

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
WITH
INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the International Association for the Study of Lung Cancer

We have audited the accompanying consolidated financial statements of the International Association for the Study of Lung Cancer and the IASLC Foundation (together the "Association"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of December 31, 2019 and 2018, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado
November 20, 2020

A handwritten signature in black ink that reads "Causey Deming & Moore P.C." The signature is written in a cursive, flowing style.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 5,283,639	\$ 4,206,931
Restricted cash (Note 2)	3,816,217	3,723,876
Accounts receivable	1,711,632	2,812,422
Prepaid expenses and other	<u>297,528</u>	<u>989,132</u>
Total current assets	11,109,016	11,732,361
Property and equipment, at cost:		
Furniture, equipment and software	1,101,413	845,399
Leasehold improvements	<u>498,052</u>	<u>408,126</u>
	1,599,465	1,253,525
Less accumulated depreciation	<u>(708,435)</u>	<u>(589,490)</u>
Net property and equipment	891,030	664,035
Other assets:		
Investments in marketable securities (Notes 3 and 6)	7,968,233	5,419,614
Prepaid expenses and other (Note 5)	<u>12,818</u>	<u>22,158</u>
Total other assets	<u>7,981,051</u>	<u>5,441,772</u>
Total assets	<u>\$ 19,981,097</u>	<u>\$ 17,838,168</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable and accrued expenses	<u>2,695,504</u>	<u>917,436</u>
Total current liabilities	2,695,504	917,436
Commitments (Note 5)		
Net assets:		
Without donor restrictions	13,469,376	13,196,856
With donor restrictions (Note 2)	<u>3,816,217</u>	<u>3,723,876</u>
Total net assets	<u>17,285,593</u>	<u>16,920,732</u>
Total liabilities and net assets	<u>\$ 19,981,097</u>	<u>\$ 17,838,168</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Unrestricted support:		
Meeting income (Note 5)	\$ 12,542,993	\$ 11,684,449
Scientific programs and publications	3,773,284	1,468,723
Fellowships	745,750	672,937
Membership dues	836,129	763,425
Other	<u>724,009</u>	<u>465,464</u>
Total unrestricted support	18,622,165	15,054,998
Other unrestricted revenues (losses):		
Foreign currency loss	(33,348)	(45,398)
Net realized and unrealized gain (loss) on investments	1,003,064	(495,196)
Investment income	<u>137,915</u>	<u>131,077</u>
Total other unrestricted revenues (loss), net	<u>1,107,631</u>	<u>(409,517)</u>
Total unrestricted support and other revenues	19,729,796	14,645,481
Expenses:		
Meetings (Note 5)	10,325,431	9,460,419
Scientific programs and publications	3,711,118	1,814,833
Fellowships	1,451,539	1,136,061
Membership	430,899	506,346
Other programs	503,583	572,857
Fundraising	728,056	236,291
General and administrative (Note 5)	<u>2,306,650</u>	<u>2,007,087</u>
Total expenses	<u>19,457,276</u>	<u>15,733,894</u>
Increase (decrease) in net assets without donor restrictions	272,520	(1,088,413)
Changes in net assets with donor restrictions:		
Corporate contributions	2,432,101	2,217,764
Reclassifications - net assets released from restrictions by satisfaction of program restrictions	<u>(2,339,760)</u>	<u>(2,433,198)</u>
Decrease in net assets with donor restrictions	<u>92,341</u>	<u>(215,434)</u>
(Decrease) increase in total net assets	364,861	(1,303,847)
Net assets at beginning of year	<u>16,920,732</u>	<u>18,224,579</u>
