

**PROSTATE CANCER FOUNDATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

**PROSTATE CANCER FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Prostate Cancer Foundation

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Prostate Cancer Foundation, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Prostate Cancer Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Prostate Cancer Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prostate Cancer Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To The Board of The Directors  
Prostate Cancer Foundation

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prostate Cancer 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prostate Cancer 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.

**Report on Summarized Comparative Information**

We have previously audited Prostate Cancer Foundation's December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Green Hasson & Janks LLP*

August 12, 2024  
Los Angeles, California

**PROSTATE CANCER FOUNDATION**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

With Summarized Totals at December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 50,906,155	\$ -	\$ 50,906,155	\$ 35,502,698
Investments	701,140	-	701,140	6,858,888
Pledges Receivable (Net)	29,616,302	6,335,412	35,951,714	39,819,845
Prepaid Expenses and Other Assets	543,772	-	543,772	338,011
Right-of-Use Asset	548,076	-	548,076	1,096,151
Property and Equipment (Net)	480,202	-	480,202	623,868
Intangible Assets	2,754,862	-	2,754,862	3,068,300
<b>TOTAL ASSETS</b>	<b>\$ 85,550,509</b>	<b>\$ 6,335,412</b>	<b>\$ 91,885,921</b>	<b>\$ 87,307,761</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 399,800	\$ -	\$ 399,800	\$ 1,018,666
Accrued Liabilities	1,768,080	-	1,768,080	2,158,323
Grants Payable (Net)	39,330,540	-	39,330,540	35,949,555
Lease Liability	550,760	-	550,760	1,096,151
Note Payable	1,739,373	-	1,739,373	1,687,500
<b>TOTAL LIABILITIES</b>	<b>43,788,553</b>	<b>-</b>	<b>43,788,553</b>	<b>41,910,195</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	41,761,956	-	41,761,956	27,569,232
With Donor Restrictions	-	6,335,412	6,335,412	17,828,334
<b>TOTAL NET ASSETS</b>	<b>41,761,956</b>	<b>6,335,412</b>	<b>48,097,368</b>	<b>45,397,566</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 85,550,509</b>	<b>\$ 6,335,412</b>	<b>\$ 91,885,921</b>	<b>\$ 87,307,761</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**PROSTATE CANCER FOUNDATION**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

With Summarized Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>REVENUE, PUBLIC SUPPORT AND OTHER INCOME</b>				
Grants and Contributions	\$ 45,348,480	\$ 6,335,412	\$ 51,683,892	\$ 66,692,388
Sponsorships	3,652,000	-	3,652,000	5,122,375
Interest and Other Income	2,435,259	-	2,435,259	470,395
Net Assets Released from Donor Restrictions	17,828,334	(17,828,334)	-	-
<b>TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME</b>	69,264,073	(11,492,922)	57,771,151	72,285,158
<b>EXPENSES:</b>				
Program Services	45,458,352	-	45,458,352	49,793,252
Supporting Services:				
Management and General	4,434,981	-	4,434,981	5,049,079
Fundraising	5,178,016	-	5,178,016	6,364,953
<b>TOTAL EXPENSES</b>	55,071,349	-	55,071,349	61,207,284
<b>CHANGE IN NET ASSETS</b>	14,192,724	(11,492,922)	2,699,802	11,077,874
Net Assets - Beginning of Year	27,569,232	17,828,334	45,397,566	34,319,692
<b>NET ASSETS - END OF YEAR</b>	\$ 41,761,956	\$ 6,335,412	\$ 48,097,368	\$ 45,397,566

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**PROSTATE CANCER FOUNDATION**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023  
With Summarized Totals for the Year Ended December 31, 2022

