



Brain Tumor Network

Guiding **Patients**. Empowering **Care**.

Financial Statements and
Independent Auditor's Report
Years Ended December 31, 2021 and 2020

The Brain Tumor Network, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Brain Tumor Network, Inc.
Ponte Vedra Beach, Florida

Opinion

We have audited the financial statements of The Brain Tumor Network, Inc., which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Brain Tumor Network, Inc., as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Company 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

In performing an audit in accordance with GAAS, 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 the Company'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 the Company'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.

Pivot CPAs

Ponte Vedra Beach, Florida
March 28, 2022

The Brain Tumor Network, Inc.
Statements of Financial Position

	<u>December 31,</u>	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 251,533	\$ 63,114
Investments	2,351,722	2,552,497
Grants receivable	128,600	-
Prepaid expenses	21,445	6,592
Intangible assets, net	166,124	144,895
TOTAL ASSETS	\$ 2,919,424	\$ 2,767,098
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 12,482	\$ 10,752
PPP loan	-	179,410
Total liabilities	12,482	190,162
Commitments and Contingencies (Note 12)		
Net Assets		
With donor restrictions	80,822	7,753
Without donor restrictions	2,826,120	2,569,183
Total net assets	2,906,942	2,576,936
TOTAL LIABILITIES AND NET ASSETS	\$ 2,919,424	\$ 2,767,098

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.
Statements of Activities

	<i>For the Years Ended</i>					
	December 31, 2021			December 31, 2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, Support, Gains and Losses						
Contributions	\$ 1,665,404	\$ 185,069	\$ 1,850,473	\$ 238,201	\$ 23,753	\$ 261,954
Interest and investment income on investments	372	-	372	16,080	-	16,080
Gain on extinguishment of debt	429,610	-	429,610	-	-	-
Net assets released from restriction	112,000	(112,000)	-	16,000	(16,000)	-
Total Revenue, Support, Gains and Losses	2,207,386	73,069	2,280,455	270,281	7,753	278,034
Expenses						
Program Services	1,786,799	-	1,786,799	1,628,295	-	1,628,295
Support Services:						
Management and general	43,682	-	43,682	73,894	-	73,894
Fundraising	119,968	-	119,968	43,420	-	43,420
Total Support Services	163,650	-	163,650	117,314	-	117,314
Total Expenses	1,950,449	-	1,950,449	1,745,609	-	1,745,609
Change in net assets	256,937	73,069	330,006	(1,475,328)	7,753	(1,467,575)
Net assets, beginning of year	2,569,183	7,753	2,576,936	4,044,511	-	4,044,511
Net assets, end of year	\$ 2,826,120	\$ 80,822	\$ 2,906,942	\$ 2,569,183	\$ 7,753	\$ 2,576,936

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.
Statements of Functional Expenses

	<i>For the Years Ended</i>									
	December 31, 2021					December 31, 2020				
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total
		Management and General	Fundraising				Management and General	Fundraising		
Salaries, payroll taxes, and other related expenses	\$1,417,811	\$ 22,948	\$ 25,968	\$1,466,727	\$1,368,339	\$ 51,544	\$ 13,803		\$1,433,686	
Amortization expense	68,868	-	-	68,868	4,140	-	-		-	4,140
Management fees	-	12,000	-	12,000	-	12,000	-		-	12,000
Occupancy	70,869	943	1,717	73,529	69,511	1,647	358		71,516	
Insurance	-	7,373	-	7,373	-	7,498	-		-	7,498
Travel and meeting	22,913	-	2,886	25,799	5,961	-	280		6,241	
Contract services and professional fees	99,006	230	75,364	174,600	112,562	394	14,328		127,284	
Computer and website	20,942	106	204	21,252	13,237	291	63		13,591	
Advertising and promotion	40,116	-	9,337	49,453	12,347	-	9,097		21,444	
Patient expenses	12,000	-	-	12,000	16,000	-	-		16,000	
Other expenses	34,274	82	4,492	38,848	26,198	520	5,491		32,209	
Total functional expenses	\$1,786,799	\$ 43,682	\$ 119,968	\$1,950,449	\$1,628,295	\$ 73,894	\$ 43,420		\$1,745,609	

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.

Statements of Cash Flows

	<i>Years Ended December 31,</i>	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 330,006	\$ (1,467,575)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on extinguishment of debt	(429,610)	-
Amortization expense	68,868	4,140
Net changes in:		
Increase in grants receivable	(128,600)	-
Increase in prepaid expenses	(14,853)	(6,592)
Increase (decrease) in accounts payable	1,730	(6,746)
Net cash used in operating activities	(172,459)	(1,476,773)
Cash flows from investing activities:		
Purchase of investments	(754,000)	(8,259,179)
Proceeds from sale of investments	954,775	6,680,937
Purchase of intangible assets - software	(90,097)	(149,035)
Net cash provided by (used in) investing activities	110,678	(1,727,277)
Cash flows from financing activities:		
Proceeds from debt	250,200	179,410
Net cash provided by financing activities	250,200	179,410
Net change in cash and cash equivalents	188,419	(3,024,640)
Cash and cash equivalents at beginning of year	63,114	3,087,754
Cash and cash equivalents at end of year	\$ 251,533	\$ 63,114

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.

