

The LAM Foundation

**Financial Statements
December 31, 2021 and 2020, and
Independent Auditors' Report**

THE LAM FOUNDATION
December 31, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors
The LAM Foundation
Cincinnati, Ohio

Opinion

We have audited the accompanying financial statements of The LAM Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LAM Foundation as of December 31, 2021 and 2020, 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 LAM Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 LAM Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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.

Independent Auditors' Report

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

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 LAM Foundation'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 LAM Foundation'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 audit.

Barnes, Dennig & Co., Ltd.

April 26, 2022
Cincinnati, OH

THE LAM FOUNDATION

Statements of Financial Position December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,175,345	\$ 2,285,997
Certificates of deposit	-	5,076
Accounts and short term pledges receivable	5,615	22,421
Prepaid expenses and other current assets	31,864	34,099
Total current assets	3,212,824	2,347,593
Other assets:		
Long term pledges receivable, net	5,500	8,400
Property and equipment, net	214	427
Intangibles, net	470	740
Total other assets	6,184	9,567
Total assets	\$ 3,219,008	\$ 2,357,160
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and refundable advances	\$ 10,371	\$ 16,555
Compensation and related taxes payable	26,417	23,561
Funds held for others	28,787	32,719
Research grants payable	255,000	248,962
Total current liabilities	320,575	321,797
Net Assets		
Without donor restrictions:		
Available for operations	1,812,459	1,137,766
Board designated	749,697	542,520
Invested in property and equipment and intangibles	684	1,167
Total without donor restrictions	2,562,840	1,681,453
With donor restrictions	335,593	353,910
Total net assets	2,898,433	2,035,363
Total liabilities and net assets	\$ 3,219,008	\$ 2,357,160

See accompanying notes to financial statements.

THE LAM FOUNDATION
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
Support and revenues:			
Honor, memorial, bequests and general donations	\$ 1,440,682	\$ 2,400	\$ 1,443,082
Contributions from special events, net	658,387	-	658,387
Corporate and foundation gifts	106,340	-	106,340
Contributed services	43,378	-	43,378
Miscellaneous income	1,776	-	1,776
Net assets released from restrictions	20,717	(20,717)	-
Total support, revenues and gains	<u>2,271,280</u>	<u>(18,317)</u>	<u>2,252,963</u>
Expenses			
Research	720,251	-	720,251
Patient services	246,522	-	246,522
Clinical	84,164	-	84,164
Total program expenses	1,050,937	-	1,050,937
Management and general	158,734	-	158,734
Fundraising	180,222	-	180,222
Total expenses	<u>1,389,893</u>	<u>-</u>	<u>1,389,893</u>
Change in net assets	881,387	(18,317)	863,070
Net assets, beginning of year	<u>1,681,453</u>	<u>353,910</u>	<u>2,035,363</u>
Net assets, end of year	<u>\$ 2,562,840</u>	<u>\$ 335,593</u>	<u>\$ 2,898,433</u>

See accompanying notes to financial statements.

THE LAM FOUNDATION
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
Support and revenues:			
Honor, memorial, bequests and general donations	\$ 811,777	\$ 27,836	\$ 839,613
Contributions from special events, net	495,893	-	495,893
Corporate and foundation gifts	116,666	-	116,666
Endowed Chair campaign contributions	247,201	-	247,201
Conference registrations and support	12,000	-	12,000
Contributed services	42,000	-	42,000
Paycheck Protection Program (PPP) grant	90,916	-	90,916
Miscellaneous income	13,210	-	13,210
Net assets released from restrictions	60,316	(60,316)	-
	<u>1,889,979</u>	<u>(32,480)</u>	<u>1,857,499</u>
Expenses			
Research	943,130	-	943,130
Patient services	227,308	-	227,308
Clinical	78,313	-	78,313
	<u>1,248,751</u>	<u>-</u>	<u>1,248,751</u>
Total program expenses	1,248,751	-	1,248,751
Management and general	168,096	-	168,096
Fundraising	236,926	-	236,926
	<u>1,653,773</u>	<u>-</u>	<u>1,653,773</u>
Total expenses	1,653,773	-	1,653,773
Change in net assets	236,206	(32,480)	203,726
Net assets, beginning of year	<u>1,445,247</u>	<u>386,390</u>	<u>1,831,637</u>
Net assets, end of year	<u>\$ 1,681,453</u>	<u>\$ 353,910</u>	<u>\$ 2,035,363</u>

See accompanying notes to financial statements.