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
	Research Grants	Scientific Conferences and Programs	Public Awareness	Health Care Provider Education		Management and General	Fundraising		2023	2022
Research Grants	\$ 29,321,704	\$ -	\$ -	\$ -	\$ 29,321,704	\$ -	\$ -	\$ -	\$ 29,321,704	\$ 36,455,898
Compensation, Benefits and Payroll Taxes	-	2,962,263	2,712,010	1,175,041	6,849,314	2,091,961	1,386,889	3,478,850	10,328,164	9,222,524
Outreach, Events and Meetings	-	-	2,429,239	1,698,020	4,127,259	-	1,783,442	1,783,442	5,910,701	7,320,409
Global Scientific Conferences, Conventions and Meetings	-	2,277,823	-	-	2,277,823	4,078	-	4,078	2,281,901	2,205,419
Office Expenses and Other	-	131,472	186,331	-	317,803	914,762	892,829	1,807,591	2,125,394	1,766,745
Professional Fees	-	179,804	308,906	-	488,710	851,824	350,039	1,201,863	1,690,573	1,527,990
Travel, Meals and Entertainment	-	51,624	277,676	-	329,300	252,224	675,174	927,398	1,256,698	1,044,238
Media, Public Relations and Publications	-	-	1,027,991	-	1,027,991	26,507	-	26,507	1,054,498	571,190
Occupancy	-	103,488	199,280	-	302,768	229,382	71,812	301,194	603,962	602,171
Depreciation and Amortization	-	26,056	389,624	-	415,680	64,243	17,831	82,074	497,754	490,700
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b>\$ 29,321,704</b>	<b>\$ 5,732,530</b>	<b>\$ 7,531,057</b>	<b>\$ 2,873,061</b>	<b>\$ 45,458,352</b>	<b>\$ 4,434,981</b>	<b>\$ 5,178,016</b>	<b>\$ 9,612,997</b>	<b>\$ 55,071,349</b>	
					83%	8%	9%		100%	
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 36,455,898</b>	<b>\$ 4,452,381</b>	<b>\$ 5,748,581</b>	<b>\$ 3,136,392</b>	<b>\$ 49,793,252</b>	<b>\$ 5,049,079</b>	<b>\$ 6,364,953</b>	<b>\$ 11,414,032</b>		<b>\$ 61,207,284</b>
					81%	9%	10%			100%

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

## PROSTATE CANCER FOUNDATION

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

With Summarized Totals for the Year Ended December 31, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,699,802	\$ 11,077,874
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Change in Allowance for Doubtful Pledges Receivable	120,000	358,000
Change in Present Value Discount on Pledges Receivable	(1,182,990)	1,124,072
Depreciation and Amortization	497,754	490,700
(Increase) Decrease in:		
Pledges Receivable	4,931,121	(21,691,202)
Prepaid Expenses and Other Assets	(205,761)	(108,153)
Right-of-Use Asset	548,075	540,074
Increase (Decrease) in:		
Accounts Payable	(618,866)	295,071
Accrued Liabilities	(390,243)	401,527
Grants Payable	3,380,985	12,720,108
Lease Liability	(545,391)	(540,074)
	<b>9,234,486</b>	<b>4,667,997</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Intangible Assets	(40,650)	(39,600)
Proceeds on Sale of Investments	6,858,888	-
Purchase of Investments	(701,140)	(6,858,888)
	<b>6,117,098</b>	<b>(6,898,488)</b>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing on Note Payable	51,873	-
Repayment of Note Payable	-	(843,750)
	<b>51,873</b>	<b>(843,750)</b>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,403,457</b>	<b>(3,074,241)</b>
Cash and Cash Equivalents - Beginning of Year	35,502,698	38,576,939
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 50,906,155</b>	<b>\$ 35,502,698</b>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITIES:</b>		
Non-Cash Impact of Implementation of Accounting Standards Update No. 2016-02, <i>Leases (Topic 842)</i>		
Establishment of Right of Use Asset	\$ -	\$ 1,636,225
Establishment of Lease Liability	-	1,636,225

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements



# **PROSTATE CANCER FOUNDATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** December 31, 2023

### **NOTE 1 - NATURE OF ORGANIZATION**

Prostate Cancer Foundation is the world's leading philanthropic organization, funding and accelerating research for better treatments and a cure for prostate cancer.

