

THE V FOUNDATION
Cary, North Carolina
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020



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INDEPENDENT AUDITOR'S REPORT

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Board of Directors
The V Foundation
Cary, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of The V Foundation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BLACKMAN & SLOOP, CPAS, P.A.

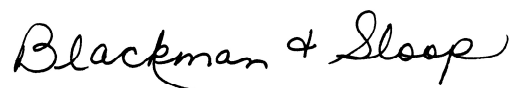
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The V Foundation as of September 30, 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.

A handwritten signature in black ink that reads "Blackman & Sloop". The script is cursive and fluid, with the ampersand clearly visible between the two names.

Chapel Hill, North Carolina
February 8, 2022

THE V FOUNDATION

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

September 30, 2021 and 2020

	<u>ASSETS</u>	
	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26,250,890	\$ 20,216,462
Cash held for others	200,000	-
Accounts receivable	231,521	80,097
Accounts receivable - Don't Ever Give Up	177,912	77,674
Promises to give, net	2,526,865	2,447,494
Grants receivable	500,000	-
Prepaid expenses	180,574	150,498
TOTAL CURRENT ASSETS	30,067,762	22,972,225
PROPERTY AND EQUIPMENT, NET	1,681,472	1,767,679
OTHER ASSETS:		
Investments	42,647,621	37,604,040
Assets held under deferred compensation plan	190,796	318,190
Promises to give, net	3,237,943	3,356,793
Intangible assets	50,000	50,000
TOTAL OTHER ASSETS	46,126,360	41,329,023
TOTAL ASSETS	\$ 77,875,594	\$ 66,068,927
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 34,982	\$ 17,202
Accrued payroll and related liabilities	250,438	502,522
Due to Don't Ever Give Up	618,852	616,435
Deferred revenue	-	5,246
Deferred rent	1,992	1,896
Grants payable	16,253,119	20,924,848
Funds held for others	200,000	-
TOTAL CURRENT LIABILITIES	17,359,383	22,068,149
LONG-TERM LIABILITIES:		
Deferred rent	8,954	7,188
Grants payable, net	9,601,674	2,217,920
TOTAL LONG-TERM LIABILITIES	9,610,628	2,225,108
TOTAL LIABILITIES	26,970,011	24,293,257
NET ASSETS:		
Without donor restrictions:		
Board designated	31,774,054	25,698,312
Undesignated	(378,765)	(5,890,166)
	31,395,289	19,808,146
With donor restrictions	19,510,294	21,967,524
TOTAL NET ASSETS	50,905,583	41,775,670
TOTAL LIABILITIES AND NET ASSETS	\$ 77,875,594	\$ 66,068,927

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended September 30, 2021 and 2020

Page 1 of 2

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
OPERATING REVENUE:				
Contributions and gifts	\$ 25,896,605	\$ 3,215,966	\$ 29,112,571	\$ 17,695,208
Royalties	200,997	-	200,997	282,790
	26,097,602	3,215,966	29,313,568	17,977,998
Net assets released from restrictions	7,146,839	(7,146,839)	-	-
TOTAL OPERATING REVENUE	33,244,441	(3,930,873)	29,313,568	17,977,998
OPERATING EXPENSES:				
Program services	22,091,243	-	22,091,243	13,922,628
Supporting services:				
Management and general	2,223,187	-	2,223,187	2,170,420
Fundraising expenses	2,107,266	-	2,107,266	2,611,202
Total supporting services	4,330,453	-	4,330,453	4,781,622
TOTAL OPERATING EXPENSES	26,421,696	-	26,421,696	18,704,250
OPERATING REVENUE (DEFICIENCY) IN EXCESS OF OPERATING EXPENSES	6,822,745	(3,930,873)	2,891,872	(726,252)
NONOPERATING REVENUE (EXPENSES):				
Net investment income	4,675,636	1,571,634	6,247,270	2,575,322
Rental income	88,762	-	88,762	75,012
(Loss) recovery from bad debts	-	(97,991)	(97,991)	47,074
TOTAL NONOPERATING REVENUE	4,764,398	1,473,643	6,238,041	2,697,408
CHANGES IN NET ASSETS	11,587,143	(2,457,230)	9,129,913	1,971,156
NET ASSETS - BEGINNING OF YEAR	19,808,146	21,967,524	41,775,670	39,804,514
NET ASSETS - END OF YEAR	\$ 31,395,289	\$ 19,510,294	\$ 50,905,583	\$ 41,775,670

