



INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
WITH
INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To 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 and the Early Lung Imaging Confederation, LLC (collectively the "Association"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted

auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Report on 2023 Financial Statements and Restatement

The financial statements of the International Association for the Study of Lung Cancer and the Early Lung Imaging Confederation, LLC as of December 31, 2023, were audited by other auditors whose report dated October 15, 2024, stated they were not aware of material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America and expressed an unmodified opinion on those financial statements. As more fully described in Note 1 to the financial statements, the Association has restated its 2023 financial statements, in accordance with accounting principle generally accepted in the United States of America. The other auditors reported on the 2023 financial statements before the restatement.

As part of our audit of the 2024 financial statements, we also audited adjustments described in Note 1 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the Association other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

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

Haynie & Company

Littleton, Colorado

July 24, 2025

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u> (Restated)
Current assets:		
Cash and cash equivalents, restated (Note 1)	\$ 12,623,689	\$ 6,379,731
Restricted cash, restated (Notes 1, 2 & 4)	6,314,158	5,523,444
Accounts receivable	1,243,579	4,006,644
Prepaid expenses and other, current	<u>1,157,558</u>	<u>1,493,979</u>
Total current assets	21,338,984	17,403,798
Property and equipment, at cost:		
Furniture, equipment and software	1,060,436	1,060,436
Leasehold improvements	<u>930,181</u>	<u>896,360</u>
	1,990,617	1,956,796
Less accumulated depreciation	<u>(1,505,291)</u>	<u>(1,289,358)</u>
Net property and equipment	485,326	667,438
Right of use assets, net (Note 6)	899,994	904,283
Other assets:		
Investments in marketable securities (Notes 3 and 7)	11,384,927	9,978,582
Prepaid expenses and other, net of current	126,657	24,561
Restricted cash (Notes 2 & 4)	<u>1,320,038</u>	<u>2,047,027</u>
Total other assets	<u>12,831,622</u>	<u>12,050,170</u>
Total assets	<u>\$ 35,555,926</u>	<u>\$ 31,025,689</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable and accrued expenses, restated (Note 1)	\$ 1,689,131	\$ 863,577
Current portion of operating lease obligations (Note 6)	<u>356,560</u>	<u>234,669</u>
Total current liabilities, restated (Note 1)	2,045,691	1,098,246
Noncurrent liabilities:		
Operating lease obligations, net of current portion (Note 6)	<u>621,869</u>	<u>723,951</u>
Total liabilities, restated (Note 1)	2,667,560	1,822,197
Commitments (Note 5)		
Net assets:		
Without donor restrictions, restated (Notes 1 & 2)		
Designated by the Board for projects	2,200,000	1,000,000
Undesignated	23,054,170	20,633,021
With donor restrictions, restated (Notes 1 & 2)	<u>7,634,196</u>	<u>7,570,471</u>
Total net assets, restated (Note 1)	<u>32,888,366</u>	<u>29,203,492</u>
Total liabilities and net assets	<u>\$ 35,555,926</u>	<u>\$ 31,025,689</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> (Restated)
Changes in net assets without donor restrictions:		
Unrestricted support:		
Meeting income	\$ 20,626,845	\$ 17,562,860
Scientific programs and publications, restated (Notes 1 & 5)	4,165,334	5,377,146
Research grants	1,082,914	322,403
Membership dues	794,346	843,930
Other	<u>840,315</u>	<u>293,423</u>
Total unrestricted support, restated (Note 1)	27,509,754	24,399,762
Other unrestricted revenues (losses):		
Foreign currency gain (loss)	(24,550)	11,330
Net realized and unrealized gain (loss) on investments	1,116,744	1,130,379
Investment income	<u>979,330</u>	<u>533,200</u>
Total other unrestricted revenues (loss), net	<u>2,071,524</u>	<u>1,674,909</u>
Total unrestricted support and other revenues, restated (Note 1)	29,581,278	26,074,671
Expenses:		
Meetings (Note 5)	14,213,272	11,075,085
Scientific programs and publications, restated (Notes 1 & 5)	4,386,353	3,747,125
Research grants	1,690,530	371,261
Membership	911,413	990,070
Other programs	854,930	588,276
Fundraising	337,778	547,643