Coalition to Cure Prostate Cancer (the Coalition) was incorporated in April 2011 under the Canada Corporations Act. The Coalition was granted charitable registration effective June 15, 2011. The Coalition's mission is to pursue research and clinical studies related to prostate and related cancers and to disseminate research reports and other educational materials related to such cancers. The Coalition is an affiliate of the Prostate Cancer Foundation. Pursuant to the terms of a service agreement, Prostate Cancer Foundation agreed to provide certain pro bono services to the Coalition, including communications and fundraising support, program service and financial administration, and facilities. In addition, Prostate Cancer Foundation has extended a guaranty to the Coalition for up to a maximum of \$100,000 to ensure that the Coalition will be able to fund research awards approved by the Coalition's Board of Directors.

Digital Science Press LLC (DSP) was formed in December 2021 for the purposes of acquiring the assets of Digital Science Press Inc. (DSP Inc.) and managing UroToday.com. UroToday.com, launched in 2002, is a global platform dedicated to delivering peer-to-peer content to meet the educational needs of medical oncologists, urologists, radiation oncologists, advanced practice providers, and other healthcare professionals who treat urologic diseases. UroToday has a global following, reaching over 2M unique users per year, consuming over 8.1M pages of education content and meeting the needs of the genitourinary cancer space that requires continuous updating from clinical trials, conferences, and peer-reviewed publications. UroToday.com publishes evidence-based clinical content organized across the site by disease, treatments, and guidelines, where the content is developed by active clinicians for their peers. Content is published each day on the website, emails are sent to registrants based upon their daily or weekly requests, and customized content emails on genitourinary oncology topics are sent 5 to 7 days per week, every week.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of the Prostate Cancer Foundation, DSP, and the Coalition (collectively, the Foundation). All inter-organization balances and transactions have been eliminated on consolidation.

#### **(b) BASIS OF PRESENTATION**

The accompanying consolidated financial statements are prepared on the accrual basis of accounting.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) NET ASSETS

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

- **Net Assets without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets with Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from donor restrictions.

#### (d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at December 31, 2023, approximates its fair value.

The Foundation maintains its cash and cash equivalents in short-term treasury securities, bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation does not recognize a reserve for expected credit losses related to its cash equivalents as it has concluded there is no risk of non-payment

#### (e) INVESTMENTS

Investments in debt and equity securities with readily determinable market values are reported at fair value. Such securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the consolidated statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) INVESTMENTS (continued)

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

#### (f) REVENUE RECOGNITION

The Foundation recognizes grants, contributions and sponsorships when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. In such situations, funds received in advance are recorded as deferred revenue.

Pledges are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable and are adjusted annually. Discount rates of 3.0%-10% were used to calculate the present value discount on pledges receivable.

The allowance for uncollectable pledges receivable is based on historical experience with the respective donors and a review of subsequent collections. At December 31, 2023, an allowance of \$1,548,000 for uncollectable pledges receivable was deemed necessary by management.

#### (g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value on the date of donation if donated. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Computer Software	3 Years
Leasehold Improvements	Shorter of Lease Term or 10 Years
Computer and Office Equipment	3 - 5 Years
Furniture and Fixtures	7 Years

Expenditures for repairs and maintenance are charged to operations when incurred, while renewals and betterments are capitalized.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(h) INTANGIBLE ASSETS**

The Foundation determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors considered when determining useful lives include the history of the asset and the Foundation's long-term strategy for the use of the asset. Intangible assets that are deemed to have definite lives are amortized, generally on a straight-line basis, over their useful lives.

#### **(i) LONG-LIVED ASSETS**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No material impairment losses were recognized on long-lived assets during the year ended December 31, 2023.

#### **(j) GRANTS**

Research grants are charged against operations when authorized by the Scientific Review Committee, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expenses and as grants payable in the period in which the grantee substantially meets the terms of the conditions. The actual payment of the grant may not occur in the year of authorization.

