THE LIVESTRONG FOUNDATION

Financial Statements
as of and for the Year Ended
December 31, 2018 and
Independent Auditors' Report

MAXWELL & LOCKE & RITTER

THE LIVESTRONG FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The LIVE**STRONG** Foundation:

We have audited the accompanying financial statements of The LIVE**STRONG** Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows 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 Foundation as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of grant history is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Maxwell Locke & Ritter LLP

Austin, Texas
December 17, 2019

THE LIVESTRONG FOUNDATION

STATEMENT OF FINANCIAL POSITION
DECEMBER, 31 2018

ASSETS	
Cash and cash equivalents	$ 3,575,289
Accounts receivable	188,990
Gifts and grants receivable, net	725,699
Investments	32,964,197
Inventory	1,338,737
Prepaid expenses and other assets	238,725
Property and equipment, net	8,727,132
Intangible assets	1,083,886
TOTAL ASSETS	$ 48,842,655
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable	$ 62,927
Accrued liabilities	2,471,270
Deferred revenue	42,414
Total liabilities	2,576,611
NET ASSETS:	
Without donor restrictions:	
Undesignated	3,472,822
Board-designated operating reserve	2,000,000
Board-designated endowment	25,213,619
Total net assets without donor restrictions	30,686,441
With donor restrictions	15,579,603
Total net assets	46,266,044
TOTAL LIABILITIES AND NET ASSETS	$ 48,842,655

See notes to financial statements.

THE LIVESTRONG FOUNDATION

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS:			
Gifts and grant revenue	$ 1,899,418	1,293,132	3,192,550
Special event revenues	585,428	-	585,428
Costs of direct benefits to donors	(203,048)	-	(203,048)
Royalties and licensing fees	38,572	-	38,572
Program merchandise and services	15,721	-	15,721
Program merchandise and services - promotional cost	(5,383)	-	(5,383)
Investment loss, net	(2,788,716)	(1,211,670)	(4,000,386)
Other	457,116	-	457,116
Total revenues, net	(892)	81,462	80,570
Net assets released from restrictions	1,897,498	(1,897,498)	-
Total revenues and net assets released from restrictions	1,896,606	(1,816,036)	80,570
EXPENSES:			
Program services	9,369,571	-	9,369,571
Fundraising	2,010,084	-	2,010,084
Management and general	275,323	-	275,323
Total expenses	11,654,978	-	11,654,978
CHANGE IN NET ASSETS	(9,758,372)	(1,816,036)	(11,574,408)
NET ASSETS, beginning of year	40,444,813	17,395,639	57,840,452
NET ASSETS, end of year	$ 30,686,441	15,579,603	46,266,044

See notes to financial statements.

THE LIVESTRONG FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services		
	Advocacy and Systems Change	Community Programs and Awareness	Grants and Research	Individual Services	Total Program Services	Fundraising	Management and General	Total
Grants and awards	$ 1,750,400	385,919	2,142,400	230	4,278,949	2,793	254	4,281,996
Salaries, wages, and benefits	467,661	358,671	486,371	343,334	1,656,037	907,190	139,070	2,702,297
Contract services	68,068	59,760	75,440	713,578	916,846	279,007	29,042	1,224,895
Technology	118,063	214,282	138,080	68,231	538,656	152,166	23,374	714,196
Public awareness	7,082	586,525	8,229	19,516	621,352	18,014	2,619	641,985
Depreciation	104,385	71,580	122,192	171,758	469,915	133,048	20,469	623,432
Occupancy costs	52,134	80,053	60,641	30,586	223,414	94,767	12,189	330,370
Bad debt	45,713	31,346	53,511	26,298	156,868	147,151	14,974	318,993
Advertising	23,913	26,570	27,982	63,203	141,668	93,319	9,229	244,216
Legal and professional	28,377	14,366	23,500	86,549	152,792	29,310	4,851	186,953
Bank fees	302	207	354	174	1,037	1,028	103	2,168
Travel	26,676	10,110	14,243	9,128	60,157	42,738	5,720	108,615
Entertainment	13,066	10,737	14,496	7,245	45,544	47,746	5,730	99,020
Insurance and permits	14,825	10,166	17,354	8,529	50,874	32,508	4,498	87,880
Postage and supplies	6,402	9,733	7,494	9,760	33,389	18,601	2,026	54,016
Printing and publications	3,308	2,269	3,873	12,623	22,073	10,698	1,175	33,946
Total	$ 2,730,375	1,872,294	3,196,160	1,570,742	9,369,571	2,010,084	275,323	11,654,978
Costs of direct benefits to donors								203,048
Promotional cost								5,383
Total expenses								$ 11,863,409

See notes to financial statements.