General and administrative (Note 5)	<u>3,565,853</u>	<u>2,306,108</u>
Total expenses, restated (Note 1)	<u>25,960,129</u>	<u>19,625,568</u>
Increase in net assets without donor restrictions, restated (Note 1)	3,621,149	6,449,103
Changes in net assets with donor restrictions:		
Corporate contributions, restated (Note 1)	14,422,319	10,111,892
Reclassifications - net assets released from restrictions		
by satisfaction of program restrictions	<u>(14,358,594)</u>	<u>(10,383,684)</u>
(Increase) decrease in net assets		
with donor restrictions, restated (Note 1)	<u>63,725</u>	<u>(271,792)</u>
Increase in total net assets, restated (Note 1)	3,684,874	6,177,311
Net assets at beginning of year	<u>29,203,492</u>	<u>23,026,181</u>
Net assets at end of year, restated (Note 1)	<u><u>\$ 32,888,366</u></u>	<u><u>\$ 29,203,492</u></u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	<u>Meetings</u>	<u>Scientific programs and publications</u>	<u>Research Grants</u>	<u>Membership</u>	<u>Other programs</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>
Expenses:								
Direct program expenses	\$ 12,668,033	\$ 2,567,288	\$ 1,435,492	\$ 17,858	\$ 536,461	\$ 937	\$ 16,502	\$ 17,242,571
Payroll and benefits	1,044,430	1,360,995	194,531	387,836	247,271	244,226	1,912,819	5,392,108
Consulting and temporary help	93,480	96,051	3,307	7,024	2,002	2,680	4,832	209,376
Occupancy	62,883	57,277	12,349	26,231	13,558	18,155	365,896	556,349
Office expense	75,975	62,294	13,098	51,618	15,721	22,380	41,524	282,610
Membership promotion	-	-	-	134,908	-	-	-	134,908
Travel	64,572	14,087	1,934	5,494	2,064	3,602	12,286	104,039
Communications	25,424	67,822	5,469	6,519	3,369	4,512	18,122	131,237
Board meetings	-	-	-	-	-	-	355,444	355,444
IT and computer related	109,615	99,737	11,840	207,615	13,153	22,894	72,111	536,965
Depreciation and amortization	43,705	37,909	7,852	56,416	8,621	11,544	49,886	215,933
Professional fees and other	25,154	22,893	4,658	9,895	12,710	6,848	29,594	111,752
Committee	-	-	-	-	-	-	686,837	686,837
Total expenses	<u>\$ 14,213,272</u>	<u>\$ 4,386,353</u>	<u>\$ 1,690,530</u>	<u>\$ 911,413</u>	<u>\$ 854,930</u>	<u>\$ 337,778</u>	<u>\$ 3,565,853</u>	<u>\$ 25,960,129</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> (Restated)	Research <u>Grants</u>	<u>Membership</u>	Other <u>programs</u>	<u>Fundraising</u>	General and <u>administrative</u>	<u>Total</u> (Restated)
Expenses:								
Direct program expenses, restated (Note 1)	\$ 9,404,853	\$ 2,361,046	\$ 141,100	\$ 13,971	\$ 424,802	\$ 167,174	\$ 10,313	\$ 12,523,259
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	123,972	92,143	17,045	80,035	14,203	26,987	99,373	453,758
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	80,738	62,433	9,612	62,023	8,010	15,219	56,040	294,075
Professional fees and other	22,099	15,398	4,693	11,267	2,810	5,339	19,658	81,264
Total expenses, restated (Note 1)	<u>\$ 11,075,085</u>	<u>\$ 3,747,125</u>	<u>\$ 371,261</u>	<u>\$ 990,070</u>	<u>\$ 588,276</u>	<u>\$ 547,643</u>	<u>\$ 2,306,108</u>	<u>\$ 19,625,568</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> (Restated)
Cash flows from operating activities:		
Increase in net assets from operating activities, restated (Note 1)	\$ 3,684,874	\$ 6,177,311
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	215,933	294,075
Net realized and unrealized (gain) on investments	(1,116,744)	(1,130,379)
Changes in assets and liabilities:		
Accounts receivable	2,763,065	776,664
Right of use assets and liabilities, net	24,098	6,470
Prepaid expenses and other	234,325	357,445
Accounts payable and accrued expenses, restated (Note 1)	<u>825,554</u>	<u>(313,019)</u>
Net cash provided by (used in) operating activities	6,631,105	6,168,567
Cash flows from investing activities:		
Acquisition of equipment	(33,821)	(14,341)
Net sales (purchases) of investments	<u>(289,601)</u>	<u>(669,720)</u>
Net cash (used in) provided by investing activities	<u>(323,422)</u>	<u>(684,061)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	6,307,683	5,484,506
Cash, cash equivalents and restricted cash - beginning of year	<u>13,950,202</u>	<u>8,465,696</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 20,257,885</u>	<u>\$ 13,950,202</u>
 Cash, restated (Note 1)	 \$ 12,623,689	 \$ 6,379,731
Restricted cash, restated (Note 1)	<u>7,634,196</u>	<u>7,570,471</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 20,257,885</u>	<u>\$ 13,950,202</u>

