



The Canary Fund

*Operating as
The Canary Foundation*

Financial Statements

**For the Year Ended
December 31, 2020**
With Independent Auditors' Report Thereon

The Canary Fund

(A California Not-for-Profit Corporation)

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The Canary Fund
3155 Porter Drive
Palo Alto, California 94304
Office: 650-646-3200
Web Site Address: www.canaryfoundation.org



INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Canary Fund

We have audited the accompanying financial statements of The Canary Fund (a California nonprofit organization) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, 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 audit. We conducted our audit 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 entity'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 entity'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 Canary Fund as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited The Canary Fund's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
June 10, 2021

Regalia & Associates

The Canary Fund

Statement of Financial Position

December 31, 2020

(with Summarized Financial Information as of December 31, 2019)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,123,327	\$ -	\$ 1,123,327	\$ 4,245,278
Grants and pledges receivable (current)	50,000	1,410,000	1,460,000	1,160,000
Prepaid expenses and other assets	1,948	-	1,948	2,258
Total current assets	<u>1,175,275</u>	<u>1,410,000</u>	<u>2,585,275</u>	<u>5,407,536</u>
Noncurrent assets:				
Grants and pledges receivable (long-term)	-	-	-	1,115,385
Property and equipment, net	5,504	-	5,504	6,635
	<u>\$ 1,180,779</u>	<u>\$ 1,410,000</u>	<u>\$ 2,590,779</u>	<u>\$ 6,529,556</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Grants and donations payable	\$ 2,252,278	\$ -	\$ 2,252,278	\$ 5,229,118
Accounts payable and accrued liabilities	48,056	-	48,056	47,969
Total current liabilities	<u>2,300,334</u>	<u>-</u>	<u>2,300,334</u>	<u>5,277,087</u>
Net assets (deficit):				
Without donor restrictions	(1,119,555)	-	(1,119,555)	(1,022,916)
With donor restrictions	-	1,410,000	1,410,000	2,275,385
Total net assets	<u>(1,119,555)</u>	<u>1,410,000</u>	<u>290,445</u>	<u>1,252,469</u>
	<u>\$ 1,180,779</u>	<u>\$ 1,410,000</u>	<u>\$ 2,590,779</u>	<u>\$ 6,529,556</u>

The Canary Fund

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(with Summarized Financial Information for the Year Ended December 31, 2019)

<i>Changes in net assets:</i>	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total	2019 Total
Revenue and support:				
Contributions and fundraising	\$ 2,702,480	\$ 250,000	\$ 2,952,480	\$ 5,998,543
Net assets released from restrictions	1,160,000	(1,160,000)	-	-
Total contributed income	3,862,480	(910,000)	2,952,480	5,998,543
Change in value of long-term pledges receivable	-	44,615	44,615	(42,692)
Investment income	4,781	-	4,781	22,051
Loss on disposal of property and equipment	-	-	-	(174)
Total revenue and support	3,867,261	(865,385)	3,001,876	5,977,728
Expenses:				
Programs	3,621,840	-	3,621,840	448,960
General and administrative	103,196	-	103,196	151,912
Fundraising	238,864	-	238,864	380,597
Total expenses	3,963,900	-	3,963,900	981,469
Increase in net assets	(96,639)	(865,385)	(962,024)	4,996,259
Net assets (deficit) at beginning of year	(1,022,916)	2,275,385	1,252,469	(3,743,790)
Net assets (deficit) at end of year	\$ (1,119,555)	\$ 1,410,000	\$ 290,445	\$ 1,252,469

The Canary Fund

Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

	2020	2019
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ (962,024)	\$ 4,996,259
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	2,338	2,406
Loss on disposal of property and equipment	-	174
Change in value of long-term pledges receivable	(44,615)	42,692
Changes in:		
Grants and pledges receivable	860,000	(1,095,000)
Prepaid expenses and other assets	310	14,818
Grants and donations payable	(2,976,840)	(2,039,882)
Accounts payable and accrued liabilities	87	(1,958)
Cash provided by (used for) operating activities	(3,120,744)	1,919,509
 <i>Investing activities:</i>		
Acquisition of property and equipment	(1,207)	(2,406)
Cash used for investing activities	(1,207)	(2,406)
Increase (decrease) in cash and cash equivalents	(3,121,951)	1,917,103
Cash and cash equivalents at beginning of year	4,245,278	2,328,175
Cash and cash equivalents at end of year	\$ 1,123,327	\$ 4,245,278
 <i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 170

The Canary Fund

Statement of Functional Expenses
For the Year Ended December 31, 2020
(with Summarized Financial Information for the Year Ended December 31, 2019)