THE LIVESTRONG FOUNDATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (11,574,408)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in allowance for uncollectible gifts and grants receivable and discount on long-term gifts and grants receivable	269,505
Depreciation	623,432
Net loss on investments	4,919,136
Contributions restricted for long-term investment	(68,395)
Change in assets and liabilities that provided (used) cash:	
Accounts receivable	200,895
Gifts and grants receivable	245,909
Inventory	(6,938)
Prepaid expenses and other assets	(106,939)
Accounts payable	(99,552)
Accrued liabilities	2,339,657
Deferred revenue	(9,263)
Net cash used in operating activities	(3,266,961)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(7,636)
Sales of investments	38,368,458
Purchases of investments	(35,377,260)
Net cash provided by investing activities	2,983,562
CASH FLOWS FROM FINANCING ACTIVITIES-	
Contributions restricted for long-term investment	68,395
NET CHANGE IN CASH AND CASH EQUIVALENTS	(215,004)
CASH AND CASH EQUIVALENTS, beginning of year	3,790,293
CASH AND CASH EQUIVALENTS, end of year	$ 3,575,289

See notes to financial statements.

1. ORGANIZATION

Our Mission

The LIVE**STRONG** Foundation (the "Foundation") is a national nonprofit organization, headquartered in Austin, Texas, dedicated to improving the lives of people affected by cancer from the point of diagnosis through the entire cancer journey. Since 1997, the Foundation has been a voice for cancer survivors and has supported more than 8 million people. A pioneer in the field of cancer survivorship, the Foundation remains a world leader in providing direct services to cancer patients and survivors, advocating for policies that enhance survivors' quality of life, and developing partnerships that create access to cancer programs across the country.

The Foundation is focused in three primary areas: serving individuals, building and engaging communities of survivors, and leading health system change.

- *Serving Individuals*: We serve individuals affected by cancer through Cancer Navigation Services, our unique model of one-on-one cancer support to address the physical, emotional, and practical needs of patients and their loved ones. These services help ensure that each patient understands treatment options and receives needed assistance including navigating insurance, managing medical expenses, preserving fertility, accessing emotional support, and understanding clinical trial options and enrollment. LIVE**STRONG** Cancer Navigation Services are bilingual (English/Spanish) and serve people across the United States regardless of age, income-level, gender, location, or cancer type. In addition, the Foundation provides support and resources online at LIVESTRONG.org/WeCanHelp as well as print resources like the LIVE**STRONG** Guidebook and Living after Cancer Treatment brochures.
- *Building Communities*: We engage and support local communities across the U.S. through programs such as LIVE**STRONG** at the YMCA, a free 12-week comprehensive physical activity and wellness program in partnership with YMCA of the USA; LIVE**STRONG** at School, a free downloadable program for school professionals for grades K-12 to educate students about the effects of cancer in their community; and the LIVE**STRONG** Leader Program, a volunteer program with over 100 advocates both nationally and globally focused on raising awareness, advocacy and fundraising.
- *Driving Systems Change*: We drive widespread impact on cancer care and the cancer experience by improving overall systems. Chief programs include funding the LIVE**STRONG** Cancer Institutes, an enterprise that is reinventing the cancer care continuum to improve outcomes and experiences for patients and their loved ones; and our advocacy efforts, which aim to increase funding for cancer research and programs, raise awareness of cancer survivors' needs and improve access to patient-centered services at local, regional and national levels.

2. SUMMARY OF SIGNIFICANT ACCCOUNTING POLICIES

Basis of Presentation - The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications - Beginning net asset classifications reclassified to conform to the presentation adopted in the current year. Total net assets and change in net assets are unchanged due to these reclassifications.