THE LAM FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2021**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Research</u>	<u>Patient Services</u>	<u>Clinical</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation	\$ 132,548	\$ 159,907	\$ 69,527	\$ 93,833	\$ 85,213	\$ 541,028
Research grants and awards	457,700	-	-	-	-	457,700
Professional services	37,248	38,478	7,765	50,902	52,016	186,409
Contributed services	43,378	-	-	-	-	43,378
Occupancy costs	7,503	10,378	2,450	5,672	9,001	35,004
Publicity and communications	12,950	15,160	2,210	-	-	30,320
Bank, credit card, and filing fees	-	-	-	1,838	17,949	19,787
Printing and publications	3,900	4,045	-	-	10,186	18,131
Clinical research support	15,935	-	-	-	-	15,935
Office expenses	797	5,466	436	953	599	8,251
Telephone	910	5,447	1,079	350	407	8,193
LAMposium conference	3,867	3,839	-	-	-	7,706
Shipping and postage	476	599	368	1,681	4,448	7,572
Miscellaneous	1,318	1,243	75	2,708	170	5,514
Equipment lease	463	1,084	238	173	202	2,160
Conferences	1,000	60	-	-	-	1,060
Meetings	258	251	16	141	31	697
LAM patient network support	-	565	-	-	-	565
Depreciation and amortization	-	-	-	483	-	483
Total expenses	\$ 720,251	\$ 246,522	\$ 84,164	\$ 158,734	\$ 180,222	\$ 1,389,893

See accompanying notes to financial statements.

THE LAM FOUNDATION

**Statement of Functional Expenses
Year Ended December 31, 2020**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Research</u>	<u>Patient Services</u>	<u>Clinical</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation	\$ 120,521	\$ 156,624	\$ 67,172	\$ 98,208	\$ 165,698	\$ 608,223
Research grants and awards	661,996	-	-	-	-	661,996
Professional services	38,188	34,260	6,734	52,913	15,150	147,245
Contributed services	42,000	-	-	-	-	42,000
Occupancy costs	7,616	10,534	2,487	5,757	9,136	35,530
Publicity and communications	11,350	12,250	-	-	-	23,600
Bank, credit card, and filing fees	-	11	-	1,655	21,342	23,008
Printing and publications	1,551	2,277	-	-	18,853	22,681
Clinical research support	44,554	1,261	-	-	-	45,815
Office expenses	918	1,936	239	2,251	478	5,822
Telephone	1,283	2,511	1,147	828	482	6,251
LAMposium conference	9,745	1,753	2	-	30	11,530
Shipping and postage	628	1,161	161	1,818	4,597	8,365
Miscellaneous	1,920	890	133	2,753	141	5,837
Equipment lease	463	1,084	238	173	202	2,160
Meetings	53	145	-	228	18	444
LAM patient network support	-	593	-	-	-	593
Depreciation and amortization	-	-	-	480	-	480
Travel	344	18	-	1,032	799	2,193
Total expenses	\$ 943,130	\$ 227,308	\$ 78,313	\$ 168,096	\$ 236,926	\$ 1,653,773

See accompanying notes to financial statements.

THE LAM FOUNDATION

**Statements of Cash Flows
Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 863,070	\$ 203,726
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	483	480
Changes in:		
Accounts and pledges receivable	19,706	8,022
Prepaid expenses and other current assets	2,235	12,785
Accounts payable and refundable advances	(6,184)	(42,645)
Contributions payable	-	(59,970)
Compensation and related taxes payable	2,856	1,385
Funds held for others	(3,932)	2,723
Research grants payable	6,038	33,962
	884,272	160,468
Cash flows from investing activities		
Purchases of certificates of deposit	-	(5,076)
Redemptions of certificates of deposit	5,076	300,177
	5,076	295,101
Net change in cash and cash equivalents	889,348	455,569
Cash and cash equivalents, beginning of year	2,285,997	1,830,428
Cash and cash equivalents, end of year	\$ 3,175,345	\$ 2,285,997

See accompanying notes to financial statements.

THE LAM FOUNDATION

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The LAM Foundation (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity.

Nature of Operations

The Foundation is an Ohio non-profit entity incorporated in 1995 urgently seeking safe and effective treatments and ultimately a cure for Lymphangioleiomyomatosis (LAM). LAM is a progressive and frequently fatal lung disease that affects primarily women. The Foundation believes its goals will be achieved through patient advocacy, the funding of promising research and advancement of clinical expertise in the treatment of LAM through a global network of LAM clinics. The Foundation is dedicated to serving the scientific, medical and patient communities by offering information, resources and a worldwide network of hope and support. The Foundation is governed by a Board of Trustees and obtains significant funding from contributions and fundraising activities.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market deposit accounts and certificates of deposits. The Foundation maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Pledges and Accounts Receivable

Pledges and accounts receivable are due from various donors and the general public. An allowance for bad debts is reported when necessary to provide for estimated uncollectible accounts. The Foundation has not experienced any significant losses on its receivables and believes it is not exposed to significant credit risk on its receivables. As of December 31, 2021 and 2020, management considers all pledges and accounts receivable collectable, thus, no allowance is recorded.