	Programs and Activities	Manage- ment and General	Fund- raising	Totals Year Ended Dec. 31 2020	Totals Year Ended Dec. 31 2019
Accounting	\$ -	\$ 26,391	\$ -	\$ 26,391	\$ 26,586
Bank and credit card charges	-	5,905	-	5,905	7,736
Depreciation	447	1,891	-	2,338	2,406
Dues and subscriptions	-	4,339	-	4,339	9,996
Event and fundraising activities	-	-	154,679	154,679	199,433
Grants, awards, donations and gifts	3,473,154	-	-	3,473,154	229,118
Legal and professional fees	-	725	-	725	-
Marketing activities	-	-	-	-	599
Miscellaneous	11,461	2,261	-	13,722	3,812
Occupancy	-	-	-	-	1,286
Outside services	-	1,313	-	1,313	28,300
Postage and delivery	-	63	-	63	111
Printing and production	-	-	210	210	3,523
Salaries, payroll taxes and benefits	135,639	47,170	83,975	266,784	375,927
Supplies	-	1,241	-	1,241	4,332
Symposiums and conferences	428	-	-	428	-
Taxes, licenses, insurance and permits	-	3,902	-	3,902	4,221
Telecommunications	711	856	-	1,567	2,139
Travel, hotels, meals	-	-	-	-	71,192
Website, internet and public relations	-	7,139	-	7,139	10,752
Totals	\$ 3,621,840	\$ 103,196	\$ 238,864	\$ 3,963,900	\$ 981,469

The Canary Fund

Notes to Financial Statements December 31, 2020

1. Organization

The Canary Fund (the "Fund") is a non-profit California corporation dedicated to the goal of identifying cancer early through a simple blood test and then isolating it with imaging. Since 2004, the Fund has raised approximately \$88 million and committed approximately \$69 million to early detection research. The Fund's collaborative research programs span multiple disciplines and institutions and all of the organization's program donations are utilized for early detection research activities. The 2020 and 2019 overhead operating costs (which include "Management and General" and "Fundraising" of the Fund of approximately \$340,000 and \$530,000, respectively, have been underwritten through generous donations to the Founders Fund by individuals and foundations. As a result, 100% of all other donations are expected to be available for funding current and future program expenses.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of the Fund have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Fund's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – The Fund's cash and cash equivalents consists of cash on deposit in checking accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash and cash equivalents and deposits. The Fund maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Fund manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, the Fund has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of the Fund's mission.

Grants and Pledges Receivable – Grants and pledges receivable consist primarily of receivables from foundations. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

(continued)

The Canary Fund

Notes to Financial Statements December 31, 2020

2. Summary of Significant Accounting Policies *(continued)*

Grants and Pledges Receivable *(continued)*

The Fund determined that no allowance for doubtful grants and pledges receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and pledges receivable are written off when deemed uncollectible.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

In-Kind Contributions – In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as rent and utilities, insurance, and other overhead) have been allocated based on time and effort using the Fund's time study allocations. Other expenses (such as professional services, conferences, and other direct costs) have been allocated in accordance with the specific services received from vendors.

Property, Equipment and Leasehold Improvements – Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment greater than \$1,000 is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

Related Parties – Don Listwin is a board member and Chief Executive Officer of the Fund. A significant portion of the Fund's administrative and overhead expenses have been underwritten by donations from Mr. Listwin and/or from gifts made by any of his affiliated entities (including the Listwin Trust and the Listwin Family Foundation) and proceeds from certain fundraising activities so that 100% of other donations can be available for current and future program expenses.

(continued)

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Fund groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

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 that affect certain reported amounts 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 reported period. Accordingly, actual results could differ from those estimates.

(*continued*)

The Canary Fund

Notes to Financial Statements December 31, 2020

2. Summary of Significant Accounting Policies *(continued)*

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, though it has not opted to do so as of December 31, 2020 and 2019.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of funds which are 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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Reclassifications – Certain prior year amounts have been reclassified to conform to fiscal year 2020 presentation. These changes had no impact on previously reported changes in net assets.

Income Taxes – The Fund is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Fund is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Fund is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the years ended December 31, 2020 and 2019.

(continued)

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (*continued*)

Income Taxes (*continued*)

The Fund has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the Fund continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Fund has adjusted the presentation of these statements accordingly.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of June 5, 2020 (the date of the Independent Auditors’ Report), the Fund management has made this evaluation and has determined that the Fund has the ability to continue as a going concern.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, the Fund has incorporated these clarifying standards within the audited financial statements.