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

> <u>Without Donor Restrictions</u> **-** These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Foundation, or at the discretion of the Board of Directors (the "Board") for the Foundation's use. The Foundation has Board-designated net assets of $2,000,000 set aside as an operating reserve and $25,213,619 of Board-designated endowment net assets (Note 11). These ensure that adequate operating reserves are available and cannot be spent without prior Board approval.
>
> <u>With Donor Restrictions</u> **-** These net assets are subject to donor-imposed stipulations, which limit their use by the Foundation to a specific purpose and/or the passage of time, or which require them to be maintained permanently. Net assets which are required to be maintained permanently are not available for use in operations and limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Fair Value Measurements - Fair value is 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. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

> Level 1 **-** Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
>
> Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
>
> Level 3 **-** Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are recorded at the value of the special events revenue earned. Delinquent account receivable invoices do not accrue interest. The Foundation continually monitors each customer's credit worthiness individually and recognizes allowances for estimated bad debts on customer accounts that are no longer estimated to be collectible. The Foundation regularly adjusts any allowance for subsequent collections and final determination that an account receivable is no longer collectible. The Foundation had no allowance for uncollectible accounts receivable as of December 31, 2018, as management deemed all outstanding balances to be collectible.

Gifts and Grants Receivable - Gifts and grants that are unconditional promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All gifts and grants revenue are available for unrestricted use unless specifically restricted by the donor. Grants receivable consists of receivables from private grants. Receivables from gifts and grants are recorded as revenue when the award notification is received and an allowance has been recorded for amounts estimated to be uncollectible (Note 4).

Investments - Investments are reported at fair value in the statement of financial position. Investment transactions are recorded on the trade date and investment income is recorded in the statement of activities when earned. Net investment loss includes interest, dividends, realized and unrealized gains and losses, and capital gain distributions are netted against any investment fees. Realized gains and losses are recorded as the difference between historical cost and the proceeds earned from the sale of an investment. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods.

Inventory - Inventory consists of program merchandise which includes finished goods and is stated at lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Management reviews inventory for slow-moving items and records a specific reserve as necessary. As of December 31, 2018, no obsolescence reserve was deemed necessary.

Concentrations - Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. The Foundation places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Foundation does not maintain collateral for its receivables. As of December 31, 2018, balances due from three donors represented 87% of the total receivables balance.

Property and Equipment - Property and equipment acquisitions are capitalized at cost if purchased and at fair value on the date of receipt if donated. The Foundation capitalizes all acquisitions of property and equipment in excess of $1,000 and a useful life of more than one year. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Building	30 years
Furniture, fixtures, and equipment	3-7 years

Intangibles - Intangibles consist of trademarks and licenses purchased which have an indefinite useful life. The Foundation purchased the rights to the trademark name Live Long…Live Strong™, the rights to the .livestrong domain, the permit rights for a downtown marathon relay event in Austin, Texas, and a domain application.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events and changes in circumstances indicate that the amount recorded may not be recoverable. Indefinite-lived intangible assets are evaluated for impairment at the reporting unit level annually on December 31 and between annual tests in certain circumstances. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable.

Deferred Revenue - Deferred revenue consists of cash that has been received for future special events and will be recognized once the event has taken place.

Gifts Revenue - Contributions received and unconditional promises to give are measured at their fair values. The Foundation reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

The Foundation reports gifts of goods and equipment as net assets 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 and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services - A substantial number of volunteers have donated over 30,000 hours to the Foundation's program services and fundraising campaigns during the year ended December 31, 2018. These donated services are not reflected in the financial statements since the services do not (a) create or enhance non-financial assets or (b) require specialized skills. Donated goods and services totaled $1,210,426 during the year ended December 31, 2018 and was included in gifts and grant revenue in the statement of activities.

Grant Revenue - Revenue from grants that are conditional are earned based on the Foundation incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided.

Special Event Revenues - Special event revenues include ticket sales and sponsorships of events, which are recorded to revenue when the event takes place. Costs of direct benefits to donors are recorded in the fiscal year in which the events are held.

Functional Expenses - The accompanying financial statements present expense by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques such as square footage and time and effort.

Advertising Costs - Advertising costs are expensed as incurred and totaled $238,510 during the year ended December 31, 2018.

Federal Income Taxes - The Foundation is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Foundation did not incur any significant tax liabilities due to unrelated business income during the year ended December 31, 2018. The Foundation files Form 990 tax returns in the U.S. federal jurisdiction and is subject to routine examinations of its tax returns; however, there are no examinations currently in process.

Recently Adopted Accounting Pronouncements - In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The guidance requires presentation on the face of the statement of financial position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the previously required three classes of net assets, unrestricted, temporarily restricted, and permanently restricted. Entities are also required to provide enhanced disclosures about liquidity, Board-designated amounts, and expense by both their natural and functional classification. The standard is effective for fiscal years beginning after December 15, 2017. During the year ended December 31, 2018, management implemented the new standard, the effect of which is reflected in the financial statements and within the footnotes.