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended September 30, 2021 and 2020

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	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
OPERATING REVENUE:			
Contributions and gifts	\$ 13,910,480	\$ 3,784,728	\$ 17,695,208
Royalties	282,790	-	282,790
	14,193,270	3,784,728	17,977,998
Net assets released from restrictions	15,745,043	(15,745,043)	-
TOTAL OPERATING REVENUE	29,938,313	(11,960,315)	17,977,998
OPERATING EXPENSES:			
Program services	13,922,628	-	13,922,628
Supporting services:			
Management and general	2,170,420	-	2,170,420
Fundraising expenses	2,611,202	-	2,611,202
Total supporting services	4,781,622	-	4,781,622
TOTAL OPERATING EXPENSES	18,704,250	-	18,704,250
OPERATING EXPENSES IN EXCESS OF OPERATING REVENUE	11,234,063	(11,960,315)	(726,252)
NONOPERATING REVENUE (EXPENSES):			
Net investment income	1,904,361	670,961	2,575,322
Rental Income	75,012	-	75,012
Recovery from bad debts	-	47,074	47,074
TOTAL NONOPERATING REVENUE	1,979,373	718,035	2,697,408
CHANGES IN NET ASSETS	13,213,436	(11,242,280)	1,971,156
NET ASSETS - BEGINNING OF YEAR	6,594,710	33,209,804	39,804,514
NET ASSETS - END OF YEAR	\$ 19,808,146	\$ 21,967,524	\$ 41,775,670

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended September 30, 2021 and 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	2021	2020
Changes in net assets	\$ 9,129,913	\$ 1,971,156
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	100,410	90,001
Unrealized gain on investments	(3,535,682)	(1,243,628)
Realized gain on investments	(1,844,513)	(405,078)
Loss on uncollectible promises to give	90,000	58,541
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable	(241,424)	653,607
Accounts receivable - Don't Ever Give Up	(100,238)	15,901
Promises to give, net	39,479	1,812,779
Grants receivable, net	(500,000)	766,834
Grants receivable - Don't Ever Give Up	-	7,054,518
Interest receivable	-	18,767
Prepaid expenses	(30,076)	(15,257)
Assets held under deferred compensation plan	127,394	(172,340)
Accounts payable and accrued expenses	17,780	(64,400)
Accrued payroll and related liabilities	(252,084)	208,044
Due to Don't Ever Give Up	2,417	423,141
Deferred revenue	(5,246)	(16,577)
Deferred rent	1,862	5,807
Grants payable, net	2,712,025	(12,921,419)
Funds held for others	200,000	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,912,017	(1,759,603)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(14,203)	(43,466)
Purchases of investments	(12,459,921)	(13,288,604)
Sales of investments	12,796,535	12,347,916
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	322,411	(984,154)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,234,428	(2,743,757)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	20,216,462	22,960,219
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 26,450,890	\$ 20,216,462
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 26,250,890	\$ 20,216,462
Cash held for others	200,000	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 26,450,890	\$ 20,216,462
SUPPLEMENTAL DISCLOSURE:		
Noncash contributions:		
Donated securities	\$ 1,562,926	\$ 1,908,336

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Years Ended September 30, 2021 and 2020

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	2021				2020
	Program Services	Management and General	Fundraising	Totals	Totals
Grant expense	\$ 21,504,462	\$ -	\$ -	\$ 21,504,462	\$ 13,256,194
Salaries	368,124	1,050,007	1,084,468	2,502,599	2,624,472
Employee benefits	83,222	264,677	235,291	583,190	758,057
Printing and copying	356	61,537	239,667	301,560	351,858
Computer maintenance	17,859	174,135	64,873	256,867	237,470
Professional fees	376	104,690	116,583	221,649	273,971
Bank service charges	80	146,946	36,872	183,898	166,059
Payroll taxes	25,940	70,101	75,457	171,498	184,663
Occupancy expenses	22,759	111,847	27,962	162,568	134,638
Advertising	-	82,639	59,764	142,403	105,140
Postage and shipping	959	30,984	90,455	122,398	143,849
Depreciation	14,057	69,082	17,271	100,410	90,001
Bad debt (recovery) expense	-	97,991	-	97,991	(47,074)
Travel related expenses	3,212	19,940	26,791	49,943	115,482
Miscellaneous	10,000	10,578	3,107	23,685	28,046
Insurance	-	18,770	4,693	23,463	30,149
V Scholar summit	22,889	-	-	22,889	4,810
Scientific advisory board expenses	16,463	-	-	16,463	855
Sales tax	432	4,981	10,214	15,627	23,582
Direct fundraising expenses	-	-	12,907	12,907	38,512
Office supplies	53	2,273	891	3,217	6,066
Charity partner support expense	-	-	-	-	129,278
Board expenses	-	-	-	-	1,098
	22,091,243	2,321,178	2,107,266	26,519,687	18,657,176
Less bad debt (expense) recovery	-	(97,991)	-	(97,991)	47,074
Total operating expenses	<u>\$ 22,091,243</u>	<u>\$ 2,223,187</u>	<u>\$ 2,107,266</u>	<u>\$ 26,421,696</u>	<u>\$ 18,704,250</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Years Ended September 30, 2021 and 2020