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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. As of December 27, 2024, it was agreed by the Board to discontinue operations of ELIC. 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.

Prior period restatement, correction of an error:

The Association determined that certain information was previously reported incorrectly at December 31, 2023, and for the year then ended. Certain membership revenues were erroneously deferred when their performance obligation had already been entirely fulfilled, which overstated balances in restricted cash and net assets with donor restrictions, while understating cash and cash equivalents, as well as net assets without donor restrictions. Additionally, the Association determined that certain balances in accrued expenses were accrued in error, resulting in an overstatement of accrued expenses and an understatement of total net assets. These prior period adjustments are reflected in the following:

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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

	<u>December 31, 2023</u>
Cash and cash equivalents - as previously reported	\$ 6,064,398
Prior period adjustments	<u>315,333</u>
Cash and cash equivalents - restated	<u>\$ 6,379,731</u>
 Restricted cash - as previously reported	 \$ 5,838,777
Prior period adjustments	<u>(315,333)</u>
Restricted cash - restated	<u>\$ 5,523,444</u>
 Accounts payable and accrued expenses - as previously reported	 \$ 1,316,837
Prior period adjustments	<u>(453,260)</u>
Accounts payable and accrued expenses - restated	<u>\$ 863,577</u>
 Net assets: without donor restrictions - as previously reported	 \$ 20,864,428
Prior period adjustments	<u>768,593</u>
Net assets: without donor restrictions - restated	<u>\$ 21,633,021</u>
 Net assets: with donor restrictions - as previously reported	 \$ 7,885,804
Prior period adjustments	<u>(315,333)</u>
Net assets: with donor restrictions - restated	<u>\$ 7,570,471</u>
 Increase in total net assets - as previously reported	 \$ 5,724,051
Prior period adjustments	<u>453,260</u>
Increase in total net assets - restated	<u>\$ 6,177,311</u>

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.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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

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
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.

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, 2024 and 2023 and at various times during the years then ended, the balance exceeded the FDIC insurance limit of \$250,000 per account. At December 31, 2024 and 2023, the majority of cash and cash equivalents were invested in numerous certificates of deposit within the FDIC limits.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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

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.

Accounts receivable:

The Association considers accounts receivable to be fully collectible, accordingly, no allowance for estimated credit losses is required. At December 31, 2024 and 2023, \$241,544 and \$1,195,570, 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, 2024 and 2023, 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, 2024 and 2023 amounted to \$115,485 and \$95,964, 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.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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

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, 2024 and 2023.

The Association classifies penalties and interest related to income tax liabilities as income tax expense. As of December 31, 2024 and 2023, No interest and penalties have been incurred.

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.

In December 2023, the Association entered into another office space lease for roughly a three-year period, which commenced on January 1, 2024, and terminates March 31, 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.

Revenue recognition in accordance with ASC 606:

The Association recognizes revenues in accordance with FASB ASC Subtopic 606-10 Revenue Recognition. To recognize revenue, they apply the following five step approach: (1) identify the

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

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

contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied. The Association accounts for a contract based on the terms and conditions the parties agree to, the contract has commercial substance and collectability of consideration is probable. The Association applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience.

