Pediatric Brain Tumor Foundation of the United States, Inc.

Financial Statements

Nine-month Period Ended September 30, 2020 and Year Ended December 31, 2019

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Independent Auditors' Report

Members of the Board of Directors
Pediatric Brain Tumor Foundation of the United States, Inc.
Asheville, NC

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Pediatric Brain Tumor Foundation of the United States, Inc. (the "Foundation") as of September 30, 2020 and December 31, 2019, and the related statements of activities, functional expenses and cash flows for the nine-month period ended September 30, 2020 and year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pediatric Brain Tumor Foundation of the United States, Inc. as of September 30, 2020 and December 31, 2019, and the changes in its net assets and cash flows for the nine-month period ended September 30, 2020 and year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Asheville, NC
April 5, 2021

Pediatric Brain Tumor Foundation of the United States, Inc.
Statements of Financial Position
September 30, 2020 and December 31, 2019

	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ **1,547,950**	$ 1,142,192
Investments	**3,422,927**	4,200,039
Accounts receivable	**202,399**	349,082
Other assets	**33,859**	33,952
Property and equipment, net	**41,066**	55,614
Total assets	$ **5,248,201**	$ 5,780,879
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ **238,563**	$ 280,699
Grants payable	**310,935**	25,000
Total liabilities	**549,498**	305,699
Net assets:		
Net assets without donor restrictions:		
Board designated–quasi-endowment	**816,243**	816,243
Available for operations	**576,489**	5,955
Total net assets without donor restrictions	**1,392,732**	822,198
Net assets with donor restrictions	**3,305,971**	4,652,982
Total net assets	**4,698,703**	5,475,180
Total liabilities and net assets	$ **5,248,201**	$ 5,780,879

See accompanying notes.

Pediatric Brain Tumor Foundation of the United States, Inc.
Statements of Activities
Nine-Month Period ended September 30, 2020 and Year ended December 31, 2019

	September 30, 2020			December 31, 2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains, and other support:						
Contributions	$ 3,582,920	$ 340,102	$ 3,923,022	$ 5,016,946	$ 1,892,089	$ 6,909,035
Less direct benefits to donors	(230,775)	-	(230,775)	(872,000)	-	(872,000)
Non-cash contributions	144,382	-	144,382	434,825	-	434,825
Investment income, net	14,534	-	14,534	52,085	-	52,085
Net assets released from restrictions	1,687,113	(1,687,113)	-	2,117,936	(2,117,936)	-
Total revenues, gains, and other support	5,198,174	(1,347,011)	3,851,163	6,749,792	(225,847)	6,523,945
Expenses:						
Programs	3,594,118	-	3,594,118	5,512,923	-	5,512,923
Management and general	501,057	-	501,057	853,676	-	853,676
Fundraising	532,465	-	532,465	916,140	-	916,140
Total expenses	4,627,640	-	4,627,640	7,282,739	-	7,282,739
Change in net assets	570,534	(1,347,011)	(776,477)	(532,947)	(225,847)	(758,794)
Net assets at beginning of year	822,198	4,652,982	5,475,180	1,355,145	4,878,829	6,233,974
Net assets at end of year	$ 1,392,732	$ 3,305,971	$ 4,698,703	$ 822,198	$ 4,652,982	$ 5,475,180

Pediatric Brain Tumor Foundation of the United States, Inc.
Statements of Functional Expenses
Nine-month Period ended September 30, 2020 and Year ended December 31, 2019