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	2020			
	Program Services	Management and General	Fundraising	Totals
Grant expense	\$ 13,256,194	\$ -	\$ -	\$ 13,256,194
Salaries	346,326	995,324	1,282,822	2,624,472
Employee benefits	102,458	324,745	330,854	758,057
Printing and copying	-	68,711	283,147	351,858
Computer maintenance	17,954	149,699	69,817	237,470
Professional fees	-	97,937	176,034	273,971
Bank service charges	99	132,546	33,414	166,059
Payroll taxes	24,832	68,314	91,517	184,663
Occupancy expenses	14,810	95,862	23,966	134,638
Advertising	-	69,215	35,925	105,140
Postage and shipping	960	27,226	115,663	143,849
Depreciation	9,900	58,501	21,600	90,001
Bad debt recovery	-	(47,074)	-	(47,074)
Travel related expenses	3,671	35,390	76,421	115,482
Miscellaneous	10,315	2,870	14,861	28,046
Insurance	-	23,073	7,076	30,149
V Scholar summit	4,810	-	-	4,810
Scientific advisory board expenses	855	-	-	855
Sales tax	151	15,854	7,577	23,582
Direct fundraising expenses	-	-	38,512	38,512
Office supplies	15	4,275	1,776	6,066
Charity partner support expense	129,278	-	-	129,278
Board expenses	-	878	220	1,098
	13,922,628	2,123,346	2,611,202	18,657,176
Less bad debt recovery	-	47,074	-	47,074
Total operating expenses	\$ 13,922,628	\$ 2,170,420	\$ 2,611,202	\$ 18,704,250

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION**NOTES TO FINANCIAL STATEMENTS**

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NATURE OF ACTIVITIES

The V Foundation (the “Foundation”) was incorporated on February 12, 1993, as a nonprofit charitable organization dedicated to saving lives by helping to find a cure for cancer. The Foundation’s mission is to fund game-changing research and all-star scientists to accelerate victory over cancer and save lives. The Foundation accomplishes its mission through advocacy, education, fundraising, and philanthropy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**A. Basis of Accounting.**

The Foundation’s financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, revenues and support are recognized when earned, and expenses are recognized when the obligation is incurred.

The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and changes in net assets as net assets released from restrictions.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions and other highly liquid investments with maturities of three months or less excluding monies maintained in the endowment investment fund. At times, the Foundation places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Foundation has not experienced any financial loss related to such deposits.

C. Accounts Receivable.

Accounts receivable are carried at their net realizable value. The Foundation provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of September 30, 2021 and 2020, all accounts receivable were deemed collectible by management.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)**D. Promises to Give and Grants Receivable.**

Unconditional promises to give and grants receivable are recognized as support and assets in the period received. Unconditional promises to give and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Foundation provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing promises to give and grants receivable.

E. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at fair value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$1,000. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, which range from three to thirty-nine years.

The Foundation reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions.

F. Investments.

Investments in marketable securities and non-publicly traded companies are stated at fair value based on readily available published values. Donated securities are recorded at their fair value at the date of gift. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

G. Intangible Assets.

Intangible assets are capitalized and stated at cost in accordance with U.S. GAAP. The assets have indefinite lives and are reviewed annually for impairment.

H. Revenue Recognition.

The Foundation is primarily funded by grants and contributions. These grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. There are no conditional promises to give at September 30, 2021 and 2020.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

H. Revenue Recognition (continued).

Revenue from contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

I. Grant Expense.

Grant expense and the corresponding grants payable are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

J. Advertising.

The Foundation expenses advertising costs as incurred. Advertising expense totaled \$142,403 and \$105,140, for the years ended September 30, 2021 and 2020, respectively.

