

**THE V FOUNDATION**

**Cary, North Carolina**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**



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## **INDEPENDENT AUDITOR'S REPORT**

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Board of Directors  
The V Foundation

### ***Opinion***

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, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The V Foundation, 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 these 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 V Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

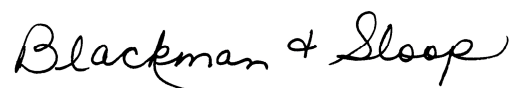
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The V Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The V Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Correction of an Error***

As discussed in the notes to the financial statements, the beginning net assets for the year ended September 30, 2021 have been restated to correct a misstatement for releases improperly excluded. Our opinion is not modified with respect to this matter.



Chapel Hill, North Carolina  
February 13, 2023

## THE V FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

EXHIBIT A

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 14,626,496	\$ 26,250,890
Cash held for others	-	200,000
Investments	19,640,555	-
Accounts receivable	184,170	231,521
Accounts receivable - Don't Ever Give Up	286,128	177,912
Promises to give, net	4,393,297	2,526,865
Grants receivable	200,000	500,000
Prepaid expenses	173,055	180,574
<b>TOTAL CURRENT ASSETS</b>	<u>39,503,701</u>	<u>30,067,762</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>1,669,440</u>	<u>1,681,472</u>
<b>OTHER ASSETS:</b>		
Investments	36,136,418	42,647,621
Assets held under deferred compensation plan	85,529	190,796
Promises to give, net	2,277,191	3,237,943
Intangible assets	50,000	50,000
<b>TOTAL OTHER ASSETS</b>	<u>38,549,138</u>	<u>46,126,360</u>
<b>TOTAL ASSETS</b>	<u>\$ 79,722,279</u>	<u>\$ 77,875,594</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 218,003	\$ 34,982
Accrued payroll and related liabilities	389,854	250,438
Due to Don't Ever Give Up	742,465	618,852
Deferred rent	5,760	1,992
Grants payable	18,616,051	16,253,119
Funds held for others	-	200,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>19,972,133</u>	<u>17,359,383</u>
<b>LONG-TERM LIABILITIES:</b>		
Deferred rent	3,160	8,954
Grants payable, net	9,828,885	9,601,674
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>9,832,045</u>	<u>9,610,628</u>
<b>TOTAL LIABILITIES</b>	<u>29,804,178</u>	<u>26,970,011</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Board designated	26,582,754	31,774,054
Undesignated	(1,861,388)	(128,765)
	<u>24,721,366</u>	<u>31,645,289</u>
With donor restrictions	25,196,735	19,260,294
<b>TOTAL NET ASSETS</b>	<u>49,918,101</u>	<u>50,905,583</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 79,722,279</u>	<u>\$ 77,875,594</u>

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, 2022 and 2021

Page 1 of 2

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>OPERATING REVENUE:</b>				
Contributions and gifts	\$ 15,222,069	\$ 21,402,543	\$ 36,624,612	\$ 29,112,571
Royalties	228,597	-	228,597	200,997
	15,450,666	21,402,543	36,853,209	29,313,568
Net assets released from restrictions	14,439,842	(14,439,842)	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>29,890,508</b>	<b>6,962,701</b>	<b>36,853,209</b>	<b>29,313,568</b>
<b>OPERATING EXPENSES:</b>				
Program services	27,190,107	-	27,190,107	22,091,243
Supporting services:				
Management and general	2,683,601	-	2,683,601	2,223,187
Fundraising expenses	2,941,479	-	2,941,479	2,107,266
Total supporting services	5,625,080	-	5,625,080	4,330,453
<b>TOTAL OPERATING EXPENSES</b>	<b>32,815,187</b>	<b>-</b>	<b>32,815,187</b>	<b>26,421,696</b>
<b>OPERATING REVENUE IN EXCESS OF OPERATING EXPENSES</b>	<b>(2,924,679)</b>	<b>6,962,701</b>	<b>4,038,022</b>	<b>2,891,872</b>
<b>NONOPERATING (EXPENSES) REVENUE:</b>				
Net investment (loss) income	(4,089,035)	(946,017)	(5,035,052)	6,247,270
Rental income	92,647	-	92,647	88,762
Loss from bad debts	(2,856)	(80,243)	(83,099)	(97,991)
<b>TOTAL NONOPERATING (EXPENSES) REVENUE</b>	<b>(3,999,244)</b>	<b>(1,026,260)</b>	<b>(5,025,504)</b>	<b>6,238,041</b>
<b>CHANGES IN NET ASSETS</b>	<b>(6,923,923)</b>	<b>5,936,441</b>	<b>(987,482)</b>	<b>9,129,913</b>
<b>NET ASSETS - BEGINNING OF YEAR, AS RESTATED</b>	<b>31,645,289</b>	<b>19,260,294</b>	<b>50,905,583</b>	<b>41,775,670</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 24,721,366</b>	<b>\$ 25,196,735</b>	<b>\$ 49,918,101</b>	<b>\$ 50,905,583</b>