	September 30, 2020				
	Program	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 1,229,962	$ 293,155	$ 342,521	$ 635,676	$ 1,865,638
Research grants	1,666,111	-	-	-	1,666,111
Direct aid to families	324,307	-	-	-	324,307
Scholarship awards	2,000	-	-	-	2,000
Awards and honorariums	(3,750)	49	-	49	(3,701)
Conferences	27,623	186	-	186	27,809
Services	116,663	47,916	31,365	79,281	195,944
Office expenses	6,934	6,449	2,105	8,554	15,488
Equipment rental	78	1,966	120	2,086	2,164
Video	121	-	506	506	627
Advertising	2,706	2,282	10,218	12,500	15,206
Repairs and maintenance	-	2,178	-	2,178	2,178
Rent and utilities	76,805	21,049	20,932	41,981	118,786
Telephone	12,499	11,024	2,274	13,298	25,797
Auto expense	6,642	1,457	778	2,235	8,877
Travel	14,708	4,222	7,433	11,655	26,363
Training	119	-	171	171	290
Professional fees	1,500	33,270	-	33,270	34,770
Insurance	8,399	16,517	1,933	18,450	26,849
Printing and postage	31,113	8,139	2,014	10,153	41,266
Fees and licenses	56,449	24,001	18,927	42,928	99,377
IT services	-	18,721	-	18,721	18,721
Depreciation	11,535	3,017	3,194	6,211	17,746
Other	1,594	5,459	87,974	93,433	95,027
Total expenses before direct benefits to donors	3,594,118	501,057	532,465	1,033,522	4,627,640
Direct benefits to donors	-	-	-	-	230,775
Total expenses	$ 3,594,118	$ 501,057	$ 532,465	$ 1,033,522	$ 4,858,415

See accompanying notes.

December 31, 2019				
Program	Management and General	Fundraising	Total Supporting Services	Total
$ 1,815,024	$ 383,248	$ 534,883	$ 918,131	$ 2,733,155
2,044,442	-	-	-	2,044,442
416,077	-	-	-	416,077
52,000	-	-	-	52,000
13,932	891	-	891	14,823
87,129	3,029	-	3,029	90,158
313,274	121,922	33,045	154,967	468,241
25,833	23,626	10,708	34,334	60,167
1,394	4,441	4,220	8,661	10,055
6,916	28	-	28	6,944
3,555	1,680	22,977	24,657	28,212
-	2,966	-	2,966	2,966
108,929	24,878	29,630	54,508	163,437
14,130	15,022	3,128	18,150	32,280
51,109	11,524	10,663	22,187	73,296
320,727	81,932	39,625	121,557	442,284
828	115	87	202	1,030
-	31,432	-	31,432	31,432
25,225	20,443	2,334	22,777	48,002
111,453	7,031	50,257	57,288	168,741
51,778	40,337	40,438	80,775	132,553
287	26,444	-	26,444	26,731
23,400	4,002	6,480	10,482	33,882
25,481	48,685	127,665	176,350	201,831
5,512,923	853,676	916,140	1,769,816	7,282,739
-	-	-	-	872,000
$ 5,512,923	$ 853,676	$ 916,140	$ 1,769,816	$ 8,154,739

Pediatric Brain Tumor Foundation of the United States, Inc.

Statements of Cash Flows

Nine-month Period ended September 30, 2020 and Year ended December 31, 2019

	September 30, 2020	December 31, 2019
Cash flows from operating activities:		
Change in net assets	$ (776,477)	$ (758,794)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	17,746	33,882
Net realized and unrealized gains on investments	1,201	(7,437)
Changes in assets and liabilities:		
Accounts receivable	146,683	(15,270)
Contributions receivable	-	14,625
Other assets	93	13,100
Accounts payable and accrued expenses	(42,136)	135,270
Grants payable	285,935	(25,000)
Net cash used by operating activities	(366,955)	(609,624)
Cash flows from investing activities:		
Purchase of Investments	(21,829)	(3,056,773)
Sales of investments	797,740	-
Purchase of property and equipment	(3,198)	(15,055)
Net cash provided (used) by investing activities	772,713	(3,071,828)
Net change in cash and cash equivalents	405,758	(3,681,452)
Cash and cash equivalents, beginning of year	1,142,192	4,823,644
Cash and cash equivalents, end of year	$ 1,547,950	$ 1,142,192

See accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Organization

The Pediatric Brain Tumor Foundation of the United States, Inc. (the "Foundation") is a national non-profit organization dedicated to funding pediatric brain tumor research, increasing public awareness about the disease of pediatric brain tumors, and providing financial, educational and emotional support to the families of children with brain tumors.