Notes to Financial Statements

1. Nature of Activities:

The Brain Tumor Network, Inc. (“BTN” or the “Organization”) was incorporated in the State of Florida on July 26, 2013 and began operations in late 2014. BTN is an independent 501(c)(3) organization that provides compassionate and personalized high-touch navigation to adult patients and caregivers in the United States who seek information about treatment options for primary brain tumors beyond the standard of care. BTN was launched by The Sontag Foundation in response to unmet informational needs voiced by individuals and family members of those diagnosed with primary brain tumors. Patient navigation services are the core program of BTN. With the scarcity of personalized treatment information available to individuals in the USA diagnosed with primary brain tumors, BTN provides important informational/navigation services to patients, caregivers, and care providers. A team of nurse navigators and social workers respond to online requests and telephone inquiries to meet patients/families wherever they are in their brain tumor treatment journey, and to help them gather the information they need to explore their next steps with their healthcare providers. Services provided include: conducting personalized clinical trial searches, assistance ascertaining eligibility for participation in identified trials, facilitating second opinions and consultations, identifying specialty providers near patients’ home communities, and obtaining and reviewing patient records. BTN does not provide medical advice but does provide information to equip patients and care providers to participate in important conversations with their healthcare professionals.

2. Summary of Significant Accounting Policies:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US GAAP. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization’s net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of BTN and are not subject to donor-imposed stipulations.

Net assets with donor restrictions – consists of amounts that are restricted for specific operations of BTN. These amounts are subject to donor-imposed stipulations that will be met by BTNs’ actions in execution of events. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents consist of interest-bearing bank deposits with two financial institutions, which may at times exceed federally insured limits. Interest income on cash deposits are included in interest and investment income on the accompanying statement of activities.

The Brain Tumor Network, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued):

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

BTN uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investments generally consist of certificates of deposit and mutual funds. Investments with a stated maturity date of one year or less from the balance sheet date or that are expected to be used in current operations are classified as current. Investments are reported at their fair values in the statements of financial position as described in Note 3. Realized and unrealized gains and losses are reflected in the statements of activities.

Intangible Assets

Intangible assets consist of capitalized software implementation costs associated with a client support management system and custom-developed clinical trial management tool. Software implementation costs incurred to develop internal-use computer software during the application development stage are capitalized and amortized on a straight-line basis over the estimated economic life of the asset. Capitalization of computer software costs is discontinued, and amortization begins when the computer software is available to be placed in service. The capitalized software costs are amortized using the straight-line method over the estimated economic useful life.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 and reported in the statements of activities as net assets released from restrictions.

The Brain Tumor Network, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued):

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are done so based on estimates of time and effort.

Income Taxes

BTN is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state taxes under similar provisions of the Florida statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

BTN files the required annual federal informational return for tax-exempt organizations which are subject to examination by the taxing authorities. BTN is subject to federal tax examinations for a period of three years after the respective filing of those returns.

Estimates

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

New Accounting Standards – Recently Adopted

Effective January 1, 2020, the Organization adopted Accounting Standards Update (“ASU”) No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Topic 350-40), Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. ASU 2018-15 aligns the capitalization requirements for implementation costs for cloud computing arrangement service contracts (including those with software license) with the current guidance for internal-use software licenses. The adoption of ASU 2018-15 was on a prospective basis and had no significant impact on the Organization’s financial statements.

Recent Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. The standard is effective for fiscal years beginning after December 15, 2020. The Organization is currently evaluating the impact of adopting this guidance on its financial statements.

The Brain Tumor Network, Inc.

Notes to Financial Statements

3. Grant Receivable:

The Employee Retention Credit (“ERC”), as originally enacted on March 27, 2020 by the CARES Act, is a refundable tax credit against certain employment taxes on qualified wages an eligible employer pays to employees after March 12, 2020, and through September 30, 2021. The Company filed claims for credit on qualified wages paid in 2020 and 2021 of \$128,600. The refund of \$128,600 is classified as grant receivable in the accompanying statement of financial position and included in contribution revenue in the accompanying statement of activities.

4. Fair Value Measurements:

ASC 820, *Fair Value Measurements and Disclosures*, provides a definition of fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value. In accordance with ASC 820, the Company groups financial assets and financial liabilities measured at fair value into three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are defined as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation methods and assumptions used to estimate the fair values of investments:

Mutual funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The following table presents the balances of financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020.

<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,351,722	\$ -	\$ -	\$ 2,351,722
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<i>December 31, 2020</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,552,497	\$ -	\$ -	\$ 2,552,497

The Brain Tumor Network, Inc.