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or at estimated fair value at date of gift, if donated. The Foundation's policy is to capitalize asset purchases that exceed \$500. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from three to six years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is recognized in income or expense for the period. The cost of maintenance and repairs is expensed as incurred while significant improvements are capitalized.

Intangible Assets

Intangible assets are recorded at cost at the date of acquisition and amortized over their estimated useful lives. The Foundation's policy is to capitalize intangible asset purchases that exceed \$500. As of December 31, 2021 and 2020, the Foundation had \$6,531 in trademarks with the United States, Europe and Canada. Amortization expense for the years ended December 31, 2021 and 2020 was \$271. Accumulated amortization as of December 31, 2021 and 2020 was \$6,061 and \$5,791, respectively.

Contributions

The Foundation records gifts of cash and other assets at their estimated fair value as of the date of contribution. Such donations are recorded as support without donor restrictions unless explicit donor stipulations specify how the assets are to be used. A gift that is originally restricted by the donor for which the restriction is met in the same year that the gift is received is recorded as revenue without donor restrictions.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Contributed Services

The Foundation records contributed services as revenues in the period received only when the services rendered create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. Additionally, not included in the accompanying financial statements is the value of a substantial number of volunteers (including Board members) that have donated significant amounts of time for programming and fundraising activities.

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations were salaries and other employee costs which were allocated based upon estimates of time and effort spent by the Foundation's personnel on each functional area. Other expenses are charged based on specific identification when feasible or are otherwise allocated using rational and reasonable cost allocation methodologies.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation's IRS Form 990 is subject to review and examination by federal and state authorities. The Foundation believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for the calendar year ending December 31, 2022.

The Foundation is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

THE LAM FOUNDATION

**Notes to Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing its financial statements, the Foundation has evaluated events subsequent to the statement of financial position date through April 26, 2022, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation strives to maintain liquid assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements and grant funding are invested in certificates of deposit and money market funds.

The following table reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board designated net assets that are intended to fund special board initiatives related to research and not considered in the annual operating budget. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. Net assets with donor restrictions were \$335,593 and \$353,910 at December 31, 2021 and 2020, respectively.

	2021	2020
Cash and cash equivalents	\$ 3,175,345	\$ 2,285,997
Certificates of deposit	-	5,076
Accounts and short term pledges receivable	5,615	22,421
Long term pledges receivable, net	5,500	8,400
Total financial assets	3,186,460	2,321,894
Less those unavailable for general expenditures within one year:		
Long term pledges receivable, net	(5,500)	(8,400)
Funds held for others	(28,787)	(32,719)
Cash to be used for grants payable	(255,000)	(248,962)
Board designated net assets	(749,697)	(542,520)
Net assets with donor restrictions	(335,593)	(353,910)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,811,883	\$ 1,135,383

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at December 31 consisted of the following:

	2021	2020
Due within one year	\$ 2,900	\$ 12,900
Due in one to five years	5,500	8,400
	<u>\$ 8,400</u>	<u>\$ 21,300</u>

No amounts have been recorded as an allowance for doubtful accounts as the Foundation considers all pledges to be fully collectible. Additionally, no discount on pledges has been recognized as of December 31, 2021 and 2020, as the amount would be considered immaterial.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31 are as follows:

	2021	2020
Equipment	\$ 39,269	\$ 39,269
Less accumulated depreciation	(39,055)	(38,842)
	<u>\$ 214</u>	<u>\$ 427</u>

Depreciation expense for both years ended December 31, 2021 and 2020 was \$214.

NOTE 5 FUNDS HELD FOR OTHERS

The Foundation has an agreement with Cincinnati Children's Hospital Medical Center (CCHMC) to administer the Rare Lung Disease Consortium (RLDC) and the multi-site clinical studies conducted within the RLDC. The grant includes funds awarded to the Foundation for administrative support and funds to be passed through to the approved clinical research institutions as directed by the study chairs. Funds held for others, and to be passed through to the approved clinical research institutions, included in the statement of financial position as of December 31, 2021 and 2020 were \$28,787 and \$32,719, respectively.