The Foundation's goals are achieved through the funding of scientific research projects at leading research facilities across the United States and internationally, that are related to the disease of childhood brain tumors. Research funds are granted through a scientific peer review process. Grants are provided to sponsor medical symposiums in the United States and internationally. The Foundation also provides grants designed to attract new researchers in the field of study.

With a special interest in promoting partnerships and collaborations in science, the Foundation has provided innovative funding, such as for the operations center of the Pacific Pediatric Neuro-Oncology Consortium (PNOC) Clinical Trials housed at the University of California, San Francisco, in which fifteen of the leading pediatric brain tumor institutions participate.

The Foundation provides support to patients and their families through educational resources in a variety of medias: on its website, such as an online video learning series; through a new toolkit for newly diagnosed families, which provides disease information and a place for families to store and organize their child's medical records, appointments, healthcare providers, scans, etc.; and through educational conferences in major cities across the country. The Foundation also provides emergency financial assistance to families in twelve states and college scholarships for survivors throughout the nation. The Foundation also provides programs to support families with bereavement support, peer support and family camps.

The Foundation continues to make critical investments of financial and human capital to achieve key objectives, including growing existing fundraising programs and creating new revenue sources to fund more research. The Foundation also intentionally invested in creating a network of local chapters to reach and serve more families affected by childhood brain tumors.

The Foundation offers three main fundraising programs included Ride for Kids®, Vs. Cancer and the Starry Night 8.5K walk/run. The Foundation has also developed corporate partnerships; created an annual and major giving program to increase non-event revenue; and introduced low-cost, efficient online fundraising pages for community members. The Ride for Kids® program worked with motorcycle industry experts to increase new and return participation; cross-promoted with the Starry Night program and added components to increase general community participation.

In 2020, the Foundation's live events had to be canceled due to the impact of the Coronavirus and the resulting government orders to shut down. The Foundation moved all in-person events to virtual events. The Foundation launched GameON, an online partnership with video live-streamers to help increase awareness of the disease and to raise funds for the Foundation.

The Foundation's research investment strategy included establishing a framework for prioritizing funding; creating a Research Advisory Network to provide highly informed perspectives on the biomedical research enterprise; and broadening the scope of the Foundation's research funding and expertise. The Foundation began to expand family support program offerings, including hosting its first educational conference for survivors and parents. On the organizational side, the Foundation recruited new board members from the legal, financial services, insurance marketing and hospitality industries; and increased board involvement in fundraising.

The Foundation continues to develop an integrated marketing and communications plan; established stronger brand identity by developing branded websites, fundraising events and educational literature; and expanded communications resources to support new programs and initiatives such as chapters and online fundraising. The Foundation increased the use of social media to communicate mission-driven stories and developed new and updated educational resources for families.

Fiscal year

In 2020, the Foundation changed their fiscal year-end to September 30, resulting in a short period from January 1, 2020 to September 30, 2020.

Method of reporting

The Foundation's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America ("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 and net assets with donor restrictions.

> Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated quasi-endowments.
>
> Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Unconditional promises to give and contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of donor restrictions.

The Foundation records gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as 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 those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or purchased long-lived assets are acquired and/or placed in service.

Accordingly, the Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated assets are recorded at fair market value on the date of receipt. A substantial number of unpaid volunteers have donated significant amounts of their time to the Foundation’s programs. If donated services either created or enhanced non-financial assets or required specialized skills that would have to be purchased if not donated, the value of those donated services would be recorded. To that end, non-cash contributions of equipment, materials, motorcycles, food, and professional and other services in the amount of $93,689 and $434,825 are included in the 2020 and 2019 statements of activities, respectively.

Functional expenses

The Foundation allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their nature and expense classification. Other expenses that are common to several functions are allocated based upon management’s best estimates of time spent or facilities used.

Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the reporting date. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and amounts on deposit in financial institutions with original maturities of three months or less.

Receivables

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectable, they will be charged to operations when the determination is made.

Investments

Investments include cash and cash equivalents, money market funds, mutual funds, common stock, and corporate obligations and bond funds. Investments in equity securities with readily determinable fair value and all investments in debt securities are measured at fair value in the statements of financial position.