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, 2022 and 2021

Page 2 of 2

	2021		Totals
	Without Donor Restrictions	With Donor Restrictions	
<b>OPERATING REVENUE:</b>			
Contributions and gifts	\$ 25,896,605	\$ 3,215,966	\$ 29,112,571
Royalties	200,997	-	200,997
	26,097,602	3,215,966	29,313,568
Net assets released from restrictions	7,146,839	(7,146,839)	-
<b>TOTAL OPERATING REVENUE</b>	<b>33,244,441</b>	<b>(3,930,873)</b>	<b>29,313,568</b>
<b>OPERATING EXPENSES:</b>			
Program services	22,091,243	-	22,091,243
Supporting services:			
Management and general	2,223,187	-	2,223,187
Fundraising expenses	2,107,266	-	2,107,266
Total supporting services	4,330,453	-	4,330,453
<b>TOTAL OPERATING EXPENSES</b>	<b>26,421,696</b>	<b>-</b>	<b>26,421,696</b>
<b>OPERATING EXPENSES IN EXCESS OF OPERATING REVENUE</b>	<b>6,822,745</b>	<b>(3,930,873)</b>	<b>2,891,872</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>			
Net investment income	4,675,636	1,571,634	6,247,270
Rental Income	88,762	-	88,762
Recovery from bad debts	-	(97,991)	(97,991)
<b>TOTAL NONOPERATING REVENUE</b>	<b>4,764,398</b>	<b>1,473,643</b>	<b>6,238,041</b>
<b>CHANGES IN NET ASSETS</b>	<b>11,587,143</b>	<b>(2,457,230)</b>	<b>9,129,913</b>
<b>NET ASSETS - BEGINNING OF YEAR, AS RESTATED</b>	<b>20,058,146</b>	<b>21,717,524</b>	<b>41,775,670</b>
<b>NET ASSETS - END OF YEAR, AS RESTATED</b>	<b>\$ 31,645,289</b>	<b>\$ 19,260,294</b>	<b>\$ 50,905,583</b>

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (987,482)	\$ 9,129,913
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	109,778	100,410
Unrealized loss (gain) on investments	6,118,176	(3,535,682)
Realized loss (gain) on investments	159,558	(1,844,513)
Change in allowance on uncollectible promises to give	23,663	7,991
Change in discount on promises to give	84,019	34,632
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable	47,351	(151,424)
Accounts receivable - Don't Ever Give Up	(108,216)	(100,238)
Promises to give, net	(1,013,362)	(3,144)
Grants receivable, net	300,000	(500,000)
Prepaid expenses	7,519	(30,076)
Assets held under deferred compensation plan	105,267	127,394
Accounts payable and accrued expenses	183,021	17,780
Accrued payroll and related liabilities	139,416	(252,084)
Due to Don't Ever Give Up	123,613	2,417
Deferred revenue	-	(5,246)
Deferred rent	(2,026)	1,862
Grants payable, net	2,590,143	2,712,025
Funds held for others	(200,000)	200,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>7,680,438</u>	<u>5,912,017</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(97,746)	(14,203)
Purchases of investments	(67,398,848)	(12,459,921)
Sales of investments	47,991,762	12,796,535
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(19,504,832)</u>	<u>322,411</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(11,824,394)	6,234,428
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>26,450,890</u>	<u>20,216,462</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 14,626,496</u>	<u>\$ 26,450,890</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 14,626,496	\$ 26,250,890
Cash held for others	-	200,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 14,626,496</u>	<u>\$ 26,450,890</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Noncash contributions:		
Donated securities	<u>\$ 2,255,517</u>	<u>\$ 1,562,926</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, 2022 and 2021