NOTE 6 RESEARCH GRANTS PAYABLE

The Foundation provides six grant award types: Career Development Awards, Established Investigator Awards, Pilot Project Awards, Designated Awards, Special Project Awards and Bridge Funding Awards. Career Development Awards provide support for postdoctoral research fellows who are starting their research careers and are working in the laboratories of established researchers or conducting research with the mentorship of established researchers. Established Investigator Awards provide a maximum of three years of salary support for a technician. Pilot Project Awards provide seed monies to pursue new research directions. A Designated Award supports work in which fundraisers and donors work with the Foundation to support specific research projects or awareness programs, chosen from a slate of pre-peer reviewed and Board approved proposals. Special Project Awards fund projects that do not fall into one of the above three categories and Bridge Funding Awards provide interim funding until anticipated funding from other sources is awarded.

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 6 RESEARCH GRANTS PAYABLE (CONTINUED)

The Foundation has the right to withdraw or modify the amount awarded based on review of each project's results. Project results are reviewed at least annually. Therefore, the Foundation accrues a payable for the approved award payments for the succeeding 12 months with the remainder representing a contingent liability. Grants payable were \$255,000 and \$248,962 at December 31, 2021 and 2020, respectively.

The additional, yet contingent amounts were approximately \$665,500 and \$493,205 at December 31, 2021 and 2020, respectively. The Foundation's Board of Directors has, however, designated these amounts of its net assets without donor restrictions for the funding of these contingent fellowships.

NOTE 7 PAYCHECK PROTECTION PROGRAM GRANT

On May 7, 2020, the Foundation entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's Paycheck Protection Program (the Program) for \$90,916. All or a portion of the note may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. Accordingly, the Foundation elected to apply the conditional contribution guidance in 2020 pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date. On April 30, 2021, the Foundation received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements.

NOTE 8 RETIREMENT PLAN

The Foundation established a simple IRA plan covering substantially all employees. Employees may contribute a portion of their compensation not to exceed the maximum allowed by the Internal Revenue Service. The Foundation contributed a total of \$13,426 and \$13,279 in 2021 and 2020, respectively, to the plan.

NOTE 9 BOARD DESIGNATED NET ASSETS

Board designated net assets as of December 31 consisted of the following:

	2021	2020
Other research, TRAIL, Single Cell analysis	\$ 72,825	\$ 37,943
Research grants payable in one year	190,500	193,205
Research grants payable after one year	475,000	300,000
2020 funding redirected	11,372	11,372
	<u>\$ 749,697</u>	<u>\$ 542,520</u>

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 include donor restricted support for a future clinical drug trial, contributions to fund patient travel to the Foundation's annual conference and their first visit to the National Institutes of Health, and future support of the Foundation's research program services. Net assets with donor restrictions were available for the following purposes:

	2021	2020
MILED trial	\$ 235,861	\$ 246,678
Research	50,000	50,000
LAM Family Network	45,889	45,889
Helen Green travel grant	1,443	1,443
LAMposium in Your Living Room sponsorships	2,400	9,900
	<u>\$ 335,593</u>	<u>\$ 353,910</u>

NOTE 11 CONTRIBUTED SERVICES

Contributed services consisted of professional services of \$43,378 and \$42,000 for 2021 and 2020, respectively.

NOTE 12 OPERATING LEASES

The Foundation leases office space under a non-cancelable operating lease that is set to expire on May 31, 2023. Additionally, the Foundation leases other minor office equipment under non-cancelable operating leases through October 2023. Rent expense for these leases included in occupancy costs for the years ended December 31, 2021 and 2020 was \$18,608 and \$18,581, respectively.

Future minimum lease payments for all non-cancelable operating leases are as follows:

2022	\$ 18,608
2023	8,473
	<u>\$ 27,081</u>

NOTE 13 COMMITMENTS

During 2019, the Foundation made a commitment to the University of Cincinnati Foundation and the University of Cincinnati College of Medicine to establish The LAM Foundation Endowed Chair for LAM Research ("Endowed Chair"). During 2021 and 2020, the Foundation received Endowed Chair campaign contributions of \$-0- and \$247,201, respectively, and recognized expenses, included in research grants and awards on the statement of functional expenses, of \$-0- and \$297,201, respectively. During 2020, the Endowed Chair was established to support the work of an associate professor of clinical medicine who may also serve as a resource for advice, advocacy and leadership at the Foundation.

THE LAM FOUNDATION

Notes to Financial Statements (Continued)

NOTE 13 COMMITMENTS (CONTINUED)

In February 2022, the Foundation's Board of Directors voted to formalize a prior commitment to fund an additional \$200,000 to the Endowed Chair. The commitment is expected to be paid in-full during 2022.

NOTE 14 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restricted measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Foundation operates.

COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Foundation's business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Foundation operates and the related impact on consumer confidence and spending, all of which are highly uncertain.