K. Net Assets.

Net assets and operating revenue are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

L. Income Taxes.

The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act. If applicable, penalties and interest assessed by income taxing authorities related to uncertain tax positions are included as miscellaneous expenses in the statements of activities and changes in net assets.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

M. Estimates.

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

N. New Accounting Pronouncements.

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). ASU 2018-13 impacts the fair value disclosures of both public and private companies by removing, modifying, and adding disclosure requirements concerning fair value measurement. Specifically, the guidance for private companies (i) removes the disclosure requirement related to transfers between Level 1 and Level 2 for recurring investments, (ii) removes the disclosure requirement related to the valuation processes for Level 3 fair value measurements, (iii) modifies the disclosure requirement related to timing of liquidation of investee assets, (iv) modifies the disclosure requirement related to measurement uncertainty by specifying that measurement uncertainty at the reporting date, not the sensitivity to future changes should be addressed, (v) removes the disclosure requirement related to changes in unrealized gains and losses included in income for recurring Level 3 investments, and (vi) modifies the disclosure requirement related to the Level 3 rollforward for recurring investments. ASU 2018-13 was adopted by the Foundation during the year ended September 30, 2021.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 with no effect on net assets.

THE V FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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LIQUIDITY AND AVAILABILITY

The following represents the Foundation's current financial assets at September 30:

	<u>2021</u>	<u>2020</u>
Liquid current financial assets:		
Cash and cash equivalents	\$ 26,250,890	\$ 20,216,462
Cash held for others	200,000	-
Accounts receivable	231,521	80,097
Accounts receivable - Don't Ever Give Up	177,912	77,674
Promises to give, net	2,526,865	2,447,494
Grants receivable	<u>500,000</u>	<u>-</u>
	<u>29,887,188</u>	<u>22,821,727</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors - time and specific cancer research	(2,446,592)	(2,632,269)
Designated for general research	<u>(24,190,302)</u>	<u>(17,522,434)</u>
	<u>(26,636,894)</u>	<u>(20,154,703)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,250,294</u></u>	<u><u>\$ 2,667,024</u></u>

The Foundation's programs are supported by contributions with and without donor restrictions. Donors include corporations, foundations, and individuals. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management feels there are sufficient assets available for general expenditure.

In addition to having financial assets available to meet general expenditures over the next twelve months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue during the year to cover general expenditures.

The Foundation has \$31,774,054 and \$25,698,312, of board-designated assets at September 30, 2021 and 2020, respectively. Board-designated assets are invested for long-term appreciation and current income but remain available and may be spent on general expenditures at the discretion of the Board.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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PROMISES TO GIVE

Promises to give consist of the following at September 30:

	2021	2020
Receivable in less than one year	\$ 2,665,121	\$ 2,575,777
Receivable in one to five years	3,519,816	3,606,016
Total gross promises to give	6,184,937	6,181,793
Discount at a rate of 1.52% and 1.00%, respectively	(105,888)	(71,256)
Allowance for uncollectible promises to give	(314,241)	(306,250)
Net present value of promises to give	<u>\$ 5,764,808</u>	<u>\$ 5,804,287</u>

The Foundation has been named in a number of wills as a beneficiary and has also been informed of other intentions to give. Such intentions to give are not recorded as promises to give until they become unconditional. The Foundation has also been informed of intentions to give through donor advised funds. In accordance with U.S. GAAP, these funds will be recognized when received.

GRANTS RECEIVABLE

The Foundation provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. As of September 30, 2021, grants receivable were deemed fully collectible by management. Grants receivable totaled \$500,000, for the year ended September 30, 2021. There were no grants receivable at September 30, 2020.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2021	2020
Building	\$ 1,865,502	\$ 1,865,502
Software and website	193,945	188,345
Furniture and fixtures	92,870	90,726
Office equipment	55,353	57,860
Leasehold improvements	15,000	15,000
	<u>2,222,670</u>	<u>2,217,433</u>
Accumulated depreciation	<u>(541,198)</u>	<u>(449,754)</u>
Net property and equipment	<u>\$ 1,681,472</u>	<u>\$ 1,767,679</u>

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FAIR VALUE OF ASSETS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets as of the reporting date.