Page 1 of 2

	2022			2021	
	Program Services	Management and General	Fundraising	Totals	Totals
Grant expense	\$ 26,338,141	\$ -	\$ -	\$ 26,338,141	\$ 21,504,462
Salaries	532,782	1,111,980	1,433,123	3,077,885	2,502,599
Employee benefits	102,693	229,513	265,012	597,218	583,190
Professional fees	-	244,950	256,999	501,949	221,649
Advertising	-	231,340	173,349	404,689	142,403
Computer maintenance	23,309	250,319	86,472	360,100	256,867
Bank service charges	14	243,604	81,487	325,105	183,898
Travel related expenses	22,003	75,384	130,636	228,023	49,943
Payroll taxes	36,963	70,066	97,672	204,701	171,498
Printing and copying	-	27,716	152,907	180,623	301,560
Postage and shipping	46	29,970	144,389	174,405	122,398
Occupancy expenses	12,112	73,494	24,498	110,104	162,568
Depreciation	12,075	73,277	24,426	109,778	100,410
Bad debt expense	-	83,099	-	83,099	97,991
V Scholar summit	65,009	-	-	65,009	22,889
Miscellaneous	10,515	21,921	19,664	52,100	23,685
Insurance	-	37,713	12,571	50,284	23,463
Direct fundraising expenses	-	-	35,405	35,405	12,907
Scientific advisory board expenses	33,662	-	-	33,662	16,463
Office supplies	112	2,807	2,162	5,081	3,217
Sales tax (refunds)	671	(40,453)	707	(39,075)	15,627
	27,190,107	2,766,700	2,941,479	32,898,286	26,519,687
Less bad debt expense	-	(83,099)	-	(83,099)	(97,991)
Total operating expenses	<u>\$ 27,190,107</u>	<u>\$ 2,683,601</u>	<u>\$ 2,941,479</u>	<u>\$ 32,815,187</u>	<u>\$ 26,421,696</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, 2022 and 2021

Page 2 of 2

	2021			Totals
	Program Services	Management and General	Fundraising	
Grant expense	\$ 21,504,462	\$ -	\$ -	\$ 21,504,462
Salaries	368,124	1,050,007	1,084,468	2,502,599
Employee benefits	83,222	264,677	235,291	583,190
Professional fees	376	104,690	116,583	221,649
Advertising	-	82,639	59,764	142,403
Computer maintenance	17,859	174,135	64,873	256,867
Bank service charges	80	146,946	36,872	183,898
Travel related expenses	3,212	19,940	26,791	49,943
Payroll taxes	25,940	70,101	75,457	171,498
Printing and copying	356	61,537	239,667	301,560
Postage and shipping	959	30,984	90,455	122,398
Occupancy expenses	22,759	111,847	27,962	162,568
Depreciation	14,057	69,082	17,271	100,410
Bad debt expense	-	97,991	-	97,991
V Scholar summit	22,889	-	-	22,889
Miscellaneous	10,000	10,578	3,107	23,685
Insurance	-	18,770	4,693	23,463
Direct fundraising expenses	-	-	12,907	12,907
Scientific advisory board expenses	16,463	-	-	16,463
Office supplies	53	2,273	891	3,217
Sales tax	432	4,981	10,214	15,627
	22,091,243	2,321,178	2,107,266	26,519,687
Less bad debt expense	-	(97,991)	-	(97,991)
Total operating expenses	\$ 22,091,243	\$ 2,223,187	\$ 2,107,266	\$ 26,421,696

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

**THE V FOUNDATION****NOTES TO FINANCIAL STATEMENTS**

Page 1 of 18

**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”), which require the use of certain estimates made by the Foundation’s management. 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 original 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, 2022 and 2021, 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 initially recorded using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities and changes in net assets. 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. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying values exceed the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2022 and 2021.

## 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/(loss) 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.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)**

## 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 individuals and non-governmental 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, 2022 and 2021.

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 \$404,689 and \$142,403, for the years ended September 30, 2022 and 2021, respectively.

