

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
WITH  
INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying consolidated financial statements of the International Association for the Study of Lung Cancer, the Early Lung Imaging Confederation, LLC, the International Lung Cancer Foundation, and the IASLC Foundation, LLC (collectively the "Association"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2023 and 2022, 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 Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Association'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 Association'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 audits.

*Causey Demgou & Moore P.C.*

Denver, Colorado

October 15, 2024

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2023 and 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 6,067,098	\$ 623,433
Restricted cash (Note 2)	5,838,777	6,500,936
Accounts receivable	4,006,644	4,783,308
Prepaid expenses and other, current	<u>1,493,979</u>	<u>1,875,985</u>
Total current assets	17,406,498	13,783,662
Property and equipment, at cost:		
Furniture, equipment and software	1,060,436	1,060,436
Leasehold improvements	<u>896,360</u>	<u>882,019</u>
	1,956,796	1,942,455
Less accumulated depreciation	<u>(1,289,358)</u>	<u>(995,283)</u>
Net property and equipment	667,438	947,172
Right of use assets, net (Note 6)	904,283	1,131,251
Other assets:		
Investments in marketable securities (Notes 3 and 7)	9,978,582	8,178,483
Prepaid expenses and other, net of current	24,561	-
Restricted cash (Note 2)	<u>2,044,327</u>	<u>1,341,327</u>
Total other assets	<u>12,047,470</u>	<u>9,519,810</u>
Total assets	<u>\$ 31,025,689</u>	<u>\$ 25,381,895</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,316,837	\$ 1,176,596
Current portion of operating lease obligations (Note 6)	<u>234,669</u>	<u>220,498</u>
Total current liabilities	1,551,506	1,397,094
Noncurrent liabilities:		
Operating lease obligations, net of current portion (Note 6)	<u>723,951</u>	<u>958,620</u>
Total liabilities	2,275,457	2,355,714
Commitments (Note 5)		
Net assets:		
Without donor restrictions	20,867,128	15,183,918
With donor restrictions (Note 2)	<u>7,883,104</u>	<u>7,842,263</u>
Total net assets	<u>28,750,232</u>	<u>23,026,181</u>
Total liabilities and net assets	<u>\$ 31,025,689</u>	<u>\$ 25,381,895</u>

See accompanying notes.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Unrestricted support:		
Meeting income	\$ 17,562,860	\$ 13,462,619
Scientific programs and publications (Note 5)	5,061,813	3,231,770
Research grants	322,403	843,750
Membership dues	843,930	667,983
Other	<u>293,423</u>	<u>185,209</u>
Total unrestricted support	24,084,429	18,391,331
Other unrestricted revenues (losses):		
Foreign currency gain (loss)	11,330	(100,119)
Net realized and unrealized gain (loss) on investments	1,130,379	(1,518,542)
Loss on disposal of property and equipment	-	(92,848)
Investment income	<u>533,200</u>	<u>210,228</u>
Total other unrestricted revenues (loss), net	<u>1,674,909</u>	<u>(1,501,281)</u>
Total unrestricted support and other revenues	25,759,338	16,890,050
Expenses:		
Meetings (Note 5)	11,075,085	7,805,094
Scientific programs and publications (Note 5)	4,200,385	3,146,193
Research grants	371,261	1,523,045
Membership	990,070	868,656
Other programs	588,276	139,995
Fundraising	547,643	533,630
General and administrative	<u>2,306,108</u>	<u>2,111,290</u>
Total expenses	<u>20,078,828</u>	<u>16,127,903</u>
Increase in net assets without donor restrictions	5,680,510	762,147
Changes in net assets with donor restrictions:		
Corporate contributions	10,427,225	6,046,974
Reclassifications - net assets released from restrictions by satisfaction of program restrictions	<u>(10,383,684)</u>	<u>(3,363,724)</u>
(Increase) decrease in net assets with donor restrictions	<u>43,541</u>	<u>2,683,250</u>
Increase in total net assets	5,724,051	3,445,397
Net assets at beginning of year	<u>23,026,181</u>	<u>19,580,784</u>
Net assets at end of year	<u>\$ 28,750,232</u>	<u>\$ 23,026,181</u>