The Canary Fund

Notes to Financial Statements December 31, 2020

3. Cash and Cash Equivalents

Cash and cash equivalents of \$1,123,327 and \$4,245,278 at December 31, 2020 and 2019, respectively, include funds in banks which have a maturity date of 90 days or less. During the course of its fiscal year, the Fund occasionally maintains funds in its bank accounts with balances not covered by insurance provided by the federal government.

It is the opinion of management that the solvency of the referenced financial institutions are satisfactorily strong and that Fund's financial position will not be compromised. The Fund attempts to limit its credit risk associated with cash equivalents and marketable securities by utilizing accounts at highly rated financial institutions.

4. Grants and Pledges Receivable

Grants and pledges receivable are expected to be collected as follows:

	2020	2019
Year ending December 31, 2020	-	\$ 1,160,000
Year ending December 31, 2021	\$ 1,460,000	1,160,000
Total pledges receivable	1,460,000	2,320,000
Less: discount for long-term pledges receivable	-	(44,615)
Less: grants and pledges receivable due within one year (current)	(1,460,000)	(1,160,000)
Grants and pledges receivable due after one year (noncurrent)	\$ -	\$ 1,115,385

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4% per annum. The change in the value of the long-term receivables during the years ended December 31, 2020 and 2019 amounted to \$44,615 and (\$42,692), respectively, and is reflected as an adjustment to net assets with donor restrictions on the statement of activities and changes in net assets.

5. Property and Equipment

A summary of property and equipment is as follows at December 31:

	2020	2019
Furniture	\$ 8,830	\$ 8,830
Equipment	11,618	10,411
Less: accumulated depreciation	(14,944)	(12,606)
Total property and equipment (net)	\$ 5,504	\$ 6,635

Total depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$2,338 and \$2,406, respectively, and is reflected as part of general and administrative and program expense on the statement of activities and changes in net assets. During the year ended December 31, 2019, the Fund disposed of fixed assets with an original cost basis of \$1,637 and accumulated depreciation \$818. The Fund received \$645 for the sale of this asset, resulting in a loss on disposal of \$174.

The Canary Fund

Notes to Financial Statements December 31, 2020

6. Liquidity

The Fund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. The Fund has various sources of liquidity at its disposal, including cash and the future collection of grants and pledges receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing activities of early cancer detection research as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Fund's cash and shows positive cash generated by operations for year ended December 31, 2020.

The following table shows the total financial assets held by the Fund and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>		<u>2019</u>
Cash and cash equivalents	\$ 1,123,327	\$	4,245,278
Grants and pledges receivable	1,460,000		1,160,000
Less: amounts not available to be used within one year:			
Net assets with donor restrictions for programs	<u>(910,000)</u>		<u>(960,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,673,327</u>	\$	<u>4,445,278</u>

The Fund's goal is generally to maintain financial assets equal to or in excess of 90 days of operating expenses.

7. Grants and Donations Payable

Grants and donations payable of \$2,252,278 and \$5,229,118 at December 31, 2020 and 2019, respectively, represent amounts authorized by the Fund's Board of Directors to be distributed during the next several years to organizations and researchers working on early-detection technologies to diagnose various forms of cancer.

8. Related Party Transactions

Don Listwin (the Fund's Founder and Chief Executive Officer) and the Listwin Family Foundation have made cumulative cash contributions to the Fund of approximately \$5.7 million through December 31, 2020.

The Canary Fund

Notes to Financial Statements December 31, 2020

9. Compensated Absences

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, the Fund is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of paid time off which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the fiscal year.

10. Net Assets

Net Assets Without Donor Restrictions

Net assets (deficit) without donor restrictions of (\$1,119,555) and (\$1,022,916) at December 31, 2020 and 2019, respectively, represent the cumulative net deficits from operating activities since the organization's inception.

Net Assets With Donor Restrictions

The Fund recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following as of December 31:

	2020	2019
Restricted for early future detection	\$ 910,000	\$ 1,920,000
Time restricted for future operations	500,000	400,000
Less: discount for long-term pledges receivable	-	(44,615)
Total net assets with donor restrictions	<u>\$ 1,410,000</u>	<u>\$ 2,275,385</u>

During the years ended December 31, 2020 and 2019, net assets released from donor restrictions amounted to \$1,160,000 and \$1,125,000, respectively.

11. Other Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate the Fund to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond the Fund's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the various granting agencies. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

Notes to Financial Statements
December 31, 2020

12. COVID-19

In late 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) which was characterized as a pandemic by the World Health Organization on March 11, 2020. The COVID-19 threat has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (3) impacted private enterprises with which the Fund conducts business.

Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

13. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, the Fund has evaluated subsequent events through June 10, 2021, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.