## K. Net Assets.

Net assets and operating revenue are classified based on the existence or absence of donor 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 restrictions. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)**

## K. Net Assets (continued).

*Net Assets With Donor Restrictions* - Net assets subject to donor 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. The entity is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. 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.

## 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. Consideration of Future Accounting Principle Changes.

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. This standard will be effective for the year ending September 30, 2023. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

## O. New Accounting Principle.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard increases the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure of the amount of contributed nonfinancial assets recognized, as well as the amount of those contributions used in the entity’s programs and other activities. The Foundation has implemented this ASU as of September 30, 2022 on the retrospective basis. This has no impact on ending 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>2022</u>	<u>2021</u>
Liquid current financial assets:		
Cash and cash equivalents	\$ 14,626,496	\$ 26,250,890
Cash held for others	-	200,000
Investments	19,640,555	-
Accounts receivable	184,170	231,521
Accounts receivable - Don't Ever Give Up	286,128	177,912
Promises to give, net	4,393,297	2,526,865
Grants receivable	200,000	500,000
	<u>39,330,646</u>	<u>29,887,188</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors - time and specific cancer research	(4,731,663)	(2,446,592)
Designated for general research	<u>(31,882,118)</u>	<u>(24,190,302)</u>
	<u>(36,613,781)</u>	<u>(26,636,894)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,716,865</u>	<u>\$ 3,250,294</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 \$26,582,874 and \$31,774,054, of board-designated net assets at September 30, 2022 and 2021, respectively. Board-designated net 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:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 4,571,129	\$ 2,665,121
Receivable in one to five years	<u>2,627,170</u>	<u>3,519,816</u>
Total gross promises to give	7,198,299	6,184,937
Discount at a rate of 3.6% and 1.52%, respectively	(189,907)	(105,888)
Allowance for uncollectible promises to give	<u>(337,904)</u>	<u>(314,241)</u>
Net present value of promises to give	<u>\$ 6,670,488</u>	<u>\$ 5,764,808</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, 2022, grants receivable were deemed fully collectible by management. Grants receivable totaled \$200,000 and \$500,000, for the years ended September 30, 2022 and 2021, respectively.

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 1,865,502	\$ 1,865,502
Software and website	266,450	193,945
Furniture and fixtures	92,870	92,870
Office equipment	80,594	55,353
Leasehold improvements	<u>15,000</u>	<u>15,000</u>
	2,320,416	2,222,670
Accumulated depreciation	<u>(650,976)</u>	<u>(541,198)</u>
Net property and equipment	<u>\$ 1,669,440</u>	<u>\$ 1,681,472</u>



## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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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 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances. In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

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

There were no changes during the years ending September 30, 2022 and 2021, to the Foundation's valuation techniques used to measure asset values on a recurring basis.

The following table summarizes the assets of the Foundation for which fair values are determined on a recurring basis as of September 30, 2022. 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.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**FAIR VALUE OF ASSETS (CONTINUED)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value:				
Money market funds	\$ -	\$ 1,450,255	\$ -	\$ 1,450,255
Equity mutual funds	18,318,315	-	-	18,318,315
Corporate debt securities	9,188,364	-	-	9,188,364
Corporate Bonds	-	13,062,901	-	13,062,901
US Treasury Bonds	-	6,287,509	-	6,287,509
Total investments at fair value:	<u>27,506,679</u>	<u>20,800,665</u>	<u>-</u>	<u>48,307,344</u>
Assets held under deferred compensation plan:				
Equity mutual funds	<u>85,529</u>	<u>-</u>	<u>-</u>	<u>85,529</u>
	<u>\$ 27,592,208</u>	<u>\$ 20,800,665</u>	<u>\$ -</u>	<u>\$ 48,392,873</u>

The fair value table does not include alternative investments measured using net asset value per share as a practical expedient totaling \$7,469,629.

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.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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:	<u>35,586,912</u>	<u>1,261,306</u>	<u>-</u>	<u>36,848,218</u>
Assets held under deferred compensation plan:				
Equity mutual funds	<u>190,796</u>	<u>-</u>	<u>-</u>	<u>190,796</u>
	<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 V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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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 \$39,573 and \$105,492, at September 30, 2022 and 2021, 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, illiquid investments. The fund does not offer any liquidity; therefore, there is no redemption frequency or redemption fees.