Notes to Financial Statements

5. Intangible Assets:

Intangible assets consist of the following at December 31:

<i>December 31,</i>	<i>Life in years</i>	<i>2021</i>	<i>2020</i>
Software	3	\$ 239,131	\$ 149,035
Less accumulated amortization		(73,007)	(4,140)
		<u>\$ 166,124</u>	<u>\$ 144,895</u>

Amortization expense related to intangible assets was \$68,868 and \$4,140 for the years ended December 31, 2021 and 2020, respectively.

Future amortization of intangible assets for the years ending December 31, are as follows:

<i>Years ending December 31,</i>	
2022	\$ 77,910
2023	73,770
2024	14,444
	<u>\$ 166,124</u>

6. Net Assets:

Net assets with donor restrictions

Proceeds from contributions received with donor specific purpose restrictions are reported as an increase in net assets with donor restrictions. Net assets with donor restrictions for the years ending December 31, are as follows:

<i>December 31,</i>	<i>2021</i>	<i>2020</i>
Pediatric Navigation Program	\$ 80,000	\$ -
Patient Services	822	7,753
	<u>\$ 80,822</u>	<u>\$ 7,753</u>

Net assets were released from restriction totaling \$112,000 and \$16,000 for the years ended December 31, 2021 and 2020, respectively.

Net assets without donor restrictions

At December 31, 2021 and 2020, all unrestricted net assets are undesignated as to their use.

The Brain Tumor Network, Inc.

Notes to Financial Statements

7. PPP Loan:

On May 1, 2020 and March 2, 2021, the Company received loans of \$179,410 and \$250,200, respectively, made pursuant to the terms of the Paycheck Protection Program authorized by the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Under the terms of the CARES Act guidelines, a portion of the loan up to 100% may be forgiven by the U.S. Small Business Administration if the amount spent is within the timeframe and under the guidelines that have been set for forgiveness. BTN met the loan forgiveness requirements and both loans were fully forgiven in 2021.

8. Liquidity and Availability of Financial Assets:

The following reflects BTN's financial assets available within one year of the balance sheet date.

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 251,533	\$ 63,114
Short-term investments	2,351,722	2,552,497
	\$ 2,603,255	\$ 2,615,611

All net assets without donor restrictions are available to meet cash needs for general expenditures of the organization within one year. As part of BTN's liquidity management, it invests cash in excess of monthly requirements in short-term investments, typically certificates of deposit and mutual funds.

9. Related Party Transactions:

Description of Cost Sharing Agreement

BTN, The Sontag Foundation (“SF”) and Spring Bay Management, LLC (“SBM”) are related parties and share various expenses according to a cost sharing agreement whereby common services, common expenses, and general overhead expenses are allocated to each organization on an equitable and fair basis. Management reviews the sharing allocation method periodically (generally annually) to determine any required adjustments and applies the changes prospectively. BTN was allocated expenses totaling \$224,035 and \$227,798 during the years ended December 31, 2021 and 2020, respectively. In addition to the cost sharing allocation BTN paid management fees to SBM totaling \$12,000 during the years ended December 31, 2021 and 2020.

Description of Leasing Arrangement

BTN currently operates out of office space leased by SBM. SBM allocates the pro-rata lease expense to BTN on the basis of square footage. BTN paid rent totaling \$73,529 and \$71,516 during the years ended December 31, 2021 and 2020, respectively.

The Brain Tumor Network, Inc.

Notes to Financial Statements

10. Employee Benefit Plan:

BTN sponsors a 401(k) qualified retirement plan covering eligible employees meeting certain age, length of service, and annual work hours requirements. BTN makes a safe-harbor matching contribution of which participants are immediately fully vested. Participants may make voluntary contributions to this plan under its 401(k) provisions, subject to limitations based on IRS regulations and compensation. BTN contributed \$34,704 and \$31,211 to the plan during the years ended December 31, 2021 and 2020, respectively, which is included in salaries, payroll taxes, and other related expenses on the accompanying statements of functional expenses.

11. Concentration of Credit Risk:

BTN received from one donor contributions totaling \$1,199,000 representing approximately 53% of total contribution revenues during the year ended December 31, 2021. BTN received from ten donors contributions totaling \$110,370 representing approximately 42% of total contribution revenues during the year ended December 31, 2020.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization does not believe it is exposed to any significant credit risks on these deposits.

12. Commitments and Contingencies:

In April 2020, the Organization entered into a master service agreement for cloud-based software. The agreement provides for billings in annual installments and expires in April 2025. Expenses in connection with this service agreement for the year ended December 31, 2021 amounted to \$27,860 and is included in contract services and professional fees on the statement of functional expenses. Minimum annual commitments under this service agreement for the years ending December 31 are as follows:

<i>Years ending December 31,</i>	
2022	\$ 29,450
2023	29,450
2024	29,450
2025	7,260
	<hr/>
	\$ 95,610

13. Subsequent Events:

BTN has evaluated the accounting and disclosure requirements for subsequent events through March 28, 2022, the date the financial statements were available to be issued.