Net assets at end of year	<u>\$ 17,285,593</u>	<u>\$ 16,920,732</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Meetings	Scientific Programs and Publications	Fellowships	Membership	Other Programs	Fundraising	General and Administrative	Total
Expenses:								
Direct program expenses	\$ 9,509,529	\$ 2,515,444	\$ 1,321,340	\$ -	\$ 328,954	\$ 262,653	\$ -	\$ 13,937,920
Payroll and benefits	417,114	750,773	65,978	278,486	106,889	272,945	1,278,537	3,170,722
Consulting and temporary help	28,493	30,000	-	-	-	67,140	126,328	251,961
Occupancy	32,772	57,764	10,846	21,220	9,431	17,447	58,943	208,423
Office expense	78,934	139,129	15,596	51,109	22,715	42,023	141,968	491,474
Travel	81,442	143,549	750	52,732	23,437	43,358	146,479	491,747
Education	134,903	-	-	-	-	-	-	134,903
Communications	19,122	33,704	13,148	12,381	5,503	10,180	34,392	128,430
Board meetings	-	-	-	-	-	-	330,157	330,157
Depreciation	23,122	40,755	7,652	14,971	6,654	12,310	41,587	147,051
Professional fees and other	-	-	16,229	-	-	-	148,259	164,488
Total expenses	<u>\$ 10,325,431</u>	<u>\$ 3,711,118</u>	<u>\$ 1,451,539</u>	<u>\$ 430,899</u>	<u>\$ 503,583</u>	<u>\$ 728,056</u>	<u>\$ 2,306,650</u>	<u>\$ 19,457,276</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Meetings	Scientific Programs and Publications	Fellowships	Membership	Other Programs	Fundraising	General and Administrative	Total
Expenses:								
Direct program expenses	\$ 8,078,613	\$ 1,457,908	\$ 1,037,500	\$ 26,768	\$ 462,008	\$ -	\$ -	\$ 11,062,797
Payroll and benefits	846,008	157,066	77,351	320,452	79,035	154,701	1,208,870	2,843,483
Consulting and temporary help	36,414	-	-	58,433	-	-	133,694	228,541
Occupancy	59,977	50,750	6,152	18,453	9,227	29,872	46,136	220,567
Office expense	118,494	100,264	12,153	36,456	18,230	24,306	91,149	401,052
Travel	95,764	-	-	37,071	-	21,603	46,998	201,436
Education	147,065	-	-	-	-	-	-	147,065
Communications	49,764	24,882	-	-	-	-	24,882	99,528
Board meetings	-	-	-	-	-	-	325,325	325,325
Depreciation	28,320	23,963	2,905	8,713	4,357	5,809	21,785	95,852
Professional fees and other	-	-	-	-	-	-	108,248	108,248
Total expenses	<u>\$ 9,460,419</u>	<u>\$ 1,814,833</u>	<u>\$ 1,136,061</u>	<u>\$ 506,346</u>	<u>\$ 572,857</u>	<u>\$ 236,291</u>	<u>\$ 2,007,087</u>	<u>\$ 15,733,894</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets from operating activities	\$ 364,861	\$ (1,303,847)
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	147,051	104,790
Net realized and unrealized loss (gain) on investments	(1,003,064)	495,196
Changes in assets and liabilities:		
Accounts receivable	1,100,790	(1,111,611)
Inventory	-	21,842
Prepaid expenses and other	700,944	47,627
Accounts payable and accrued expenses	<u>1,778,068</u>	<u>(617,694)</u>
Net cash provided by (used in) operating activities	3,088,650	(2,363,697)
Cash flows from investing activities:		
Acquisition of equipment	(374,046)	(210,701)
Net purchases of investments	<u>(1,545,555)</u>	<u>(255,394)</u>
Net cash used in investing activities	<u>(1,919,601)</u>	<u>(466,095)</u>
Net decrease in cash, cash equivalents and restricted cash	1,169,049	(2,829,792)
Cash, cash equivalents and restricted cash - beginning of year	<u>7,930,807</u>	<u>10,760,599</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 9,099,856</u>	<u>\$ 7,930,807</u>
Cash	\$ 5,283,639	\$ 4,206,931
Restricted cash	<u>3,816,217</u>	<u>3,723,876</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 9,099,856</u>	<u>\$ 7,930,807</u>
Supplemental disclosure of cash flows:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