The Foundation's investments include \$249,799 and \$306,960, at September 30, 2022 and 2021, 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 \$564,190 and \$696,006, at September 30, 2022 and 2021, 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 \$239,724 and \$237,251, at September 30, 2022 and 2021, 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 \$2,093,278 and \$2,142,454, at September 30, 2022 and 2021, 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.

The Foundation's investments include \$1,301,610 and \$716,487, at September 30, 2022 and 2021, 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 V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**FAIR VALUE OF ASSETS (CONTINUED)**

The Foundation's investments include \$1,530,466 and \$733,098, at September 30, 2022 and 2021, 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 \$1,450,989 and \$861,655, at September 30, 2022 and 2021, 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.

*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.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**ENDOWMENT (CONTINUED)***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, 2022 and 2021, the endowment fund was above the required amounts.

Changes in the endowment fund consist of the following during the year ended September 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 31,774,055	\$ 12,140,725	\$ 43,914,780
Investment income	984,943	250,533	1,235,476
Net depreciation (realized and unrealized)	(4,547,544)	(1,156,725)	(5,704,269)
Contributions	1,630,419	-	1,630,419
Appropriation of assets for expenditure	(2,156,838)	-	(2,156,838)
Transfers	(945,722)	945,722	-
Investment fees	(156,559)	(39,823)	(196,382)
Net assets, end of year	<u>\$ 26,582,754</u>	<u>\$ 12,140,432</u>	<u>\$ 38,723,186</u>

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**ENDOWMENT (CONTINUED)**

The endowment net asset composition by type of fund as of September 30, 2022, was as follows:

	<u>Without Donor Restrictions</u>	<u>Donor Restricted for Time or Purpose</u>	<u>Donor Restricted in Perpetuity</u>	<u>Total</u>
Donor-restricted	\$ -	\$ -	\$ 12,140,432	\$ 12,140,432
Board-designated	26,582,754	-	-	26,582,754
Total funds	<u>\$ 26,582,754</u>	<u>\$ -</u>	<u>\$ 12,140,432</u>	<u>\$ 38,723,186</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>(128,479)</u>	<u>(43,738)</u>	<u>(172,217)</u>
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:

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

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**GRANTS PAYABLE**

Grants payable consist of the following at September 30:

<u>Year Ending September 30.</u>	
2023	\$ 18,616,051
2024	9,749,167
2025	<u>449,166</u>
Total gross grants payable	28,814,384
Discount at a rate of 3.6%	<u>(369,448)</u>
Net present value of grants payable	<u><u>\$ 28,444,936</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, 2022.

**RETIREMENT PLAN**

The Foundation sponsors a 401(k) plan whereby employees are eligible for coverage after 90 days of service. Employees are vested immediately in their contributions plus actual earnings thereon. The Foundation matches 100% of employee contributions up to 3% of each participating employee’s compensation, and 50% of the next 2% of each participating employee’s compensation. As these are safe harbor contributions, employees are vested immediately in these contributions plus actual earnings thereon. The expense was \$95,082 and \$74,752, for the years ended September 30, 2022 and 2021, respectively. Additionally, the Foundation can make other matching contributions to employees. Vesting in the Foundation’s other matching contributions 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 Foundation did not make any other matching contributions for the years ended September 30, 2022 and 2021.

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 \$85,529 and \$190,796, at September 30, 2022 and 2021, respectively.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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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 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, 2022 and 2021, totaled \$228,597 and \$200,997, 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.

**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 \$1,145,859 and \$590,953, at September 30, 2022 and 2021, respectively. The Foundation had outstanding related party promises to give and grants receivable totaling \$3,311,567 and \$3,972,000, at September 30, 2022 and 2021, 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.

**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, that expired in September 2022. The Foundation entered into a new lease agreement for a copy machine in September 2022 at \$970 a month, expiring in September 2027.

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. This agreement was not renewed after December 31, 2021.



## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**OPERATING LEASES (CONTINUED)**

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 \$101,561 and \$187,784, for the years ended September 30, 2022 and 2021, respectively.

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

<u>Year Ending September 30,</u>	
2023	\$ 96,898
2024	49,586
2025	11,648
2026	11,648
2027	<u>11,648</u>
Total minimum lease payments	<u>\$ 181,428</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 \$68,647 and \$64,762, for the years ended September 30, 2022 and 2021, respectively.