As of December 31, 2017, reclassifications driven by the adoption of ASU 2016-14 consisted of amounts previously reported as unrestricted and temporarily and permanently restricted net assets, which are now presented as net assets without donor restrictions and with donor restrictions, respectively.

Recently Issued Accounting Pronouncements - In May 2014 and August 2015, the FASB issued ASU No. 2014-09 and No. 2015-14, *Revenue from Contracts with Customers*, which supersede the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific guidance included in the ASC. The standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard is effective retrospectively for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Foundation is currently evaluating the impact the standard will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842),* which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting for sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and amortization of the right-of-use asset are recognized separately in the statement of activities for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2020 and early adoption is permitted. The Foundation is currently evaluating the impact the standard will have on its financial statements.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2018, the Foundation's financial assets available within one year for general expenditure were as follows:

Cash and cash equivalents	$ 3,575,289
Accounts receivable	188,990
Gifts and grants receivable due in less than one year, net of allowance for uncollectible amounts	541,271
Investments	32,964,197
Total financial assets available for general expenditure within one year	37,269,747
Less: amounts unavailable for general expenditure within one year:	
Board-designated operating reserve	(2,000,000)
Board-designated endowment	(25,213,619)
Donor-restricted endowments	(11,738,033)
Total amounts unavailable for general expenditure within one year	(38,951,652)
Deficient financial assets available to management for general expenditure within one year	(1,681,905)
Funds from sale of building after year end (Note 14)	17,000,000
Total financial assets available to management for general expenditure within one year	$ 15,318,095

The Foundation invests its funds in liquid and non-liquid investments in a manner to maximize return, minimize interest rate risk, and support cash flow requirements. The Board ensures the Foundation's financial stability by approving an annual budget prior to the start of each fiscal year. The Foundation maintains financial policies to ensure funds are allocated in a manner consistent with the mission of the Foundation. Board-designated net assets without restrictions could be made available by the Board for current operations if needed.

4. GIFTS AND GRANTS RECEIVABLE

Gifts and grants receivable consisted of the following as of December 31, 2018:

Gifts and grants receivable due in less than one year	$ 1,721,561
Gifts and grants receivable due in one to five years	198,456
	1,920,017
Less allowance for uncollectible promises	(1,180,290)
Less discount to net present value	(14,028)
Gifts and grants receivable, net	$ 725,699

Long-term gifts and grants receivable are valued based upon net present value where a stream of expected cash flows is discounted at an appropriate market interest rate. The discount rate used on long-term gifts and grants receivable was 3% as of December 31, 2018.

5. INVESTMENTS

Investments reported at fair value were as follows as of December 31, 2018:

	Fair Value Measurements Using:			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Money market funds	$ 32,002,107	-	-	32,002,107
Investments measured at net asset value				962,090
Total investments at fair value				$ 32,964,197

All Level 1 investments have been valued using a market approach. The Foundation's investment in a private equity fund, TIFF Private Equity Partners ("TPEP") 2005, is measured at fair value using the net asset value ("NAV") practical expedient and has therefore been excluded from the fair value hierarchy leveling table. TPEP 2005 invests in U.S. and foreign buyout, venture capital, and resource-related investment partnerships.

Liquidation restrictions for investments for which fair value is measured using the NAV practical expedient as of December 31, 2018 consisted of the following:

	Fair Value as of December 31, 2018	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
TPEP 2005	$ 962,090	$ 160,000	Illiquid - 1 year	n/a

Investment loss, net consisted of the following during the year ended December 31, 2018:

Capital gain distributions	$ 1,785,753
Dividends and interest	800,209
Unrealized loss	(61,537)
Realized loss	(6,354,631)
Investment fees	(170,180)
Investment loss, net	$ (4,000,386)

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2018:

Building	$ 9,205,779
Furniture, fixtures, and equipment	2,446,894
	11,652,673
Less accumulated depreciation	(4,964,752)
Land	2,039,211
Property and equipment, net	$ 8,727,132

7. INTANGIBLE ASSETS

Intangible assets consisted of the following as of December 31, 2018:

Trademarks	$ 550,000
Licenses	533,886
Intangible assets	$ 1,083,886

8. GRANTS PAYABLE

During the year ended December 31, 2018, the Foundation made grants to fund cancer survivorship tools, and fund various community grants and sponsorships. The Schedule of Grant History reflects the grants awarded as unconditional promises to give. There were no grants payable as of December 31, 2018.