Level 2 - Valuations based on inputs other than quoted prices, which are either directly or indirectly observable as of the reporting date, are valued at prices for similar assets or liabilities in markets not active, or determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the asset. Fair value for these assets is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the asset was acquired, the nature of the assets, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the asset. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets existed.

The Foundation's investments are classified as Level 1 and Level 2.

There were no changes during the years ending September 30, 2021 and 2020, to the Foundation's valuation techniques used to measure asset values on a recurring basis.

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FAIR VALUE OF ASSETS (CONTINUED)

The following table summarizes the assets of the Foundation for which fair values are determined on a recurring basis as of September 30, 2021. As required by U.S. GAAP, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Money market funds	\$ -	\$ 1,261,306	\$ -	\$ 1,261,306
Equity mutual funds	22,555,485	-	-	22,555,485
Corporate debt securities	13,031,427	-	-	13,031,427
Total investments at fair value:	35,586,912	1,261,306	-	36,848,218
Assets held under deferred compensation plan:				
Equity mutual funds	190,796	-	-	190,796
	<u>\$ 35,777,708</u>	<u>\$ 1,261,306</u>	<u>\$ -</u>	<u>\$ 37,039,014</u>

The fair value table does not include alternative investments measured using net asset value per share as a practical expedient totaling \$5,799,403.

The following table summarizes the assets of the Foundation for which fair values are determined on a recurring basis as of September 30, 2020. As required by U.S. GAAP, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Money market funds	\$ -	\$ 4,297,059	\$ -	\$ 4,297,059
Equity mutual funds	18,666,253	-	-	18,666,253
Corporate debt securities	10,805,597	-	-	10,805,597
Total investments at fair value:	29,471,850	4,297,059	-	33,768,909
Assets held under deferred compensation plan:				
Equity mutual funds	318,190	-	-	318,190
	<u>\$ 29,790,040</u>	<u>\$ 4,297,059</u>	<u>\$ -</u>	<u>\$ 34,087,099</u>

The fair value table does not include alternative investments measured using net asset value per share as a practical expedient totaling \$3,835,131.

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FAIR VALUE OF ASSETS (CONTINUED)*Net Asset Value*

The Foundation's investments valued at net asset value consist of:

The Foundation's investments include \$105,492 and \$109,236, at September 30, 2021 and 2020, respectively, of investments in a fund that invests substantially all of its assets in privately negotiated mezzanine investment funds. The fair value of the investments in this class has been estimated using the net asset value per share of the investments. The fund consists of private equity, long term, ill-liquid investments. The fund does not offer any liquidity; therefore, there is no redemption frequency or redemption fees.

The Foundation's investments include \$306,960 and \$307,012, at September 30, 2021 and 2020, respectively, of investments in a fund that invests substantially all of its assets in secondary opportunities to acquire private investment funds on a global basis, with a focus on the United States and Western Europe. The fund seeks capital appreciation primarily through the purchase of secondary interests in mature, high-quality leveraged buyout funds. The fair value of the investments in this fund has been estimated using the underlying portfolio investments as provided by the underlying funds' general partners or managers, adjusted dollar-for-dollar for subsequent capital contributions to, and distributions received from, the underlying funds. Interests in the fund are ill-liquid, and the term period is ten years from the final closing, subject to four one-year extensions. The fund does not offer any liquidity; therefore, there is no redemption frequency or redemption fees.

The Foundation's investments include \$696,006 and \$549,032, at September 30, 2021 and 2020, respectively, of investments in a fund that invests substantially all of its assets in global private equities in medium-to-large industry leading businesses and equity investments in secular growth areas with structural downside protection, limited leverage and low concept or technology risk in the United States, Canada, Europe, and Israel. The fair value of the investments in this class has been estimated using the net asset value per share of the investments. Interests in the fund are ill-liquid and the term period is one year after the termination of the underlying fund.

