



Brain Tumor Network

Guiding Patients. Empowering Care.

Financial Statements and
Independent Auditor's Report
Years Ended December 31, 2019 and 2018

The Brain Tumor Network, Inc.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Brain Tumor Network, Inc., which comprise the statement of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows 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 consolidated 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brain Tumor Network, Inc., as of December 31, 2019 and 2018, 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.

Pivot CPAs

Ponte Vedra Beach, Florida
March 12, 2020

The Brain Tumor Network, Inc.
Statements of Financial Position

ASSETS	December 31,	
	2019	2018
Cash and cash equivalents	\$ 3,087,754	\$ 117,569
Investments	974,255	4,762,637
TOTAL ASSETS	\$ 4,062,009	\$ 4,880,206
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 17,498	\$ 8,735
Total liabilities	17,498	8,735
Net Assets		
With donor restrictions	-	-
Without donor restrictions	4,044,511	4,871,471
Total net assets	4,044,511	4,871,471
TOTAL LIABILITIES AND NET ASSETS	\$ 4,062,009	\$ 4,880,206

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.
Statements of Activities

	<i>For the Years Ended</i>					
	December 31, 2019			December 31, 2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and Support						
Contributions	\$ 364,476	\$ -	\$ 364,476	\$ 5,573,833	\$ -	\$ 5,573,833
Interest and investment income	117,402	-	117,402	20,170	-	20,170
Net change in unrealized gain/(loss) on investments	65	-	65	(65)	-	(65)
Total Revenue and Support	481,943	-	481,943	5,593,938	-	5,593,938
Functional Expenses						
Program Services	1,192,089	-	1,192,089	670,442	-	670,442
Management and general	64,527	-	64,527	69,909	-	69,909
Fundraising	52,287	-	52,287	9,909	-	9,909
Total Functional Expenses	1,308,903	-	1,308,903	750,260	-	750,260
Change in net assets	(826,960)	-	(826,960)	4,843,678	-	4,843,678
Net assets, beginning of year	4,871,471	-	4,871,471	27,793	-	27,793
Net assets, end of year	\$ 4,044,511	\$ -	\$ 4,044,511	\$ 4,871,471	\$ -	\$ 4,871,471

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.
Statements of Functional Expenses

	<i>For the Years Ended</i>							
	December 31, 2019				December 31, 2018			
	Program Services	Supporting Services			Program Services	Supporting Services		
Management and General		Fundraising	Total	Management and General		Fundraising	Total	
Salaries, payroll taxes, and other related expenses	\$ 936,440	\$ 43,347	\$ 5,624	\$ 985,411	\$ 516,962	\$ 31,784	\$ -	\$ 548,746
Management fees	-	12,000	-	12,000	-	12,000	-	12,000
Occupancy	67,556	1,826	221	69,603	39,460	1,179	-	40,639
Insurance	-	6,204	-	6,204	-	5,132	-	5,132
Travel and meeting	13,048	-	-	13,048	6,933	57	-	6,990
Contract services and professional fees	125,762	453	38,493	164,708	65,786	19,321	4,764	89,871
Computer and website	13,425	317	38	13,780	26,975	318	-	27,293
Other expenses	35,858	380	7,911	44,149	14,326	118	5,145	19,589
Total functional expenses	\$ 1,192,089	\$ 64,527	\$ 52,287	\$ 1,308,903	\$ 670,442	\$ 69,909	\$ 9,909	\$ 750,260

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc.
Statements of Cash Flows

	<i>Years Ended December 31,</i>	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (826,960)	\$ 4,843,678
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain/(loss) on investments	-	65
Decrease in unconditional promises to give	-	35,000
Increase (decrease) in accounts payable	8,763	(4,688)
Net cash (used in) provided by operating activities	(818,197)	4,874,055
Cash flows from investing activities:		
Purchase of investments	(1,340,947)	(5,016,452)
Proceeds from sale of investments	5,129,329	253,750
Net cash provided by (used in) investing activities	3,788,382	(4,762,702)
Net increase in cash and cash equivalents	2,970,185	111,353
Cash and cash equivalents at beginning of year	117,569	6,216
Cash and cash equivalents at end of year	\$ 3,087,754	\$ 117,569

The accompanying notes are an integral part of these financial statements

The Brain Tumor Network, Inc. Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

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

Basis of Presentation

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

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

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

The Brain Tumor Network, Inc.
Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Promises to Give

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

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

Investments

Investments generally consist of certificates of deposit and mutual funds. Investments with a stated maturity date of one year or less from the balance sheet date or that are expected to be used in current operations are classified as current.