See accompanying notes.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**

	<u>Meetings</u>	Scientific programs and <u>publications</u>	Research <u>Grants</u>	<u>Membership</u>	Other <u>programs</u>	<u>Fundraising</u>	General and <u>administrative</u>	<u>Total</u>
Expenses:								
Direct program expenses	\$ 9,404,853	\$ 2,814,306	\$ 141,100	\$ 13,971	\$ 424,802	\$ 167,174	\$ 10,313	\$ 12,976,519
Payroll and benefits	1,029,777	947,764	158,159	488,084	109,124	254,057	1,638,779	4,625,744
Consulting and temporary help	68,420	59,905	4,631	15,474	3,857	7,332	26,997	186,616
Occupancy	61,658	43,957	9,626	32,166	8,021	15,241	56,121	226,790
Office expense	83,993	85,850	9,339	70,332	10,561	16,130	43,086	319,291
Membership promotion	25,834	15,328	3,356	32,435	2,797	5,314	19,569	104,633
Travel	56,951	14,837	3,125	22,863	2,607	8,470	18,219	127,072
Communications	18,975	12,067	7,714	7,412	1,838	4,533	12,862	65,401
Board meetings	-	-	-	-	-	-	307,575	307,575
IT and computer related	159,473	80,354	12,487	186,174	7,667	37,088	53,637	536,880
Depreciation and amortization	143,052	110,619	17,031	109,892	14,192	26,965	99,292	521,043
Professional fees and other	22,099	15,398	4,693	11,267	2,810	5,339	19,658	81,264
Total expenses	<u>\$ 11,075,085</u>	<u>\$ 4,200,385</u>	<u>\$ 371,261</u>	<u>\$ 990,070</u>	<u>\$ 588,276</u>	<u>\$ 547,643</u>	<u>\$ 2,306,108</u>	<u>\$ 20,078,828</u>

See accompanying notes.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**

	<u>Meetings</u>	Scientific <u>Programs and Publications</u>	Research <u>Grants</u>	<u>Membership</u>	Other <u>Programs</u>	<u>Fundraising</u>	General and <u>Administrative</u>	<u>Total</u>
Expenses:								
Direct program expenses	\$ 6,719,850	\$ 2,110,711	\$ 1,367,599	\$ -	\$ 32,811	\$ -	\$ -	\$ 10,230,971
Payroll and benefits	611,986	623,336	94,870	420,782	69,037	384,079	1,400,214	3,604,304
Consulting and temporary help	81,772	94,476	24,342	38,243	6,430	23,262	218,798	487,323
Occupancy	64,204	20,798	8,672	14,046	2,561	9,266	94,310	213,857
Office expense	36,682	102,812	2,180	91,698	12,554	46,306	41,874	334,106
Education	18,000	-	-	-	-	-	-	18,000
Membership promotion	-	-	-	14,833	-	-	-	14,833
Travel	43,725	24,673	7,631	25,875	2,950	10,872	26,621	142,347
Communications	12,099	19,227	1,705	7,249	1,322	5,041	11,533	58,176
Board meetings	-	-	-	-	-	-	135,348	135,348
IT and computer related	107,666	62,846	6,126	172,904	6,726	34,531	58,159	448,958
Depreciation and amortization	109,110	87,314	-	83,026	5,604	20,273	50,578	355,905
Professional fees and other	-	-	9,920	-	-	-	73,855	83,775
Total expenses	<u>\$ 7,805,094</u>	<u>\$ 3,146,193</u>	<u>\$ 1,523,045</u>	<u>\$ 868,656</u>	<u>\$ 139,995</u>	<u>\$ 533,630</u>	<u>\$ 2,111,290</u>	<u>\$ 16,127,903</u>

See accompanying notes.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets from operating activities	\$ 5,724,051	\$ 3,445,397
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	294,075	355,905
Loss on disposal of assets	-	92,848
Net realized and unrealized loss (gain) on investments	(1,130,379)	1,518,542
Changes in assets and liabilities:		
Accounts receivable	776,664	(2,930,651)
Right of use assets and liabilities, net	6,470	12,752
Prepaid expenses and other	357,445	(134,029)
Accounts payable and accrued expenses	<u>140,241</u>	<u>(513,706)</u>
Net cash provided by (used in) operating activities	6,168,567	1,847,058
Cash flows from investing activities:		
Acquisition of equipment	(14,341)	(29,722)
Net sales (purchases) of investments	<u>(669,720)</u>	<u>310,545</u>
Net cash (used in) provided by investing activities	<u>(684,061)</u>	<u>280,823</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	5,484,506	2,127,881
Cash, cash equivalents and restricted cash - beginning of year	<u>8,465,696</u>	<u>6,337,815</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 13,950,202</u>	<u>\$ 8,465,696</u>
Cash	\$ 6,067,098	\$ 623,433
Restricted cash	<u>7,883,104</u>	<u>7,842,263</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 13,950,202</u>	<u>\$ 8,465,696</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, 2023 and 2022**