The Foundation's investments include \$237,251 and \$237,896, at September 30, 2021 and 2020, respectively, of investments in a fund that invests substantially all of its assets in commercial real estate loan portfolios, direct real estate and commercial real estate companies in Europe, North America, and Japan. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The Foundation's investments include \$2,142,454 and \$2,024,940, at September 30, 2021 and 2020, respectively, of investments in funds that include equities, fixed-income securities, commodities, interest rate swaps, derivatives, and currency contracts. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

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FAIR VALUE OF ASSETS (CONTINUED)

The Foundation's investments include \$716,487 and \$74,457, at September 30, 2021 and 2020, respectively, of investments in a fund that invests principally in traditional secondaries, non-traditional secondaries, and other opportunistic investments both domestically and internationally across all sectors of the private equity market. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The Foundation's investments include \$733,098 and \$99,106, at September 30, 2021 and 2020, respectively, of investments in funds that invest principally in pooled investment vehicles purchased from the existing owners of such pooled vehicles and not the issuers of such investments or transactions structured to share many of the characteristics and economics of such purchases both domestically and internationally across all sectors of the private equity market. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The Foundation's investments include \$861,655 and \$433,452, at September 30, 2021 and 2020, respectively, of investments in funds that invest principally in pooled investment vehicles via capital commitments to the issuers of such investments both domestically and internationally across all sectors of the private equity market. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

ENDOWMENT*Interpretation of Relevant Law*

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. Donor-restricted amounts not maintained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund,
2. The purposes of the Foundation and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

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ENDOWMENT (CONTINUED)*Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) and board designated funds. The Foundation expects its endowment fund, over time, to provide an average rate of return of approximately 6% in perpetuity. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints as managed by the Foundation's Endowment Committee.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating investment earnings for distribution each year based upon the prior year's investment earnings of the related endowment. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a moderate rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that SPMIFA requires to retain as a fund of perpetual duration. As of September 30, 2021 and 2020, the endowment fund was above the required amounts.

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ENDOWMENT (CONTINUED)

Changes in the endowment fund consist of the following during the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 25,698,312	\$ 12,144,420	\$ 37,842,732
Investment income	810,501	275,917	1,086,418
Net appreciation (realized and unrealized)	3,935,488	1,339,748	5,275,236
Contributions	2,370,290	-	2,370,290
Appropriation of assets for expenditure	(912,057)	(1,575,622)	(2,487,679)
Investment fees	(128,479)	(43,738)	(172,217)
Net assets, end of year	<u>\$ 31,774,055</u>	<u>\$ 12,140,725</u>	<u>\$ 43,914,780</u>

The endowment net asset composition by type of fund as of September 30, 2021, was as follows:

	Without Donor Restrictions	Donor Restricted for Time or Purpose	Donor Restricted in Perpetuity	Total
Donor-restricted	\$ -	\$ 293	\$ 12,140,432	\$ 12,140,725
Board-designated	<u>31,774,055</u>	<u>-</u>	<u>-</u>	<u>31,774,055</u>
Total funds	<u>\$ 31,774,055</u>	<u>\$ 293</u>	<u>\$ 12,140,432</u>	<u>\$ 43,914,780</u>

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ENDOWMENT (CONTINUED)

Funds donor restricted in perpetuity noted above exclude endowment promises to give.

Changes in the endowment fund consist of the following during the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 22,088,164	\$ 12,139,741	\$ 34,227,905
Investment income	657,948	254,921	912,869
Net appreciation (realized and unrealized)	1,188,302	460,405	1,648,707
Contributions	3,170,164	691	3,170,855
Appropriation of assets for expenditure	(1,291,761)	(666,973)	(1,958,734)
Investment fees	(114,505)	(44,365)	(158,870)
Net assets, end of year	<u>\$ 25,698,312</u>	<u>\$ 12,144,420</u>	<u>\$ 37,842,732</u>

Funds donor restricted in perpetuity noted above exclude endowment promises to give.

The endowment net asset composition by type of fund as of September 30, 2020, was as follows:

	Without Donor Restrictions	Donor Restricted for Time or Purpose	Donor Restricted in Perpetuity	Total
Donor-restricted	\$ -	\$ 3,988	\$ 12,140,432	\$ 12,144,420
Board-designated	<u>25,698,312</u>	<u>-</u>	<u>-</u>	<u>25,698,312</u>
Total funds	<u>\$ 25,698,312</u>	<u>\$ 3,988</u>	<u>\$ 12,140,432</u>	<u>\$ 37,842,732</u>

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GRANTS PAYABLE

Grants payable consist of the following at September 30:

<u>Year Ending September 30,</u>	
2022	\$ 16,253,119
2023	6,200,000
2024	<u>3,600,000</u>
Total gross grants payable	26,053,119
Discount at a rate of 1.52%	<u>(198,326)</u>
Net present value of grants payable	<u><u>\$ 25,854,793</u></u>

FUNDS HELD FOR OTHERS

At times, the Foundation is a fiscal agent for funds of the Gastric Cancer Foundation (“Gastric”). The Foundation is not able to impact who the funds will be paid to, and passes the funds to the research institutions as directed by Gastric. At September 30, 2021, the Foundation held \$200,000 not yet distributed to the designated research institution. These funds are reported as restricted cash and shown as a liability on the statements of financial position. There were no funds held for others at September 30, 2020.

