INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

WITH

INDEPENDENT AUDITOR'S REPORT

Causey
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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, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Demgen & Moore P.C.

Denver, Colorado
June 12, 2023

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

Assets

	2022	2021
Current assets:		
Cash and cash equivalents	$ 623,433	$ 1,178,802
Restricted cash (Note 2)	7,842,263	5,159,013
Accounts receivable	4,783,308	1,852,657
Prepaid expenses and other	1,875,985	1,741,956
Total current assets	15,124,989	9,932,428
Property and equipment, at cost:		
Furniture, equipment and software	1,060,436	1,161,793
Leasehold improvements	882,019	882,019
	1,942,455	2,043,812
Less accumulated depreciation	(995,283)	(677,609)
Net property and equipment	947,172	1,366,203
Right of use assets, net (Note 6)	1,131,251	-
Other assets:		
Investments in marketable securities (Notes 3 and 7)	8,178,483	10,007,570
Total other assets	8,178,483	10,007,570
Total assets	$ 25,381,895	$ 21,306,201

Liabilities and Net Assets

	2022	2021
Current liabilities:		
Accounts payable and accrued expenses	$ 1,176,596	$ 1,690,302
Current portion of operating lease obligations (Note 6)	220,498	-
Total current liabilities	1,397,094	1,690,302
Noncurrent liabilities:		
Operating lease obligations, net of current portion (Note 6)	958,620	-
Total liabilities	2,355,714	1,690,302
Commitments (Note 5)		
Net assets:		
Without donor restrictions	15,183,918	14,456,886
With donor restrictions (Note 2)	7,842,263	5,159,013
Total net assets	23,026,181	19,615,899
Total liabilities and net assets	$ 25,381,895	$ 21,306,201

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Unrestricted support:		
Meeting income (Note 5)	$ 13,462,619	$ 9,171,174
Scientific programs and publications (Note 5)	3,213,810	3,200,070
Fellowships	843,750	336,714
Membership dues	667,983	633,507
Other (Note 5)	203,169	1,589,919
Total unrestricted support	18,391,331	14,931,384
Other unrestricted revenues (losses):		
Foreign currency loss	(100,119)	(75,726)
Net realized and unrealized (loss) gain on investments	(1,518,542)	1,094,750
Loss on disposal of property and equipment	(92,848)	-
Investment income	210,228	152,454
Total other unrestricted (loss) revenues, net	(1,501,281)	1,171,478
Total unrestricted support and other revenues	16,890,050	16,102,862
Expenses:		
Meetings (Note 5)	7,805,094	5,460,702
Scientific programs and publications (Note 5)	3,146,193	3,033,986
Fellowships	1,523,045	1,130,792
Membership	868,656	537,812
Other programs	139,995	225,777
Fundraising	533,630	468,987
General and administrative (Note 5)	2,111,290	1,999,472
Total expenses	16,127,903	12,857,528
Increase in net assets without donor restrictions	762,147	3,245,334
Changes in net assets with donor restrictions:		
Corporate contributions	6,046,974	3,675,031
Reclassifications - net assets released from restrictions by satisfaction of program restrictions	(3,363,724)	(5,891,039)
(Increase) decrease in net assets with donor restrictions	2,683,250	(2,216,008)
Increase in total net assets	3,445,397	1,029,326
Adoption of leasing accounting standard (Notes 1 and 6)	(35,115)	-
Net assets at beginning of year	19,615,899	18,586,573
Net assets at end of year	$ 23,026,181	$ 19,615,899

See accompanying notes.

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

	Meetings	Scientific Programs and Publications	Fellowships	Membership	Other Programs	Fundraising	General and Administrative	Total
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 & 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	$ 7,805,094	$ 3,146,193	$ 1,523,045	$ 868,656	$ 139,995	$ 533,630	$ 2,111,290	$ 16,127,903

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Meetings	Scientific Programs and Publications	Fellowships	Membership	Other Programs	Fundraising	General and Administrative	Total
Expenses:								
Direct program expenses	$ 3,570,019	$ 1,946,008	$ 886,972	$ -	$ 140,103	$ -	$ -	$ 6,543,102
Payroll and benefits	904,997	750,801	144,658	336,177	56,826	350,454	1,476,458	4,020,371
Consulting and temporary help	57,494	49,942	-	29,866	4,162	17,557	68,639	227,660
Occupancy	91,373	79,373	13,008	47,465	6,615	27,903	96,078	361,815
Office expense	145,125	126,064	32,433	75,388	10,506	44,317	173,259	607,092
Education	91,250	-	-	-	-	-	-	91,250
Travel	5,819	5,054	-	3,023	1,169	1,777	6,198	23,040
Communications	5,027	4,367	1,179	2,611	364	1,535	4,824	19,907
Board meetings	-	-	-	-	-	-	25,847	25,847
Depreciation	83,320	72,377	19,544	43,282	6,032	25,444	79,928	329,927
Professional fees and other	-	-	32,998	-	-	-	68,241	101,239
Meeting cancellation fees	506,278	-	-	-	-	-	-	506,278
Total expenses	$ 5,460,702	$ 3,033,986	$ 1,130,792	$ 537,812	$ 225,777	$ 468,987	$ 1,999,472	$ 12,857,528

See accompanying notes.