1. Basis of presentation and summary of significant accounting policies

Organization:

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. The IRS has approved IASLC’s tax-exempt status under the provision of Internal Revenue Code Section 501(c)(3).

On August 14, 2013, the Association formed the IASLC Foundation (the “Foundation”). On December 13, 2018, the Association formed the Early Lung Imaging Confederation, LLC (“ELIC”). On October 14, 2019 the Association formed the International Lung Cancer Foundation (“ILCF”). In November 2022, the Association formed the IASLC Foundation, LLC (“IASLCF”). The Association is the sole voting member of the previous entities. The Executive Committee of IASLC is the initial board of the Foundation, ELIC, ILCF and IASLCF. As of December 31, 2022, it was agreed by the Board to discontinue operations of ILCF and the Foundation. IASLC, ELIC, ILCF, the Foundation and IASLCF are herein collectively referred to as the “Association”. All intercompany balances and activity have been eliminated in the accompanying consolidated 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 research grants received is to apply the grants received in one year to research grants 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>
Direct program expenses	Time and effort
Payroll and benefits	Time and effort
Consulting and temporary help	Time and effort
Occupancy	Square footage
Office expense	Time and effort
Education	Time and effort
Membership promotion	Time and effort

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2023 and 2022**

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

Travel	Time and effort
Communications	Time and effort
Board meetings	Time and effort
IT and computer related	Time and effort
Depreciation and amortization	Square footage
Professional fees and other	Time and effort

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.

New accounting pronouncements:

On January 1, 2023, the Association adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements, which adds a new Topic 326 to the Codification and removes the thresholds that companies apply to measure credit losses on financial instruments measured at amortized cost, such as loans, receivables, and held-to-maturity debt securities. The adoption of this update did not have an impact on the consolidated financial statements.

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, 2023 and 2022 and at various times during the years then ended, the balance exceeded the FDIC insurance limit of \$250,000 per account. At December 31, 2023 and 2022, 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. Investment 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 Statements of Financial Position and the Consolidated Statements of Activities.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2023 and 2022**

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

Accounts receivable:

The Association considers accounts receivable to be fully collectible, accordingly, no allowance for estimated credit losses is required. At December 31, 2023 and 2022, \$1,195,570 and \$1,320,495, respectively, of accounts receivable are more than 90 days past due.

Pledges receivable:

There were no unconditional promises to give related to research grants (pledges receivable) as of December 31, 2023 and 2022, respectively.

Investments in marketable securities:

At the end of the year, investments are recorded at fair value in the consolidated statements of financial position and realized and unrealized gains and losses are recorded in the consolidated statements 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. Gains and losses on currency fluctuations are reflected in the statements of activities.

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, 2023 and 2022 amounted to \$95,964 and \$27,195, 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, 2023 and 2022.

The Association classifies penalties and interest related to income tax liabilities as income tax expense. As of December 31, 2023 and 2022, No interest and penalties have been incurred.

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2023 and 2022**

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

Leases:

The Association adopted ASU 2016-02: Leases (Topic 842) as of January 1, 2022. The Association determines if an arrangement is a lease at inception. Operating leases are included in the right-of-use (ROU) assets, current operating lease liabilities and noncurrent operating lease liabilities in the Association's balance sheet.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

As the discount rate in the Association's lease is not implicit, the Association elected the accounting policy to use the risk-free rate, applying it to the Association's operating leases.

Leases with a term of 12 months or less are not recorded on the balance sheet. The Association's lease agreements do not contain any residual value guarantees.

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, 2027.

Comparative amounts:

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the financial results.