RETIREMENT PLAN

In 2018, the Foundation established a 401(k) plan. Employees are eligible under this plan after 90 days of service. The Foundation matches up to 3% of each participating employee’s compensation, and 50% of the next 2% of each participating employee’s compensation. Employees are vested immediately in their contributions plus actual earnings thereon. Vesting in the Foundation’s contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 20% vested after two years of credited service, and vests an additional 20% per year thereafter. After six years of credited service, participants are vested 100% in employer contributions. The expense was \$74,752 and \$52,482, for the years ended September 30, 2021 and 2020, respectively.

On January 1, 2018, the Foundation established a non-qualified deferred compensation plan covering key employees of the Foundation and their supporting organization, Don’t Ever Give Up, Inc., which provides for payments upon termination of service, retirement, death, or disability. Participants 100% vest at the later of 5 years of service or termination of employment. The amount in the plan totaled \$190,796 and \$318,190, at September 30, 2021 and 2020, respectively.

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REVENUE FROM CONTRACTS WITH CUSTOMERS*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the new revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Foundation's contracts have obligations that are fulfilled at a single point in time.

Performance Obligations Satisfied at a Point in Time

The Foundation's intellectual property is used to promote the sale of products. Royalty income is recognized when the products are sold.

Total revenue recognized for performance obligations completed at a point in time at September 30, 2021 and 2020, totaled \$200,997 and \$282,790, respectively. There was no deferred revenue or accounts receivable associated with this revenue.

General

Revenue from contracts with customers will vary from year to year depending on the amount of product attributed to the intellectual property that is sold.

Transition

The Foundation applied ASU 2014-09 of Topic 606 to contracts not complete as of the date of adoption, October 1, 2020, using the modified retrospective approach. However, no adjustments to opening net assets were required.

RELATED PARTY TRANSACTIONS

Members of the Board of Directors and management of the Foundation make contributions for the support of general operations and the Foundation's programs. The Foundation received contributions from related parties totaling \$590,953 and \$1,664,291, at September 30, 2021 and 2020, respectively. The Foundation had outstanding related party promises to give and grants receivable totaling \$3,972,000 and \$4,532,957, at September 30, 2021 and 2020, respectively.

The Foundation assisted in the establishment of The V Foundation Canada/La Foundation V ("La Foundation V"), a Canadian nonprofit organization, whose goals and objectives are identical to those of The V Foundation. The Foundation is related to La Foundation V through common control through the Board of Directors.

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OPERATING LEASES

The Foundation entered into an operating lease agreement for a postage machine in January 2018 at \$188 a month, expiring in March 2023.

The Foundation entered into a lease agreement for a copy machine in October of 2017 at \$1,151 a month, expiring in September 2022.

In July 2018, the Foundation renewed an agreement to lease online fundraising and marketing software, with quarterly payments of \$22,034, expiring in July 2021. The agreement was extended to December 31, 2021, for a total of \$42,779.

In February 2019, the Foundation entered a 60-month agreement to lease office space in California. The lease expires in April 2024, and requires monthly payments of \$4,900 in year one, and increases annually over the life of the lease.

In June 2020, the Foundation entered a 36-month agreement to lease accounting software under an operating lease agreement. The lease expires in May 2023, and requires quarterly payments of \$4,998 throughout the life of the lease.

Rent expense for the Foundation under these lease agreements totaled \$187,784 and \$165,923, for the years ended September 30, 2021 and 2020, respectively.

Total minimum lease payments under the existing lease agreements are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 126,141
2023	85,250
2024	<u>37,938</u>
Total minimum lease payments	<u><u>\$ 249,329</u></u>

In February 2019, the Foundation subleased the office space in California to tenants under a noncancelable operating lease. The agreement expires in April 2024, and required monthly payments of \$4,900 in year one, and increases annually over the life of the lease. Rental income totaled \$64,762 and \$51,012, for the years ended September 30, 2021 and 2020, respectively.

