

THE RUTLEDGE CANCER
FOUNDATION

Financial Statements &
Accountant's Review Report
Year Ended December 31, 2020

Wood, Stephens & O'Neil, L.L.P.
Certified Public Accountants

May 12, 2021

Independent Accountant's Review Report

To the Management and Board of Directors
The Rutledge Cancer Foundation

We have reviewed the accompanying financial statements of The Rutledge Cancer Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Wood, Stephens & O'Neil, L.L.P.

**THE RUTLEDGE CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS:

Cash and cash equivalents	\$ 512,793
Contributions and grants receivable	-
Inventory - Carley's Closet program supplies	810
Prepaid expenses and deposits	6,112
Property and equipment, net	-
TOTAL ASSETS	<u><u>\$ 519,715</u></u>

LIABILITIES:

Accounts payable and accrued liabilities	<u>9,769</u>
TOTAL LIABILITIES	<u>9,769</u>

NET ASSETS:

Without donor restrictions	241,540
With donor restrictions	<u>268,406</u>
TOTAL NET ASSETS	<u>509,946</u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 519,715</u></u>
-------------------------------------------	---------------------------------

See the accountant's review report.

**THE RUTLEDGE CANCER FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Changes in net assets without donor restrictions:

Revenues:

Contributions and grants	\$ 195,309
Fundraising events, net of direct expenses of \$10,727	10,203
PPP loan forgiveness	25,100
Interest and miscellaneous income	1,702
Net assets released from restrictions	<u>188,933</u>
Total revenues without donor restrictions	<u>421,247</u>

Expenses:

Program services	358,092
Management and general	14,760
Fundraising	<u>20,660</u>
Total expenses	<u>393,512</u>
<u>Increase (decrease) in net assets without donor restrictions</u>	<u>27,735</u>

Changes in net assets with donor restrictions:

Contributions, grants and fundraising events	196,130
Net assets released from restrictions	<u>(188,933)</u>
<u>Increase (decrease) in net assets with donor restrictions</u>	<u>7,197</u>

INCREASE (DECREASE) IN NET ASSETS 34,932

NET ASSETS, at beginning of year 475,014

NET ASSETS, at end of year \$ 509,946

**THE RUTLEDGE CANCER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, payroll taxes and benefits	\$ 114,116	\$ 6,713	\$ 13,425	\$ 134,254
Bank charges and credit card fees	876	110	110	1,096
Grants, research and programs funded	182,823	-	-	182,823
Insurance	-	1,085	-	1,085
Marketing, promotional and development expenses	29,455	-	3,273	32,728
Office supplies and expenses	15,394	1,924	1,924	19,242
Professional fees	-	3,000	-	3,000
Rent and occupancy expenses	12,866	1,608	1,608	16,082
Travel, conferences and meetings	2,562	320	320	3,202
TOTALS	<u>\$ 358,092</u>	<u>\$ 14,760</u>	<u>\$ 20,660</u>	<u>\$ 393,512</u>
	91.00%	3.75%	5.25%	100.00%

See the accountant's review report.

**THE RUTLEDGE CANCER FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 34,932
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	-
(Increase) decrease in contributions receivable	-
(Increase) decrease in inventory	(88)
(Increase) decrease in prepaid expenses and deposits	6,397
Increase (decrease) in payables and accrued liabilities	(6,809)
Net Cash Provided By (Used For) Operating Activities	<u>34,432</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	-
Net Cash Provided By (Used For) Investing Activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided By (Used For) Financing Activities	<u>-</u>
------------------------------------------------------	----------

Net increase (decrease) in cash	34,432
Cash and cash equivalents at beginning of year	478,361
Cash and cash equivalents at end of year	<u>\$ 512,793</u>

SUPPLEMENTAL DISCLOSURES

None applicable	-
-----------------	---

THE RUTLEDGE CANCER FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Rutledge Cancer Foundation (the Foundation), is a Texas not-for-profit organization formed in 2011. The Foundation was formed after Carley Rutledge was diagnosed with bone cancer at age 15. When family and friends learned the tragic reality that teen and young adult cancer has had no change in treatment or cure rates in over 30 years, they decided to be part of the solution. The Foundation's mission is to support life-saving sarcoma research, meet teen/young adult needs and improve early detection and awareness. The Foundation's goal is to bring cutting edge therapies to patients and fund research and development for new immune-based and targeted therapies for sarcoma cancers. The Foundation is supported primarily by private grants and contributions from individuals and other community organizations.