Contributions

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

The Brain Tumor Network, Inc. Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

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

Income Taxes

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

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

Estimates

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

Accounting Pronouncements Adopted

Contributions

Effective January 1, 2019, BTN adopted Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The adoption of ASU 2018-08 had no significant impact on BTN’s financial statements.

Revenue Recognition

Effective January 1, 2019, BTN adopted ASU No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes existing accounting standards and creates a single framework for revenue recognition. The adoption of ASU 2014-09 had no significant impact on BTN’s financial statements.

The Brain Tumor Network, Inc.
Notes to Financial Statements

2. Investments

Investments consist of certificates of deposit and mutual funds held for the investment of excess operating cash. The certificates of deposit are held by a high-quality financial institutions and have maturity dates of less than one year. Investments at December 31, 2019 and 2018 consist of the following:

	2019	2018
Certificates of deposit	\$ -	\$ 4,755,516
Mutual funds	974,255	7,121
	\$ 974,255	\$ 4,762,637

3. Fair Value Measurements

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

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

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

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

The following table presents the balances of financial assets measured at fair value on a recurring basis as of December 31, 2019 and 2018.

<i>December 31, 2019</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 974,255	\$ -	\$ -	\$ 974,255
	\$ 974,255	\$ -	\$ -	\$ 974,255
<i>December 31, 2018</i>	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 4,755,516	\$ -	\$ -	\$ 4,755,516
Mutual funds	7,121	-	-	7,121
	\$ 4,762,637	\$ -	\$ -	\$ 4,762,637

The Brain Tumor Network, Inc.
Notes to Financial Statements

4. Net Assets

At December 31, 2019 and 2018, all unrestricted net assets are undesignated as to their use.

5. Liquidity and Availability of Financial Assets

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

	2019	2018
Cash and cash equivalents	\$ 3,087,754	\$ 117,569
Short-term investments	974,255	4,762,637
	\$ 4,062,009	\$ 4,880,206

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

6. Related Party Transactions

Description of Cost Sharing Agreement

BTN, The Sontag Foundation ("SF") and Spring Bay Management, LLC ("SBM") are related parties and share various expenses according to a cost sharing agreement whereby common services, common expenses, and general overhead expenses are allocated to each organization on an equitable and fair basis. Management reviews the sharing allocation method periodically (generally annually) to determine any required adjustments and applies the changes prospectively. BTN was allocated expenses totaling \$195,715 and \$112,891 during the years ended December 31, 2019 and 2018, respectively.

Description of Leasing Arrangement

BTN currently operates out of office space leased by SBM. SBM allocates the pro-rata lease expense to BTN on the basis of square footage. BTN paid rent totaling \$69,545 and \$40,585 during the years ended December 31, 2019 and 2018, respectively.

The Brain Tumor Network, Inc.
Notes to Financial Statements

7. Employee Benefit Plan

BTN sponsors a 401(k) qualified retirement plan covering eligible employees meeting certain age, length of service, and annual work hours requirements. BTN makes a safe-harbor matching contribution of which participants are immediately fully vested. Participants may make voluntary contributions to this plan under its 401(k) provisions, subject to limitations based on IRS regulations and compensation. BTN contributed \$13,767 to the plan during the year ended December 31, 2019 which is included in personnel expenses on the accompanying statements of functional expenses.

8. Evaluation of Subsequent Events

BTN has evaluated subsequent events through March 12, 2020, the date which the financial statements were available to be issued.