Future minimum rental income under the lease agreement as of September 30, 2022, are as follows:

<u>Year Ending September 30,</u>	
2023	\$ 72,460
2024	<u>37,938</u>
Total minimum lease revenue	<u>\$ 110,398</u>

**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.

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**CONCENTRATIONS (CONTINUED)**

Three donors represent approximately 46% and two donors represent 49% of the outstanding gross promises to give at September 30, 2022 and 2021, respectively.

One grantor represents all outstanding gross grants receivable at September 30, 2022 and 2021.

One customer represents 31% and 43% of accounts receivable for the years ended September 30, 2022 and 2021, respectively.

**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, 2016. Monies raised by the Organization are granted to the Foundation.

The Foundation recognized \$12,000,000 and \$9,000,000, in contributions from the Organization for the years ended September 30, 2022 and 2021, respectively. The Organization reimbursed the Foundation for shared costs including facilities, personnel, and administrative expenses totaling \$1,961,544 and \$1,587,993, for the years ended September 30, 2022 and 2021, respectively. The Organization owed the Foundation \$286,128 and \$177,912, at September 30, 2022 and 2021, respectively, for grants and shared costs. The Foundation owed the Organization \$742,465 and \$618,852, at September 30, 2022 and 2021, respectively.

**NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Various cancer programs	\$ 6,586,316	\$ 509,094
Kay Yow Foundation	388,600	138,623
Tamar Goodfellow Fund	112,716	111,716
Richard F. Jones Memorial Fund	77,395	77,395
Garry Betty Foundation	18,132	18,132
	<u>7,183,159</u>	<u>854,960</u>
Time restriction:		
General	5,873,144	6,264,902
Held in perpetuity	<u>12,140,432</u>	<u>12,140,432</u>
Total net assets with donor restrictions	<u>\$ 25,196,735</u>	<u>\$ 19,260,294</u>

## THE V FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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**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, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Various cancer programs	\$ 12,403,340	\$ 2,676,446
Kay Yow Foundation	100,022	250,022
General operations	-	1,575,621
Garry Betty Fund	-	8
	<u>12,503,362</u>	<u>4,502,097</u>
Time restriction:		
General	<u>1,936,480</u>	<u>2,644,742</u>
Total net assets with donor restrictions released from restriction	<u>\$ 14,439,842</u>	<u>\$ 7,146,839</u>

**RESTATEMENT OF NET ASSETS**

During the year ended September 30, 2022, management noted that net assets without donor restrictions and net assets with donor restrictions were not properly reflected in the financial statements. This was due to a grant to another organization in a prior year, not being properly reflected to release net assets with donor restrictions. This resulted in net assets without donor restrictions being understated, and net assets with donor restrictions being overstated. The following balances were restated for the year ending September 30, 2021:

	<u>September 30, 2021</u>	<u>Adjustments</u>	<u>September 30, 2021</u>
	<u>Originally Reported</u>		<u>Restated Balances</u>
Beginning net assets without donor restrictions	\$ 19,808,146	\$ 250,000	\$ 20,058,146
Beginning net assets with donor restrictions	\$ 21,967,524	\$ (250,000)	\$ 21,717,524
Ending net assets without donor restrictions	\$ 31,395,289	\$ 250,000	\$ 31,645,289
Ending net assets with donor restrictions	\$ 19,510,294	\$ (250,000)	\$ 19,260,294

**CONTRIBUTED NONFINANCIAL ASSETS**

The Foundation recognizes contributed 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, 2022 and 2021. During the year ended September 30, 2022, an organization donated advertising above and beyond what the Foundation would have normally purchased. As this does not meet U.S. GAAP recognition criteria, this donation is not reflected in the financial statements. There were no similar donations in the year ended September 30, 2021.

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**NOTES TO FINANCIAL STATEMENTS**

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**CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

A number of persons have donated a significant amount of time and services to the Foundation's operations, and the Foundation's officers and board of directors serve without compensation. The financial statements also 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 reclassifications have been made to the 2021 financial statements in order to conform to 2022 presentation. Such reclassifications had no effect on net assets.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure through February 13, 2023, 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.