2. Net assets with donor restrictions

Amounts included in restricted cash represent those funds set aside by agreement with the donor and correspond 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>2023</u>	<u>2022</u>
Meetings	\$ 1,027,150	\$ 1,675,000
World conference	815,000	1,521,000
Science programs and publications	2,515,132	2,312,333
Journal of Thoracic Oncology	428,571	-
Fellowships and donations	1,615,755	1,138,567
Membership	721,408	611,731
Other	<u>760,088</u>	<u>583,632</u>
Net assets with donor restrictions	<u>\$ 7,883,104</u>	<u>\$ 7,842,263</u>

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2023 and 2022**

3. Investments in marketable securities

Investments in marketable securities consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Common stocks	\$ 6,551,455	\$ 5,597,252
Mutual funds and exchange traded funds	2,534,309	1,516,376
Alternative investments	<u>892,818</u>	<u>1,064,855</u>
	<u>\$ 9,978,582</u>	<u>\$ 8,178,483</u>

4. Availability and liquidity

The following represents the Association's financial assets at December 31, 2023 and 2022:

Financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,067,098	\$ 623,433
Restricted cash	7,883,104	7,842,263
Accounts receivable	4,006,644	4,783,308
Investments in marketable securities	<u>9,978,582</u>	<u>8,178,483</u>
Total financial assets	27,935,428	21,427,487
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,883,104	7,842,263
Less net assets with purpose restrictions to be met in less than a year	<u>(5,838,777)</u>	<u>(6,500,936)</u>
	<u>2,044,327</u>	<u>1,341,327</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 25,891,101</u>	<u>\$ 20,086,160</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

The Association has entered into a cancelable Conference Management Agreement for services related to the preparation and coordination of the 2013 through 2022 annual 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 and \$220,000 with an inflation increase, not to exceed 3% per year, commencing 2020 plus an additional fee for attendees in excess of an agreed upon number each year. In June 2022, the Association entered into a Conference Management Agreement for services related to the

**INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2023 and 2022**

5. Commitments and contingencies (continued)

preparation and coordination of the 2023 through 2025 annual conferences. The minimum annual management fees due under the agreement for the 2023 world conference is \$275,000 for up to 4,000 registrants plus fees for additional registrants and other services. The agreement also calls for a minimum fee of \$66,500 for other conferences with up to 500 registrants plus fees for additional registrants.

For the years ended December 31, 2023 and 2022, the Association paid management fees of \$881,831 and \$868,096, respectively.

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 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, 2023 and 2022, in accordance with the agreement, the Association paid the Editor \$100,000 each year through the term of the agreement which expired December 31, 2023. A new agreement was entered into as of January 1, 2024 whereas the Association agreed to pay the Editor \$105,000 each year for services. The new agreement expires December 31, 2026.

On November 21, 2014, the Association entered into a publishing agreement with an entity (the "Publisher") to publish the Journal. The Association received an up-front payment of \$1,750,000 in 2015 from the Publisher 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 through its original expiration date of December 31, 2022. On June 9, 2022, the Association extended the agreement through 2029. The Association will receive royalties of 50% of the Publisher's revenues from the Journal subject to a guaranteed \$772,784 for 2023 increasing annually to \$802,555 for 2029.

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. For the years ended December 31, 2023 and 2022, the Association recognized \$737,686 and \$1,027,703 of revenue related to this project, respectively.

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

The Association entered into a line of credit with the custodian of the Association's investments on June 17, 2020 with a borrowing base of \$1.8 million. For the years ended December 31, 2023 and 2022, there were no borrowings or repayments on the line of credit. The balance on the line of credit at December 31, 2023 and 2022 was \$0.

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6. Lease obligation

The Association has an operating lease for the corporate office. The office space lease commenced on April 1, 2020 and terminates September 30, 2027.

The components of lease expense were as follows:

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 263,393	\$ 263,395

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. Rent expense amounted to \$384,033 and \$306,814 for the years ended December 31, 2023 and 2022, respectively.

