general expenses in the upcoming year.

Heartland Cancer Foundation
Notes to the Financial Statements
December 31, 2022

NOTE 4- INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with U.S. GAAP, the Foundation uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value consist of the following at December 31, 2022:

| | Fair Value Measurements Using | | | |
|------------------------------------|-------------------------------|---|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| December 31, 2022 | | | | |
| Investments, short-term | \$ 41,576 | \$ 41,576 | \$ - | \$ - |
| Certificates of deposit, long-term | 216,744 | 216,744 | - | - |
| Investments at Fair Value | \$ 258,320 | \$ 258,320 | \$ - | \$ - |

NOTE 5- OPERATING LEASES

The Foundation recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. Under the practical expedient provided by the Financial Accounting Standards Board, the Foundation has elected to adopt ASC 842 with an effective date of January 1, 2022, and will apply the standard on a prospective basis. The Foundation's leasing activities consist of the lease of their office space. The Foundation's leases are all classified as operating leases, which are set to expire at various points through July 2025.

Right-of-use assets represent the Foundation's right to use the underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments during the lease term. Right-of-use asset and lease liabilities are recorded at lease commencement based on the estimated present value of lease payments. Because the interest implicit in each lease is not readily determinable, we used the risk-free rate as defined by the U.S. Department of the Treasury to calculate the present value of lease payments. The weighted average discount rate applied to operating leases was 1.04% as of December 31, 2022. The weighted average remaining lease term of operating leases as of December 31, 2022 is 2.58 years.

Heartland Cancer Foundation
Notes to the Financial Statements
December 31, 2022

NOTE 5- OPERATING LEASES, CONTINUED

Future undiscounted minimum payments for leases with terms in excess of one year are as follows:

| | | |
|-------------------|----|-------|
| December 31, 2023 | \$ | 6,600 |
| December 31, 2024 | | 7,540 |
| December 31, 2025 | | 4,480 |
| December 31, 2026 | | - |
| December 31, 2027 | | - |