INTERNATIONAL ASSOCIATION FOR THE STUDY OF LUNG CANCER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets from operating activities	$ 3,445,397	$ 1,029,326
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	355,905	329,927
Loss on disposal of assets	92,848	-
Net realized and unrealized loss (gain) on investments	1,518,542	(1,094,750)
Changes in assets and liabilities:		
Accounts receivable	(2,930,651)	(745,402)
Adoption of leasing standard	12,752	-
Prepaid expenses and other	(134,029)	(402,373)
Accounts payable and accrued expenses	(513,706)	(129,616)
Net cash provided by (used in) operating activities	1,847,058	(1,012,888)
Cash flows from investing activities:		
Acquisition of equipment	(29,722)	(9,753)
Net sales (purchases) of investments	310,545	(97,236)
Net cash provided by (used in) investing activities	280,823	(106,989)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,127,881	(1,119,877)
Cash, cash equivalents and restricted cash - beginning of year	6,337,815	7,457,692
Cash, cash equivalents and restricted cash - end of year	$ 8,465,696	$ 6,337,815

Cash	$ 623,433	$ 1,178,802
Restricted cash	7,842,263	5,159,013
Cash, cash equivalents and restricted cash - end of year	$ 8,465,696	$ 6,337,815

Supplemental disclosure of cash flows:		
Cash paid for interest	$ -	$ -

See accompanying notes.

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. 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. IASLCF has not yet commenced operations. 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 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:

Expense:	Method of allocation:
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

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

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:

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

On November 11, 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-09 Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. Prior to the new ASU, existing ASC 842 guidance provided that a private company or eligible not-for-profit lessee could make an accounting policy election to use a risk-free rate using a period comparable with that of the lease term. If elected, it was required that the risk-free rate be applied to all leases. ASU 2021-09 supersedes the previous guidance and allows a lessee to make an accounting policy election to use a risk-free rate by class of underlying asset instead of requiring that a risk-free rate be applied to all leases. However, the rate implicit in any given lease must be used if readily determinable, regardless of whether the entity has made the risk-free rate election. The entity should disclose the election and the classes of underlying assets to which it has elected to apply a risk-free rate.

The Association elected to adopt these ASUs effective January 1, 2022, utilizing an optional transition method, which allowed recognition of a cumulative effect adjustment to the opening balance of net assets without donor restrictions on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption. This cumulative effect adjustment decreased the opening balance of net assets without donor restrictions by $35,115 and has been restated. The Association has also elected the available practical

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

expedients. These included transition elections that permitted the Association to not reassess prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases under the new standard. In addition, the Association adopted ongoing accounting policies to not recognize right-of-use (ROU) assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

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, 2022 and 2021 and at various times during the years then ended, the balance exceeded the FDIC insurance limit. At December 31, 2022 and 2021, 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.

Accounts receivable:

The Association considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. At December 31, 2022 and 2021, $1,320,495 and $440,125, respectively, of accounts receivable are more than 90 days past due.

Pledges receivable:

There were no unconditional promises to give (pledges receivable) as of December 31, 2022 and 2021, respectively, related to fellowships.

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.

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

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, 2022 and 2021 amounted to $27,195 and $69,214, 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, 2022 and 2021.

The Association classifies penalties and interest related to income tax liabilities as income tax expense. As of December 31, 2022 and 2021, 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.

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

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.

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:

	2022	2021
Meetings	$ 1,675,000	$ 1,539,607
World conference	1,521,000	278,950
Science Programs and Publications	2,312,333	1,343,317
Journal of Thoracic Oncology	-	250,000
Fellowships and Donations	1,138,567	946,529
Membership	611,731	668,415
Other	583,632	132,195
	$ 7,842,263	$ 5,159,013

3. Investments in marketable securities

Investments in marketable securities consisted of the following at December 31, 2022 and 2021, respectively:

	2022	2021
Common stocks	$ 5,597,252	$ 6,607,242
Mutual funds and exchange traded fund's	1,516,376	2,384,860
Cash deposits	-	35,215
Alternative investments	1,064,855	980,253
	$ 8,178,483	$ 10,007,570

4. Availability and liquidity

The following represents the Association's financial assets at December 31, 2022 and 2021:

Financial assets at year end:	2022	2021
Cash and cash equivalents	$ 623,433	$ 1,178,802
Restricted cash	7,842,263	5,159,013
Accounts receivable	4,783,308	1,852,657
Investments in marketable securities	8,178,483	10,007,570
Total financial assets	21,427,487	18,198,042
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,842,263	5,159,013
Less net assets with purpose restrictions to be met in less than a year	-	-
	7,842,263	5,159,013
Financial assets available to meet general expenditures over the next twelve months	$ 13,585,224	$ 13,039,029

4. Availability and liquidity (continued)

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 preparation and coordination of the 2023 through 2025 annual conferences. 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.