Fair value measurements

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Depreciable lives range from three to seven years. The Foundation capitalizes and depreciates all capital expenditures in excess of $500.

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2020.

Concentration of credit risk

The Foundation maintains bank accounts with various financial institutions throughout the United States. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the Foundation has cash balances that exceed the insured amount. Management believes that the risks related to these deposits are minimal.

Subsequent events

Subsequent events have been evaluated through April 5, 2021, which is the date the financial statements were available to be issued.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	**$ 1,547,950**	$ 1,142,192
Investments	**3,422,927**	4,200,039
Less donor-restricted amounts	**(3,305,971)**	(4,652,982)
Total	**$ 1,664,906**	$ 689,249

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

3. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all short-term liquid investments with maturities of three months or less (except money market funds held in the investment portfolios) to be cash equivalents. The Foundation also has money market funds included in investments of $3,422,927 and $3,949,127 as of September 30, 2020 and December 31, 2019, respectively.

4. Fair Value of Financial Assets

Prices for certain investments such as common stock, money market funds, and mutual funds are readily available in active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. Prices for corporate bonds are determined on a recurring basis based on inputs readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

There were no changes, during the period ended September 30, 2020 and year ended December 31, 2019, to the Foundation's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy the Foundation's financial assets accounted for at fair value on a recurring basis as of September 30, 2020 and December 31, 2019. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. Assets at fair value as of September 30, 2020 and December 31, 2019 consist of the following:

	Assets at Fair Value as of September 30, 2020			
	(Level 1)	(Level 2)	(Level 3)	Fair Value
Corporate bonds and government securities	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -

	Assets at Fair Value as of December 31, 2019			
	(Level 1)	(Level 2)	(Level 3)	Fair Value
Corporate bonds and government securities	-	250,912	-	250,912
	$ -	$ 250,912	$ -	$ 250,912

The Foundation has $3,422,927 and $3,949,127 of cash and cash equivalents held in investment accounts as of September 30, 2020 and December 31, 2019, respectively, which was not classified as a level as prescribed within the provision.

The Foundation recognizes transfers between the levels as of the beginning of the reporting period. There were no transfers between the levels for the September 30, 2020 and December 31, 2019.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation 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 components of investment income for the period ended September 30, 2020 and year ended December 31, 2019 are as follows:

	2020	2019
Interest and dividend income, net of investment cost	**$ 16,335**	$ 45,248
Net realized gains	**5**	629
Net unrealized gains (losses)	**(1,206)**	6,808
Less advisors' fees	**(600)**	(600)
	$ 14,534	$ 52,085

5. Property and Equipment

At September 30, 2020 and December 31, 2019, property and equipment consist of the following:

	2020	2019
Computer equipment	**$ 91,756**	$ 88,558
Furniture	**71,995**	71,995
Telephone system	**16,490**	16,490
Leasehold improvements	**130,815**	130,816
Other office equipment	**219,087**	219,086
	530,143	526,945
Less accumulated depreciation	**(489,077)**	(471,331)
Property and equipment, net	**$ 41,066**	$ 55,614

6. Grants Payable

Grants payable at September 30, 2020 and December 31, 2019, include the following:

	2020	2019
Pediatric Brain Tumor Foundation Research Institute grants	**$ 243,000**	$ 25,000
Other grants	**67,935**	-
Grants Payable	**$ 310,935**	$ 25,000

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2020 and December 31, 2019, consist of the following:

	2020	2019
Research	**$ 3,305,971**	$ 4,321,008
Family support	**-**	130,000
Subsequent year events	**-**	201,974
Net assets with donor restrictions	**$ 3,305,971**	$ 4,652,982

8. Quasi-Endowment

The Foundation's quasi-endowment was organized to support the financial operations of the Foundation. The Foundation's board designated funds include amounts classified as unrestricted. During 2019, the Board elected to reduce the amount of the board designated funds by $200,000, from $1,016,243 to $816,243 to fund operations. The Board resolved to adjust the board designated funds as needed for the reserve to be held at a minimum of 30 percent of annual budgeted expenses. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Foundation has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for board designated assets that are intended to provide an ongoing stream of funding for financial assistance that is supported by the quasi-endowment. The quasi-endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the board designated assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Foundation expects its board designated funds, over time, to provide a rate of return similar to that of other investments of the Foundation.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