Supplemental consolidated statement of financial position information related to the lease was as follows:

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
Operating lease:		
Operating lease ROU asset	<u>\$ 904,283</u>	<u>\$ 1,131,251</u>
Current operating lease liability	\$ 234,669	\$ 220,498
Noncurrent operating lease liability	<u>723,951</u>	<u>958,620</u>
Total operating lease liability	<u>\$ 958,620</u>	<u>\$ 1,179,118</u>

Weighted average remaining lease term (in years):

Operating lease	4.0	5.0
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Weighted average discount rate:

Operating lease	3.5%	3.5%
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Supplemental cash flow and other information related to the lease was as follows:

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 256,923	\$ 250,641
Right of use asset obtained in exchange for lease liability:		
Operating lease	\$ -	\$ 1,351,451

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6. Lease obligation (continued)

Maturities of the lease liability were as follows:

For the year ending December 31,	Operating Lease
2024	\$ 263,345
2025	269,922
2026	276,691
2027	<u>211,384</u>
Total lease payments	1,021,342
Less amount representing interest	<u>(62,722)</u>
Total lease obligation	958,620
Less current portion	<u>(234,669)</u>
Long-term lease obligation	<u><u>\$ 723,951</u></u>

7. 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;
- 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.



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7. Fair value measurements (continued)

The asset or liability 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.

The 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, 2023 and 2022:

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.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and mutual funds:				
Consumer discretionary	\$ 705,308	\$ -	\$ -	\$ 705,308
Consumer staples	421,867	-	-	421,867
Energy	303,217	-	-	303,217
Financials	1,067,850	-	-	1,067,850
Health care	718,492	-	-	718,492
Industrials	692,125	-	-	692,125
Information technology	1,595,183	-	-	1,595,183
Materials	290,033	-	-	290,033
Telecommunication services	468,008	-	-	468,008
Utilities	151,608	-	-	151,608
Real Estate	131,833	-	-	131,833
Other	5,931	-	-	5,931
Total common stocks	6,551,455	-	-	6,551,455
Cash	-	-	-	-
Mutual funds, fixed income	2,534,309	-	-	2,534,309
Total investments in the fair value hierarchy	9,085,764	-	-	9,085,764
Investments measured at net asset value (1)	-	-	-	892,818
Investments at fair value	<u>\$ 9,085,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,978,582</u>

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7. 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and mutual funds:				
Consumer discretionary	\$ 576,517	\$ -	\$ -	\$ 576,517
Consumer staples	436,586	-	-	436,586
Energy	319,043	-	-	319,043
Financials	839,588	-	-	839,588
Health care	755,629	-	-	755,629
Industrials	570,920	-	-	570,920
Information technology	1,130,645	-	-	1,130,645
Materials	279,863	-	-	279,863
Telecommunication services	380,613	-	-	380,613
Utilities	167,918	-	-	167,918
Real Estate	134,334	-	-	134,334
Other	5,596	-	-	5,596
Total common stocks	5,597,252	-	-	5,597,252
Cash	-	-	-	-
Mutual funds, fixed income	1,516,376	-	-	1,516,376
Total investments in the fair value hierarchy	7,113,628	-	-	7,113,628
Investments measured at net asset value (1)	-	-	-	1,064,855
Investments at fair value	<u>\$ 7,113,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,178,483</u>

The following tables summarize investments for which fair value is measured using the net asset value per share expedient as of December 31, 2023 and 2022:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
December 31, 2023				
Alternative investments	<u>\$ 892,818</u>	n/a	Quarterly	21-42 days
Investments measured at net asset value (1)	<u>\$ 892,818</u>			
December 31, 2022				
Alternative investments	<u>\$ 1,064,855</u>	n/a	Daily	n/a
Investments measured at net asset value (1)	<u>\$ 1,064,855</u>			

(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 statements of financial position.

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8. 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 December 31, 2023 and 2022 the Association elected to match 200% of the employee deferrals up to 5% of compensation. For the years ended December 31, 2023 and 2022 the Association contributed \$300,478 and \$276,571 to the Plan, respectively.

9. Subsequent events

The Association has evaluated all subsequent events from December 31, 2023 through October 15, 2024, which is the date the financial statements were available for issuance. There have been no additional material events, except for as noted below, in this period which would impact the results reflected in this report, the Association’s results going forward or require additional disclosure.

On December 12, 2023, the Association entered into an office lease agreement with a commencement date of January 1, 2024. The office lease agreement will terminate March 31, 2027.

On November 14, 2023, the Association entered into an office sublease agreement with a commencement date of January 1, 2024. The office sublease agreement is for the Association’s previous office space which was replaced with the new office lease entered into on December 12, 2023. The office sublease agreement will terminate along with the Association’s original office lease on September 30, 2027.