During 2022 and 2021, the Association paid management fees of $868,096 and $570,000, 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 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, 2022 and 2021, 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 through its expiration 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.

5. Commitments and contingencies (continued)

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 2022 and 2021, the Association recognized $1,027,703 and $1,057,960 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.

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 significantly recovered. However, there is risk that the market could drop dramatically again. 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 made significant deposits toward its 2020 World Conference. The Association 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 some cancellation fees. During 2021, the Association incurred $506,278 of cancellation fees related to various conferences. 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.

During 2021, the Association entered into an unsecured promissory note under the Paycheck Protection Program ("PPP") for the principal amount of $581,245. During 2021, the Association applied for and was granted forgiveness of this loan. The gain was reported as other unrestricted support in the consolidated statement of activities.

The CARES Act provides for an employee retention credit which is a refundable tax credit against certain employment taxes for eligible employers. During 2021, the Association recorded a credit of $609,027. The gain was reported as other unrestricted support in the consolidated statement of activities.

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.

6. Lease obligation (continued)

The components of lease expense were as follows:

	Year Ended December 31, 2022	2021
Operating lease cost	$ 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 amounted to $384,033 and $306,814 for the years ended December 31, 2022 and 2021, respectively.

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

	Year Ended December 31, 2022	2021
Operating lease:		
Operating lease ROU asset	$ 1,719,539	$ -
Current operating lease liability	$ 220,498	$ -
Noncurrent operating lease liability	958,620	-
Total operating lease liability	$ 1,179,118	$ -
Weighted average remaining lease term (in years):		
Operating lease	5.0	N/A
Weighted average discount rate:		
Operating lease	3.5%	N/A

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

	Year Ended December 31, 2022	2021
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	$ 250,641	$ -
Right of use asset obtained in exchange for lease liability:		
Operating lease	$ 1,351,451	$ -

6. Lease obligation (continued)

Maturities of the lease liability were as follows:

For the year ending December 31,	Operating Lease
2023	$ 256,923
2024	263,345
2025	269,922
2026	276,691
2027	211,384
Total lease payments	1,278,265
Less amount representing interest	(99,147)
Total lease obligation	1,179,118
Less current portion	(220,498)
Long-term lease obligation	$ 958,620

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.

7. Fair value measurements (continued)

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, 2022 and 2021.

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, 2022:

	Level 1	Level 2	Level 3	Total
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	$ 7,113,628	$ -	$ -	$ 8,178,483

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, 2021:

	Level 1	Level 2	Level 3	Total
Common stocks and mutual funds:				
Consumer discretionary	$ 792,869	$ -	$ -	$ 792,869
Consumer staples	436,078	-	-	436,078
Energy	224,646	-	-	224,646
Financials	911,799	-	-	911,799
Health care	792,869	-	-	792,869
Industrials	634,295	-	-	634,295
Information technology	1,585,738	-	-	1,585,738
Materials	303,933	-	-	303,933
Telecommunication services	568,223	-	-	568,223
Utilities	165,181	-	-	165,181
Other	191,611	-	-	191,611
Total common stocks	6,607,242	-	-	6,607,242
Cash	35,215	-	-	35,215
Mutual funds, fixed income	2,384,860	-	-	2,384,860
Total investments in the fair value hierarchy	9,027,317	-	-	9,027,317
Investments measured at net asset value (1)	-	-	-	980,253
Investments at fair value	$ 9,027,317	$ -	$ -	$10,007,570

The following tables summarize investments for which fair value is measured using the net asset value per share expedient as of December 31, 2022 and 2021:

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

December 31, 2021	Fair Value	Unfunded Commitments	Redemption frequency	Redemption notice period
Alternative investments	$ 980,253	n/a	Daily	n/a
Investments measured at net asset value (1)	$ 980,253			

(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, 2022 and 2021 the Association elected to match 200% of the employee deferrals up to 5% of compensation. For the years ended December 31, 2022 and 2021, respectively, the Association contributed $276,571 and $272,620 to the Plan.

9. Subsequent events

   The Association has evaluated all subsequent events from December 31, 2022 through June 12, 2023, 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.