9. Net Assets Released from Restrictions

Net assets released from restrictions for the period ended September 30, 2020 and the year ended December 31, 2019, consist of the following:

	2020	2019
Research	**$ 1,355,112**	$ 1,760,131
Family support	**130,000**	183,800
Event contributions and sponsorships	**202,001**	174,005
Net assets released from restrictions	**$ 1,687,113**	$ 2,117,936

10. Commitments

Operating lease

The Foundation has operating lease agreements for the rental of office space in Asheville, North Carolina; Atlanta, Georgia. Rent expense totaled $114,062 and $158,225 for the period ended September 30, 2020 and the year ended December 31, 2019, respectively. The agreement for the Asheville space expires in March 2024. The agreement for the Atlanta space will expire in July 2024. Annual future minimum payments are as follows for the next five years ending September 30,

2021	$ 154,715
2022	158,235
2023	161,850
2024	96,827
2025	-
	$ 571,627

Conditional grants

During 2019, the Foundation approved $1,300,000 in grants from the foundation and $3,148,525 in grants from the PLGA fund to be awarded between 2020 and 2022. No additional grants were approved in 2020. The Foundation is not under any legal obligation to make these grants and all payments of the awards are conditional upon the Foundation raising the monies necessary to fund such payments. During 2020, the Foundation suspended payments on the majority of these grants. Therefore, these amounts are not included in grants payable at September 30, 2020.

11. Retirement Plan

The Foundation sponsors a 401(k) defined contribution pension plan covering all its employees. The Foundation matches 100% of eligible employee contributions up to 3% of employees' annual compensation plus 50% of eligible employee contributions up to 6% of the employees' annual compensation. The employees are immediately vested in their contributions. Foundation matching contributions begin when an employee begins contributing and are 100% vested immediately. Profit sharing contributions, in an amount to be determined by the Foundation each year, begin after one year of service eligibility requirement is met. Retirement plan expense amounted to $30,628 and $53,805 for the period ended September 30, 2020 and the year ended December 31, 2019, respectively.

12. Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases". Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For statement of operations purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. This guidance requires enhanced disclosures, must be adopted using a modified retrospective transition model, and provides for certain practical expedients. The new standard will be effective for the Foundation October 1, 2022, and the Foundation is currently evaluating the effect this ASU may have on its financial statements.

13. COVID-19 Pandemic and PPP Proceeds

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees and donors, and governmental, regulatory, and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the law included the expansion of the availability of funds by establishing the Paycheck Protection Program (PPP), a new loan program under the Small Business Administration's 7(a) program. An additional feature of this program is that a portion or all of loans under the PPP may effectively be converted to a grant through a special loan forgiveness provision if certain criteria are met.

Any portion of a PPP loan that is not forgiven has a term of two years, and bears interest at 1%, with repayments deferred for ten months from the date of the loan. In April 2020, the Foundation applied for and received a PPP loan of $446,720. Management has elected to account for loan proceeds as a conditional grant. As of financial statement date, forgiveness had not been received. Management has elected to recognize PPP proceeds as grant revenue based on their assessment that they have met the conditions for forgiveness.

On January 11, 2021, the Foundation received full forgiveness of PPP loan $446,720 in from the Small Business Administration.

In addition to the initial funds received as a response to the COVID-19 pandemic from the Paycheck Protection Program (PPP), the Foundation received a second set of funding in January 2021 in the amount of $476,162. Similarly, to the original PPP loan amounts, a portion or all of loans under this second installment of funds, may effectively be converted to a grant through a special loan forgiveness provision if certain criteria are met. Any portion of a PPP loan that is not forgiven has a term of 2 years, and bears interest at 1%, with repayments deferred for 6 months. It is uncertain at this time what portion of the second installment of the PPP loan may be forgiven, if any.