1. Basis of presentation and summary of significant accounting policies

The International Association for the Study of Lung Cancer (“IASLC”) was organized under the laws of Colorado as a nonprofit corporation in December 2003. IASLC was founded in 1972, for the purpose of promoting the study of etiology, the epidemiology, the prevention, the diagnosis, the treatment and all other aspects of lung cancer and to disseminate information about lung cancer to the members of the IASLC, to the medical community at large, and to the public.

On August 14, 2013, the Association formed the IASLC Foundation (the “Foundation”) and is the sole voting member. The Executive Committee of IASLC is the initial board of the IASLC Foundation. On August 29, 2014 the IRS approved its tax-exempt status under the provision of Internal Revenue Code Section 501(c)(3). Through December 31, 2014, the Foundation was inactive. During 2015, the Foundation commenced operations and has been consolidated in the accompanying financial statements. IASLC and the Foundation are herein collectively referred to as the “Association”. All intercompany balances and activity have been eliminated in the accompanying financial statements.

Support and expenses:

Unrestricted support contributions received are measured at their fair values and are reported as an increase in net assets. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The Board of Directors’ policy for fellowship grants received is to apply the grants received in one year to fellowships awarded in the next calendar year, unless otherwise indicated by the grantor.

Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense:</u>	<u>Method of allocation:</u>
Payroll and benefits	Time and effort
Consulting and temporary help	Time and effort
Occupancy	Square footage
Travel	Time and effort
Education	Time and effort
Communications	Time and effort
Board meetings	Time and effort
Depreciation	Square footage
Other	Time and effort

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

1. Basis of presentation and summary of significant accounting policies (continued)

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk:

Financial instruments which potentially subject the Association to credit risk consist principally of cash and accounts receivable. The Association places its cash with a high quality financial institution. At December 31, 2019 and 2018 and at various times during the years then ended, the balance exceeded the FDIC insurance limit. At December 31, 2019 and 2018, the majority of cash and cash equivalents were invested in numerous certificates of deposit within the FDIC limits.

Risks and uncertainties

The Association holds various investment securities. Investments securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect the account balances and the amounts reported in the Consolidated Statement of Financial Position and the Consolidated Statement of Activities.

Accounts receivable:

The Association considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. At December 31, 2019 and 2018, \$922,204 and \$533,116, respectively, of accounts receivable is more than 90 days past due.

Pledges receivable:

There were no unconditional promises to give (pledges receivable) as of December 31, 2019 and 2018, respectively, related to fellowships.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

1. Basis of presentation and summary of significant accounting policies (continued)

Inventory:

Inventory consists of costs incurred in preparing and publishing a textbook. The inventory is stated at the lower of cost or net realizable value. During the years ended December 31, 2019 and 2018, the Association recorded write downs of the inventory of \$0 and \$12,242, respectively.

Investments in marketable securities:

At the end of the year, investments are recorded at fair value in the consolidated statement of financial position and realized and unrealized gains and losses are recorded in the consolidated statement of activities. Investments in common stocks, bonds and mutual funds are based on quoted market prices. The investment in the alternative investment is based on the net asset value per share of the fund, which is stated at fair value of the underlying assets.

Foreign currency translation:

The consolidated financial statements are presented in US dollars. Liquid funds denominated in foreign currencies are translated to US dollars at the closing rate.

Membership dues:

Membership dues are stated on the basis of the actual payments, an accrual for membership fees receivable is made only when prior year dues have been received in the following year.

Advertising costs:

All costs relating to marketing and advertising are expensed in the period incurred. Advertising expense for the years ended December 31, 2019 and 2018 amounted to \$115,281 and \$58,270, respectively.

Income taxes:

The Association has received a determination from the Internal Revenue Service (IRS) to be exempt from federal income taxes under the provision of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made.

The Association has adopted guidance on accounting for uncertainty in income taxes. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2019 and 2018.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

1. Basis of presentation and summary of significant accounting policies (continued)

Property and equipment:

Property and equipment are recorded and are depreciated using the straight-line method over the following estimated useful lives of the related assets:

Furniture, equipment and software	3-5 years
Leasehold improvements	Lease term

Reclassifications:

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

2. Net assets with donor restrictions

Amounts included in restricted cash represent those funds set aside by agreement with the donor and corresponds with the amount of net assets with donor restrictions. Net assets with donor restrictions are available for the following specific program services as of December 31:

	<u>2019</u>	<u>2018</u>
Meetings	\$ 1,190,210	\$ 320,000
World conference	863,600	-
Science Programs and Publications	238,000	-
JTO	750,000	1,000,000
Fellowships	119,659	407,360
Membership	430,059	774,579
Other	<u>224,689</u>	<u>1,221,937</u>
	<u>\$ 3,816,217</u>	<u>\$ 3,723,876</u>

3. Investments in marketable securities

Investments in marketable securities consisted of the following at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Common stocks	\$ 4,999,904	\$ 3,240,601
Mutual funds and ETF's	2,279,804	1,503,191
Cash deposits	9,652	-
Alternative investments	<u>678,873</u>	<u>675,822</u>
	<u>\$ 7,968,233</u>	<u>\$ 5,419,614</u>

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

4. Availability and liquidity

The following represents the Association's financial assets at December 31, 2019 and 2018:

Financial assets at year end:	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 5,283,639	\$ 4,206,931
Restricted cash	3,816,217	3,723,876
Accounts receivable	1,711,632	2,812,422
Investments in marketable securities	<u>7,968,233</u>	<u>5,419,614</u>
Total financial assets	18,779,721	16,162,843
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,816,217	3,723,876
Less net assets with purpose restrictions to be met in less than a year	<u>-</u>	<u>-</u>
	<u>3,816,217</u>	<u>3,723,876</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 14,963,504</u>	<u>\$ 12,438,967</u>

The Association is somewhat supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of daily requirements in short-term investments.