#### **(k) RIGHT-OF-USE ASSET AND LEASE LIABILITY**

The Foundation recognizes and measures its leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. The Foundation determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The implicit rate of the Foundation's lease is not readily determinable and accordingly, the Foundation uses a risk free rate based on the information available at the commencement date for the lease as the rate for present value discount calculation. The Foundation includes any renewal terms in the calculation of the right-of-use asset and related lease liability if it is determined such renewals are reasonably certain of being exercised. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the consolidated statement of financial position and are recognized as lease expenses on a straight-line basis over the lease term.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(k) RIGHT-OF-USE ASSET AND LEASE LIABILITY** (continued)

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

#### **(l) INCOME TAXES**

Prostate Cancer Foundation is exempt from federal taxation under Internal Revenue Code Section 501(c)(3) and the corresponding California provisions. The Coalition has met the requirements for charitable registration and tax exemption under the Income Tax Act of Canada. DSP, a single-member limited liability corporation, is a disregarded entity for federal taxation purposes.

In accordance with the FASB ASC Topic No. 740, *Uncertainty in Income Taxes*, the Foundation recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2023, the Foundation performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

#### **(m) FOREIGN CURRENCY**

The accounts of the Coalition are maintained in its functional currency, which is the Canadian dollar. Assets are translated into the reporting currency at year-end exchange rates, and related revenues are translated at average rates of exchange in effect during the year.

#### **(n) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Foundation's programs and other activities are presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### (p) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### (q) NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. The Foundation implemented this ASU during the year ending December 31, 2023 using the modified-retrospective method and the adoption had no material impact on the consolidated financial statements.

#### (r) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of December 31, 2023, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through August 12, 2024, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 3 - INVESTMENTS

The Foundation has implemented the accounting standard which defines fair value for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about the Foundation's investments that are measured at fair value on a recurring basis at December 31, 2023 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

Year Ended December 31, 2023	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income	\$ 701,140	\$ -	\$ 701,140
	\$ 701,140	\$ -	\$ 701,140

The fair value of fixed income securities within Level 2 is estimated using recently executed transactions or market price quotations where observable. When observable price quotations are not available, fair value is determined based on market price quotations that are not observable or market price quotations for securities with similar characteristics.

## PROSTATE CANCER FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

#### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at December 31, 2023, are expected to be collected as follows:

To Be Received in Less than One Year	\$ 31,871,733
To Be Received in Two to Five Years	<u>6,335,412</u>
<b>TOTAL PLEDGES RECEIVABLE</b>	38,207,145
Less: Present Value Discount	(707,431)
Less: Allowance for Uncollectible Pledges	<u>(1,548,000)</u>
<b>PLEDGES RECEIVABLE (NET)</b>	<u>\$ 35,951,714</u>

#### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

Computer Software	\$ 2,351,757
Leasehold Improvements	1,072,625
Computer and Office Equipment	626,025
Furniture and Fixtures	<u>254,821</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	4,305,228
Less: Accumulated Depreciation	<u>(3,825,026)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u>\$ 480,202</u>

Depreciation expense for the year ended December 31, 2023, was \$143,666.

#### NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Subject to Amortization:			
Websites	\$ 3,455,250	\$ (700,388)	\$ 2,754,862
<b>TOTAL INTANGIBLE ASSETS</b>	<u>\$ 3,455,250</u>	<u>\$ (700,388)</u>	<u>\$ 2,754,862</u>

Amortization expense for the year ended December 31, 2023, was \$354,088.



# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 6 - INTANGIBLE ASSETS (continued)

Amortization expense for the next five years and thereafter is estimated to be as follows:

#### Years Ending December 31

2024	\$	364,250
2025		364,250
2026		338,862
2027		337,500
2028		337,500
Thereafter		1,012,500

### NOTE 7 - GRANTS PAYABLE

The following is a summary of grants authorized and payable at December 31, 2023:

To Be Paid in Less than One Year	\$	27,308,732
To Be Paid in Two to Five Years		<u>12,622,898</u>
<b>TOTAL GRANTS PAYABLE</b>		39,931,630
Less: Present Value Discount		<u>(601,090)</u>
<b>GRANTS PAYABLE (NET)</b>	\$	<u>39,330,540</u>

### NOTE 8 - LEASES

The Foundation is a lessee in one operating lease for office space. The lease is with an affiliated charitable organization and expires in December 2024. At December 31, 2023, the Foundation recognized \$548,076 of ROU asset and \$550,760 of related lease liability for this contract that is classified as an operating lease.

Lease cost was as follows for the year ended December 31, 2023:

Operating Lease Cost	\$	553,236
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Weighted-average remaining lease term and weighted-average discount rate were as follows for the operating lease at December 31, 2023:

Weighted-Average Lease Term	1 year
Weighted-Average Discount Rate	0.98%

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 8 - LEASES (continued)

The maturity of the lease liability at December 31, 2023 is as follows:

<b>Years Ending December 31</b>	
2024	<u>\$ 553,236</u>
Total Lease Payments	553,236
Less: Imputed Interest	<u>(2,476)</u>
<b>TOTAL LEASE LIABILITY (NET)</b>	<b><u>\$ 550,760</u></b>

### NOTE 9 - NOTE PAYABLE

Note payable at December 31, 2023, consists of the following:

Note Payable to Digital Science Press Inc., Payable in Annual Instalments of Principal and Interest, with an Annual Interest Rate of 4.5% and with the Final Installment Due December 29, 2024 \$ 1,739,373

Future maturities of the note payable as of December 31, 2023, are as follows:

<b>Years Ending December 31</b>	
2024	\$ 1,739,373

### NOTE 10 - PENSION PLAN

The Foundation maintains a defined contribution pension plan, which is qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees, and the plan provides for discretionary matching of up to 4% of each participant's compensation, which vests immediately. Employees may make contributions to the plan up to the maximum annual amount allowed by the Internal Revenue Code. Pension expense charged to operations for the year ended December 31, 2023, was \$215,839.

### NOTE 11 - RELATED PARTY TRANSACTIONS

Services provided by affiliated organizations include production, office services, maintenance, and parking, which totaled \$368,422 for the year ended December 31, 2023.

Since the Foundation's inception in 1993 through December 31, 2023, it has received more than \$79 million in contributions from The Michael and Lori Milken Family Foundation, the Milken Family Foundation, and affiliated organizations and individuals.

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023:

Young Investigator and Challenge Awards	<u>\$ 6,335,412</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 6,335,412</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2023:

Satisfaction of Purpose Restrictions	
Centers of Excellence Awards	\$ 50,000
Young Investigator and Challenge Awards	13,933,334
Other Programs	<u>3,845,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 17,828,334</u></b>

### NOTE 13 - ALLOCATION OF JOINT COSTS

The Foundation conducted direct mail campaigns and other public awareness events that included requests for contributions as well as program components. The costs of conducting these activities included joint costs totaling \$2,888,325 for the year ended December 31, 2023.

The joint costs for these activities were allocated as follows:

Program Services	\$ 1,647,834
Fundraising	<u>1,240,491</u>
<b>TOTAL</b>	<b><u>\$ 2,888,325</u></b>

# PROSTATE CANCER FOUNDATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2023

### NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Foundation's financial assets available for general expenditures within one year of the consolidated statement of financial position date are summarized in the following table:

Financial Assets at December 31, 2023:	
Cash and Cash Equivalents	\$ 50,906,155
Investments	701,140
Pledges Receivable (Net)	<u>29,616,302</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 81,223,597</u></b>

The Foundation regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, it has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and pledges receivable. General expenditures are defined as including grants to be paid within one year of the date of the consolidated statement of financial position.