General

The Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The Foundation implemented FASB ASU No. 2016-14 in 2018, applying the changes retrospectively. The Foundation's financial statements have been prepared on the accrual basis of accounting. The significant accounting and reporting policies used by the Foundation are described below to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The Foundation, in accordance with not-for-profit accounting standards, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purpose specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors or others that are entered into in the course of its operations. Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; consequently the organization must continue to use these resources in accordance with the donor's instructions. This class would also include any donor-restricted endowment funds and beneficial interests in a perpetual trust. When donor restrictions are satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying to net assets without donor restrictions. Any net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related

resources for a particular purpose or in a future period. All expense and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Functional Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Management has determined these allocations based on personnel activity percentage breakdowns, and levels of effort analysis. Physical space percentage breakdowns are used to allocate certain occupancy and supporting expenses, as deemed appropriate. Whenever new space or programs are added, the cost allocation bases and methods are evaluated, as deemed necessary.

Management and general activities include the functions necessary to provide support for the Foundation's program activities. This include activities that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program. Fundraising activities include publicizing and conducting ongoing fundraising campaigns, maintaining donor lists, planning special fundraising events, and other activities involved with soliciting contributions from donors.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Gifts-in-Kind Contributions

A not-for-profit organization may receive contributions in a form other than cash or investments. Most often these are donated supplies, which are recorded as contributions as of the date of the gift and as expenses when the donated items are placed into service or distributed. If an organization receives a contribution of land, buildings or equipment, the contributed asset is recognized as an asset at its estimated fair value as of the date of gift. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions.

The Foundation records the value of donated supplies and equipment when there is an objective basis available to measure their value. Any donated supplies and equipment received by the Foundation is reflected as contributions in the financial statements at their

estimated values at the date of receipt. No amounts have been reflected in the accompanying statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in support of the Foundation's charitable programs during the year.

Contributions and Grants Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. When deemed necessary, the Foundation uses an allowance method to determine the uncollectible portion, based on prior years' experience and management's analysis of the promises made. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. Fair value is measured as the present value of the discounted future cash flows. The discounts on these contributions are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation would be subject to tax on income unrelated to its exempt purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

At December 31, 2020, the Foundation's financial instruments consisted of cash and cash equivalents. The Foundation's cash and cash equivalents consist of a money market account. Unless otherwise indicated, the fair values of these financial instruments approximate their recorded values.

Liquidity and Availability

At December 31, 2020, \$234,618 of financial assets of the Foundation are available for general expenditure without donor or other restrictions limiting their use within one year.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash investments. The Foundation places its cash investments with high quality financial institutions and limits the amount of credit exposure to any one institution.

Subsequent Events

Management has evaluated subsequent events through May 12, 2021, the date the financial statements were available to be issued. Events occurring after this date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE B - LEASE COMMITMENTS

The Foundation is obligated under an office lease agreement which expires in July, 2021. The approximate future minimum lease payments under this operating lease agreement at December 31, 2020 are as follows: 2021 - \$ - \$8,200.

NOTE C - PPP LOAN

The Foundation in April, 2020, obtained a Paycheck Protection Program (“PPP”) loan in the amount of \$25,100 from a local banking institution, through the Small Business Administration (SBA), as part of the CARES Act. The loan, which was in the form of a note dated April 15, 2020, matures on April 15, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 15, 2020. The funds from this loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on any other debt obligations incurred before February 15, 2020. Under the terms of this PPP loan, certain amounts of the loan will be forgiven if they are used for these qualifying expenses, as described in the CARES Act. The Foundation used the entire loan amount for such qualifying expenses. The Foundation in November, 2020 received official notice that this loan had been forgiven and paid in full by the SBA.

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, there were \$268,406 of net assets with donor restrictions held by the Foundation, the majority of which are expected to be expended in the current year.