Future minimum lease payments under the lease agreement as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 68,692
2023	72,460
2024	<u>37,938</u>
Total minimum lease payments	<u><u>\$ 179,090</u></u>

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CONCENTRATIONS

Promises to give are from individuals throughout the United States and abroad. A substantial portion of the Foundation's support and revenue is derived from donor promises to give and grants awarded to the Foundation.

Two donors represent approximately 49% and one donor represents 49% of the outstanding gross promises to give at September 30, 2021 and 2020, respectively.

One grantor represents all outstanding gross grants receivable at September 30, 2021. There were no grants receivable at September 30, 2020.

One customer represents 43% of accounts receivable for the year ended September 30, 2021. There were no concentrations of accounts receivable for the year ended September 30, 2020.

SUPPORTING ORGANIZATION

Effective September 21, 2015, a supporting organization, Don't Ever Give Up, Inc. ("Organization") was formed for the purpose of supporting and/or benefitting The V Foundation and to help carry out the purpose of The V Foundation. The managing and coordinating of all special events of the Foundation were transferred to the Organization during the year ended September 30, 2017. Monies raised by the Organization are granted to the Foundation.

The Foundation recognized \$9,000,000 and \$1,209,815, in contributions from the Organization for the years ended September 30, 2021 and 2020, respectively. The Organization reimbursed the Foundation for shared costs including facilities, personnel, and administrative expenses totaling \$1,587,993 and \$1,175,023, for the years ended September 30, 2021 and 2020, respectively. The Organization owed the Foundation \$177,912 and \$77,674, at September 30, 2021 and 2020, respectively, for grants and shared costs. The Foundation owed the Organization \$618,852 and \$616,435, at September 30, 2021 and 2020, respectively.

CONTINGENCY

The ongoing COVID-19 pandemic and restrictions on non-essential businesses have caused disruption in the U.S. and global economies. Despite significant market rebounds across many asset classes, the continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on the financial market and economic conditions. The estimates and assumptions underlying these financial statements are based on the information available as of September 30, 2021, including judgements about the financial market and economic conditions which may change over time.

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NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Purpose restriction:		
Various cancer programs	\$ 509,094	\$ 3,185,539
Kay Yow Foundation	388,623	637,821
Tamar Goodfellow Fund	111,716	105,716
Richard F. Jones Memorial Fund	77,395	73,895
Garry Betty Foundation	18,132	17,865
	<u>1,104,960</u>	<u>4,020,836</u>
Time restriction:		
General	6,264,902	5,806,256
Held in perpetuity	<u>12,140,432</u>	<u>12,140,432</u>
Total net assets with donor restrictions	<u><u>\$ 19,510,294</u></u>	<u><u>\$ 21,967,524</u></u>

NET ASSETS RELEASED FROM RESTRICTION

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The amounts released during the years ended September 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Purpose restriction:		
Various cancer programs	\$ 2,676,446	\$ 4,092,309
General operations	1,575,621	666,973
Kay Yow Foundation	250,022	97,616
Garry Betty Fund	8	9
Gastric Cancer Foundation	-	1,310,352
	<u>4,502,097</u>	<u>6,167,259</u>
Time restriction:		
General	<u>2,644,742</u>	<u>9,577,784</u>
Total net assets with donor restrictions released from restriction	<u><u>\$ 7,146,839</u></u>	<u><u>\$ 15,745,043</u></u>

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DONATED SERVICES

The Foundation recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. No services meeting these requirements for recognition in the financial statements were received during the year ended September 30, 2021 and 2020. However, a number of persons have donated a significant amount of time and services to the Foundation's operations. The financial statements do not reflect the value of these contributed services as they do not meet recognition criteria prescribed by U.S. GAAP.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain indirect costs have been allocated between the programs and supporting services benefited based on management's estimates.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Printing and copying	Time and effort
Professional fees	Time and effort
Travel related expense	Time and effort
Computer maintenance	Time and effort
Bank service charges	Time and effort
Payroll taxes	Time and effort
Advertising	Time and effort
Postage and shipping	Time and effort
Occupancy expenses	Full-Time Equivalent
Depreciation	Full-Time Equivalent
Miscellaneous	Time and effort
Sales tax	Time and effort
Board expenses	Time and effort
Insurance	Time and effort
Office supplies	Time and effort

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. Such reclassifications had no effect on net assets.

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SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through February 8, 2022, the date the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.