The Association recognizes revenue from meeting income when the performance obligations of providing meeting or conferences are met (i.e., the event is held and occurred). Membership dues, are recognized ratably over the membership period because the benefits to Association members are consistent throughout the year. Payments are required at the start of the membership period; amounts received in advance are deferred to the applicable period. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

The Association recognizes contributions to its programs when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Consequently, at December 31, 2024 and 2023, \$7,634,196 and \$7,570,471, respectively, have not been recognized in the statement of activities because the condition on which they depend have not yet been met.

2. Net assets

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>2024</u>	<u>2023</u> (Restated)
Meetings	\$ 1,609,813	\$ 1,027,150
World Conference	1,470,000	815,000
Science Programs and Publications, restated (Note 1)	1,730,737	2,199,799
Journal of Thoracic Oncology	357,143	428,571
Fellowships and Donations	1,120,401	1,615,755
Membership	724,738	721,408
Other	<u>621,364</u>	<u>762,788</u>
	<u>\$ 7,634,196</u>	<u>\$ 7,570,471</u>

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2. Net assets (continued)

Net assets without donor restrictions consist of the following board-designated amounts:

	<u>2024</u>	<u>2023</u>
Committee Projects	\$ 900,000	\$ 450,000
Research Grants	500,000	250,000
Staging 9 Project	300,000	-
External Resources	200,000	200,000
Education	200,000	-
Office	100,000	100,000
Undesignated	<u>23,054,170</u>	<u>20,633,021</u>
	<u>\$25,254,170</u>	<u>\$21,633,021</u>

The board-designated amounts are based on prior year operating surplus and are designated to be used on future projects.

3. Investments in marketable securities

Investments in marketable securities consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Common stocks	\$ 7,371,747	\$ 6,551,455
Mutual funds and exchange traded funds	3,112,011	2,534,309
Alternative investments	<u>901,169</u>	<u>892,818</u>
	<u>\$11,384,927</u>	<u>\$ 9,978,582</u>

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
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For the years ended December 31, 2024 and 2023

4. Availability and liquidity

The following represents the Association's financial assets at December 31, 2024 and 2023:

Financial assets at year end:	<u>2024</u>	<u>2023</u> (Restated)
Cash and cash equivalents, restated (Note 1)	\$ 12,623,689	\$ 6,379,731
Restricted cash, restated (Note 1)	7,634,196	7,570,471
Accounts receivable	1,243,579	4,006,644
Investments in marketable securities	<u>11,384,927</u>	<u>9,978,582</u>
Total financial assets	32,886,391	27,935,428
Less amounts not available to be used within one year:		
Net assets with donor restrictions, restated (Note 1)	7,634,196	7,570,471
Less net assets with purpose restrictions to be met in less than a year, restated (Note 1)	<u>(6,314,158)</u>	<u>(5,523,444)</u>
	<u>1,320,038</u>	<u>2,047,027</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 31,566,353</u>	<u>\$ 25,888,401</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 June 2022, the Association entered into a Conference Management Agreement for services related to the preparation and coordination of the 2023 through 2025 annual conferences. The minimum annual management fees due under the agreement for the 2023 and 2024 world conferences 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, 2024 and 2023, the Association paid management fees of \$762,223 and \$881,831, 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

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For the years ended December 31, 2024 and 2023

5. Commitments and contingencies (continued)

content of the Journal. For the years ended December 31, 2024 and 2023, 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, 2024 and 2023, the Association recognized \$384,799 and \$737,686 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.

6. Lease obligation

The Association has operating leases for the corporate office as well previous office space subleased to another tenant. The original office space lease commenced on April 1, 2020, and terminates September 30, 2027, with the subletting of the office space beginning January 1, 2024. The Association's current office space commenced on January 1, 2024, and terminates March 31, 2027.