5. Commitments and contingencies

In September 2013, the Association entered into a five-year cancelable service agreement with the Regents of The University of Colorado, a body corporate, acting on behalf of the Cancer Center, University of Colorado School of Medicine ("CU") and University Physicians, Inc. ("UPI"). Under the agreement, CU and UPI allow the Chief Executive Officer of the Association to provide services and as much time and effort as are reasonably needed for the proper conduct of such services for him and support staff assistance. Under the agreement, the Association agreed to partially reimburse UPI, a portion of the salary of the Chief Executive Officer. For the years ended December 31, 2019 and 2018, the Association reimbursed UPI \$0 and \$355,592, respectively, for a portion of the salary of the Chief Executive Officer.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

5. Commitments and contingencies (continued)

The Association has entered into a cancelable Conference Management Agreement for services related to the preparation and coordination of the 2013, 2015, 2016, 2017, 2018 and 2019 conferences. Minimum management fees due under the agreement for the 2013 conference was \$370,000 with an inflation increase, not to exceed 3% per year, for 2015 through 2019, plus an additional fee for attendees in excess of an agreed upon number each year. During 2019 and 2018, the Association paid management fees of \$546,386 and \$603,291, respectively.

In connection with the annual world conference, the Association at one time paid local organizations a portion of the revenue. Payment of these amounts were found to be inappropriate to be able to award CME for the attendees. Therefore, the Association recorded revenue of \$256,980 representing amounts previously accrued but not expected to be paid. An accrual of \$100,000 remains outstanding as the estimate of the actual expenses to be reimbursed, if it is determined that this can be reimbursed.

Effective January 1, 2013, the Association entered into a cancelable Editor-in-Chief agreement with an individual (the "Editor"). Under the agreement, the Editor will provide his services as Editor-in-Chief of the "Journal of Thoracic Oncology" (the "Journal") published by the Association. The Editor is primarily responsible for control of the editorial policy and scientific content of the Journal. For the years ended December 31, 2019 and 2018, in accordance with the agreement, the Association paid the Editor \$100,000 each year which amount will be adjusted as the parties mutually agree through the term of the agreement, which expires December 31, 2023.

On November 21, 2014, the Association entered into a publishing agreement with a Publisher to publish the Journal. The Association received an up-front payment of \$1,750,000 in 2015 and will receive royalties of 45% of the Publisher's revenues from the Journal. Certain financial guarantees are included in the agreement, which the Association expects will generate approximately \$500,000 in net revenue per year.

In February 2019, AstraZeneca approved a grant of \$5,563,936 to support the IASLC Lung Cancer Staging Project. This grant will be paid over the six-year life of the project. The Project is a global effort to investigate and improve the tumor, node, metastasis ("TNM") staging system for lung cancer, mesothelioma, esophageal, and thymic cancers for accurate diagnosis and enhancement of treatment plans, evaluation of new drugs as they come to market, and improvement of patient prognosis and longevity. During 2019, the Association recognized \$1,235,111 of revenue related to this project.

From time-to-time the Association is involved in litigation, which is not expected to have a material negative effect on the financial statements.

In August 2011, the Association entered into an office space lease for a ten-year period, which commenced on December 1, 2011 and terminates November 30, 2025. Monthly rental payments escalate periodically over the term of the lease and range from approximately

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

5. Commitments and contingencies (continued)

\$12,292 to \$15,274 from lease inception to termination, respectively. The Association paid a security deposit of \$12,818 related to this lease. The Association is responsible for 3.37% of excess operating expenses, as defined in the lease agreement. In March 2020, the association paid the landlord \$107,182 to cancel the lease effective March 31, 2020.

In October 2019, the Association entered into an office space lease for a seven and one-half-year period, which commenced on April 1, 2020 and terminates September 30, 2021. In November 2015, the lease was extended to November 30, 2027. Monthly rental payments escalate periodically over the term of the lease and range from \$20,248 to \$23,487 from lease inception to termination, respectively. Future minimum cash payments are as follows:

For the year ending December 31,	
2020	\$ 404,898
2021	250,641
2022	256,923
2023	263,345
2024	269,922
Thereafter	<u>488,075</u>
	<u>\$ 1,933,804</u>

6. Fair value measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

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For the years ended December 31, 2019 and 2018

6. Fair value measurements (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Investments in common stocks, bonds and mutual funds are based on quoted market prices.