**PROSTATE CANCER FOUNDATION**

SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Prostate Cancer Foundation

We have audited the consolidated financial statements of Prostate Cancer Foundation (the Foundation) as of and for the year ended December 31, 2023, and our report thereon dated August 12, 2024, which contained an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Green Hasson & Janks LLP*

August 12, 2024  
Los Angeles, California

## PROSTATE CANCER FOUNDATION

### CONSOLIDATING STATEMENT OF FINANCIAL POSITION December 31, 2023

	Prostate Cancer Foundation	Digital Science Press LLC	Coalition to Cure Prostate Cancer	Eliminations	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 50,419,907	\$ 371,305	\$ 114,943	\$ -	\$ 50,906,155
Investments	701,140	-	-	-	701,140
Pledges Receivable (Net)	34,668,448	1,283,266	-	-	35,951,714
Prepaid Expenses and Other Assets	503,271	40,501	-	-	543,772
Right-of-Use Asset	548,076	-	-	-	548,076
Property and Equipment (Net)	480,202	-	-	-	480,202
Investment in Digital Science Press LLC	2,700,000	-	-	(2,700,000)	-
Intangible Assets	-	2,754,862	-	-	2,754,862
<b>TOTAL ASSETS</b>	<b>\$ 90,021,044</b>	<b>\$ 4,449,934</b>	<b>\$ 114,943</b>	<b>\$ (2,700,000)</b>	<b>\$ 91,885,921</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 308,170	\$ 91,630	\$ -	\$ -	\$ 399,800
Accrued Liabilities	1,737,412	30,668	-	-	1,768,080
Grants Payable (Net)	39,330,540	-	-	-	39,330,540
Lease Liability	550,760	-	-	-	550,760
Note Payable	1,739,373	-	-	-	1,739,373
<b>TOTAL LIABILITIES</b>	<b>43,666,255</b>	<b>122,298</b>	<b>-</b>	<b>-</b>	<b>43,788,553</b>
<b>NET ASSETS:</b>					
Without Donor Restrictions	40,019,377	4,327,636	114,943	(2,700,000)	41,761,956
With Donor Restrictions	6,335,412	-	-	-	6,335,412
<b>TOTAL NET ASSETS</b>	<b>46,354,789</b>	<b>4,327,636</b>	<b>114,943</b>	<b>(2,700,000)</b>	<b>48,097,368</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 90,021,044</b>	<b>\$ 4,449,934</b>	<b>\$ 114,943</b>	<b>\$ (2,700,000)</b>	<b>\$ 91,885,921</b>

See Independent Auditor's Report on Supplementary Information

**PROSTATE CANCER FOUNDATION**

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Prostate Cancer Foundation	Digital Science Press LLC	Coalition to Cure Prostate Cancer	Eliminations	Total
<b>REVENUES, PUBLIC SUPPORT AND OTHER INCOME:</b>					
Grants and Contributions	\$ 52,198,525	\$ -	\$ 85,367	\$ (600,000)	\$ 51,683,892
Sponsorships	-	3,652,000	-	-	3,652,000
Interest and Other Income	2,398,074	29,482	7,703	-	2,435,259
<b>TOTAL REVENUES, PUBLIC SUPPORT AND OTHER INCOME</b>	54,596,599	3,681,482	93,070	(600,000)	57,771,151
<b>EXPENSES:</b>					
Program Services	42,585,290	3,810,562	-	(937,500)	45,458,352
Supporting Services:					
Management and General	4,080,014	354,915	52	-	4,434,981
Fundraising	5,178,016	-	-	-	5,178,016
<b>TOTAL EXPENSES</b>	51,843,320	4,165,477	52	(937,500)	55,071,349
<b>CHANGE IN NET ASSETS</b>	2,753,279	(483,995)	93,018	337,500	2,699,802
Net Assets - Beginning of Year	43,601,510	4,811,631	21,925	(3,037,500)	45,397,566
<b>NET ASSETS - END OF YEAR</b>	\$ 46,354,789	\$ 4,327,636	\$ 114,943	\$ (2,700,000)	\$ 48,097,368

See Independent Auditor's Report on Supplementary Information