The components of lease expense were as follows:

	Year Ended December 31,	
	2024	2023
Operating lease cost	\$ 375,311	\$ 263,393
Sublease income	(366,334)	-
Net lease cost	<u>\$ 8,977</u>	<u>\$ 263,393</u>

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6. Lease obligation (continued)

Monthly rental payments of the original lease escalate periodically over the term of the lease and range from \$20,248 to \$23,487 from lease inception to termination, respectively. Monthly rental payments of the current office lease escalate periodically over the term of the lease and range from \$9,763 to \$10,258 from lease inception to termination, respectively. Rent expense amounted to \$556,349 and \$453,758 for the years ended December 31, 2024 and 2023, respectively.

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

	Year Ended December 31,	
	<u>2024</u>	<u>2023</u>
Operating lease:		
Operating lease ROU asset	<u>\$ 899,994</u>	<u>\$ 904,283</u>
Current operating lease liability	\$ 356,560	\$ 234,669
Noncurrent operating lease liability	<u>621,869</u>	<u>723,951</u>
Total operating lease liability	<u>\$ 978,429</u>	<u>\$ 958,620</u>
Weighted average remaining lease term (in years):		
Operating lease	2.6	4.0
Weighted average discount rate:		
Operating lease	4.3%	3.5%

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

	Year Ended December 31,	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 351,213	\$ 256,923
Right of use asset obtained in exchange for lease liability:		
Operating lease	\$ 323,502	\$ -

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For the years ended December 31, 2024 and 2023

6. Lease obligation (continued)

Maturities of the lease liability were as follows:

For the year ending December 31,	Operating Lease
2025	\$ 389,266
2026	399,029
2027	<u>242,157</u>
Total lease payments	1,030,452
Less amount representing interest	<u>(52,023)</u>
Total lease obligation	978,429
Less current portion	<u>(356,560)</u>
Long-term lease obligation	<u><u>\$ 621,869</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.

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7. Fair value measurements (continued)

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

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, 2024 and 2023:

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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and mutual funds:				
Consumer discretionary	\$ 785,140	\$ -	\$ -	\$ 785,140
Consumer staples	455,545	-	-	455,545
Energy	309,405	-	-	309,405
Financials	1,316,537	-	-	1,316,537
Health care	741,163	-	-	741,163
Industrials	777,052	-	-	777,052
Information technology	1,749,081	-	-	1,749,081
Materials	264,708	-	-	264,708
Telecommunication services	595,703	-	-	595,703
Utilities	186,565	-	-	186,565
Real Estate	175,350	-	-	175,350
Other	15,498	-	-	15,498
Total common stocks	7,371,747	-	-	7,371,747
Mutual funds, fixed income	3,112,011	-	-	3,112,011
Total investments in the fair value hierarchy	10,483,758	-	-	10,483,758
Investments measured at net asset value (1)	-	-	-	901,169
Investments at fair value	<u>\$ 10,483,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,384,927</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, 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
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>

The following tables summarize investments for which fair value is measured using the net asset value per share expedient as of December 31, 2024 and 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
December 31, 2024				
Alternative investments	\$ 901,169	n/a	Quarterly	21-42 days
Investments measured at net asset value (1)	<u>\$ 901,169</u>			
December 31, 2023				
Alternative investments	\$ 892,818	n/a	Daily	21-42 days
Investments measured at net asset value (1)	<u>\$ 892,818</u>			

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7. 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 statements of financial position.

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, 2024 and 2023, the Association elected to match 200% of the employee deferrals up to 5% of compensation. For the years ended December 31, 2024 and 2023, the Association contributed \$375,429 and \$300,478 to the Plan, respectively.

9. Subsequent events

The Association has evaluated all subsequent events from December 31, 2024 through July 24, 2025, which is the date the financial statements were available for issuance. There have been no material events in this period which would impact the results reflected in this report, the Association’s results going forward, or require additional disclosure except as follows.

In March 2025, the Association’s Board of Directors approved a \$2,000,000 allocation of its 2024 fiscal year budget surplus for ongoing projects as follows:

Academy	\$ 200,000
Mentorship	200,000
Committee Projects	500,000
Mid-Career Grants	500,000
WCLC Board Member Travel	100,000
African Projects	100,000
Latin American Projects	100,000
AI Taskforce	100,000
Women in Thoracic Oncology	100,000
Office	100,000
	<hr/>
	\$ 2,000,000
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