Investments in alternative investments are based on the net asset value per share of the funds which are stated at the fair value of the underlying assets some of which the Association does not have the ability to fully redeem its investment at net asset value as of the measurement date or within the near term.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

6. Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and mutual funds:				
Consumer discretionary	\$ 519,990	\$ -	\$ -	\$ 519,990
Consumer staples	414,992	-	-	414,992
Energy	294,994	-	-	294,994
Financials	784,985	-	-	784,985
Health care	629,988	-	-	629,988
Industrials	559,989	-	-	559,989
Information technology	789,985	-	-	789,985
Materials	239,995	-	-	239,995
Telecommunication services	404,992	-	-	404,992
Utilities	169,997	-	-	169,997
Other	189,997	-	-	189,997
Total common stocks	4,999,904	-	-	4,999,904
Fixed income	9,652	-	-	9,652
Mutual funds, fixed income	2,279,804	-	-	2,279,804
Total investments in the fair value hierarchy	7,289,360	-	-	7,289,360
Investments measured at net asset value (1)	-	-	-	678,873
Investments at fair value	<u>\$ 7,289,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,968,233</u>

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6. Fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and mutual funds:				
Consumer discretionary	\$ 337,023	\$ -	\$ -	\$ 337,023
Consumer staples	268,970	-	-	268,970
Energy	191,195	-	-	191,195
Financials	508,774	-	-	508,774
Health care	408,316	-	-	408,316
Industrials	362,947	-	-	362,947
Information technology	512,015	-	-	512,015
Materials	155,549	-	-	155,549
Telecommunication services	262,489	-	-	262,489
Utilities	110,180	-	-	110,180
Other	123,143	-	-	123,143
Total common stocks	3,240,601	-	-	3,240,601
Fixed income	-	-	-	-
Mutual funds, fixed income	1,503,191	-	-	1,503,191
Total investments in the fair value hierarchy	4,743,792	-	-	4,743,792
Investments measured at net asset value (1)	-	-	-	675,822
Investments at fair value	<u>\$ 4,743,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,419,614</u>

The following tables summarize investments for which fair value is measured using the net asset value per share expedient as of December 31, 2019 and 2018:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
December 31, 2019				
Alternative investments	\$ 678,873	n/a	Daily	n/a
Investments measured at net asset value (1)	<u>\$ 678,873</u>			
December 31, 2018				
Alternative investments	\$ 675,822	n/a	Daily	n/a
Investments measured at net asset value (1)	<u>\$ 675,822</u>			

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6. Fair value measurements (continued)

(1) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

7. Employee benefit plan

The Association has a 401(k) retirement savings plan (“the Plan”) pursuant to which eligible employees may defer compensation for income tax purposes. Participation in the Plan is available to full-time employees who meet eligibility requirements. Eligible employees may contribute up to 60% of their base salary, subject to certain limitations. Association discretionary matching contributions to the Plan may be made as described in the Plan documents and for 2019 the Association elected to match 200% of the employee deferrals up to 5% of compensation and for 2018 the match was 100% of the employee deferrals up to 7% of compensation. For the years ended December 31, 2019 and 2018, respectively, the Association contributed \$224,033 and \$177,815 to the Plan.

8. Subsequent events

Due to the COVID-19 outbreak in 2020, several material risks to the Association have developed. First, the value of the Association’s investments had decreased significantly, but then have mostly recovered. To offset this risk, the Association set up a line of credit on June 17, 2020 for \$1.8 million with the custodian of the Association’s investments to avoid losses from prematurely liquidating these investments. Also, the Association has made significant deposits toward its 2020 World Conference. The Association has decided to delay the 2020 World Conference to January 2021 and hold it virtually. In addition, the Association has negotiated with the major vendors associated with the 2020 World Conference to hold it in 2023 and thereby avoid cancellation fees. The impact of the coronavirus (“COVID-19”) outbreak on the financial performance of the Association, will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain. If the financial market and/or the overall economy are impacted for an extended period, the Association’s future results may be materially adversely affected.

On May 6, 2020, we entered into an unsecured promissory note under the Paycheck Protection Program (“PPP”) for a principal amount of \$551,202. The PPP was established under the recently congressionally approved CARES Act. The term of the PPP loan is for two years with an interest rate of 1.0% per year, which will be deferred for the first six months of the term of the loan. After the initial six-month deferral period, the loan requires monthly payments of principal and interest of \$31,015 commencing December 2, 2020 until maturity with respect to any portion of the PPP loan which is not forgiven. Under the terms of the CARES Act, a PPP loan recipient may apply for, and be granted, forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined based upon the use of loan proceeds for payroll costs, rent, interest and utilities costs, and the maintenance of employee and compensation levels.

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8. Subsequent events (continued)

The Association has evaluated all subsequent events from December 31, 2019 through November 20, 2020, which is the date the financial statements were available for issuance. There has been no additional material events noted in this period which would impact the results reflected in this report, the Association's results going forward or require additional disclosure.