Conditional grants payable are not recorded as grants payable in the statement of financial position until the condition has been met. As of December 31, 2018, the Foundation had an aggregate of $43,287,419 in conditional grants payable to others to be paid through 2024. Included in this amount is the remaining unpaid balance of a $50 million pledge agreement with The University of Texas at Austin (“UT”) and the Dell Medical School to create The LIVESTRONG Cancer Institutes (the “Institutes”). The purpose of the Institutes will be the creation of a comprehensive, patient-centered cancer program with a special focus on the needs of the underserved population with programs designed to reach the citizens of Central Texas and beyond. The pledge is to be paid over 10 years from 2015 through 2024, conditioned upon satisfactory achievement of agreed upon metrics and milestones. The Foundation paid $1,750,000 to UT during the year ended December 31, 2018.

9. LEASE COMMITMENTS

The Foundation leases equipment under non-cancelable operating leases. Rental expense totaled $33,162 during the year ended December 31, 2018. Future minimum lease payments under the Foundation's obligations as of December 31, 2018 were as follows:

2019	$ 27,155
2020	27,155
2021	23,429
2022	1,600
Total	$ 79,339

The Foundation subleases a portion of its office facilities under non-cancelable operating leases. Rental income during the year ended December 31, 2018 totaled $405,858, and was included with other revenues in the statement of activities. Future rental income is $185,652 for the year ending December 31, 2019.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2018:

Temporarily restricted:	
ASAP Research Collaborative	$ 2,483,182
Earnings on donor endowments	1,706,302
Men's Health Initiatives	1,163,639
Programs and partnerships	179,999
Time restrictions	14,750
Permanently restricted donor endowments	10,031,731
Total	$ 15,579,603

11. ENDOWMENTS

The Foundation interprets the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") 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. Donor-restricted net assets are classified at the original value of gifts donated to the permanent endowment, plus the original value of subsequent gifts to the permanent endowment. The earnings portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those funds are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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) other resources of the Foundation, and (7) the Foundation's investment policies.

The endowment funds at the Foundation are for the general purposes of the Foundation and may provide support for a specific educational program, assist a specific national advocacy program, or fund a particular type of grant or purpose mutually agreed upon with the donor.

The corpus (principal) of donor restricted funds may never be spent. However, income and net appreciation may be expended in accordance with the spending policy described below. It is the policy of the endowment to comply with both federal and state law in complying with the specific time or use restrictions as stipulated by the individual donor. As such, the disclosure of the net asset classification of donor-restricted endowment funds is highlighted in this footnote.

The investment policy for endowment funds outlines the Foundation's return objectives, risk parameters, and spending policies as summarized below:

- Return objectives **-** The return objective for endowment funds is to preserve and enhance the purchasing power of endowment assets, net of costs and Board-approved withdrawals, over rolling five-year periods. This goal is synonymous with the pursuit of a time-weighted net return on endowment assets that equals inflation plus the long-term spending rate.
- Risk parameters **-** The endowment's risk parameters are measured by its policy portfolio and allowable asset mix detailed in Board-approved investment guidelines. These guidelines provide specific target allocations and ranges. The policy portfolio represents the highest expected return asset mix that is likely to satisfy the return objectives. Because the policy portfolio entails benchmarks for each of its segments and hence also for the endowment as a whole, it constitutes an appropriate standard by which to measure progress toward achievement of these objectives. The policy portfolio further imposes an illiquid asset ceiling of 25%.
- Spending policy **-** The spending policy for endowment funds specifies a spending rate of 4% of the rolling five-year moving average of the monthly portfolio market value. This amount is determined at the end of December each year and is available for spending in the next fiscal year.

The Foundation makes deficient donor-restricted endowment funds whole as of December 31 by allocating funds from Board-designated endowment funds to the respective deficient donor-restricted endowment balance. The aggregate amount of the deficiencies for all donor-restricted endowment funds for which the fair value of the assets at reporting date is less than the level required by donor stipulation was approximately $37,943 as of December 31, 2018. The original gift amount for these endowment funds totaled a $982,666 as of December 31, 2018.

As of December 31, 2018, endowment net assets consisted of over 75 individual named funds. Unnamed funds totaled approximately $262,093 as of December 31, 2018.

The changes in endowment net assets during the year ended December 31, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 29,934,102	$ 13,404,481	$ 43,338,583
Investment loss	(2,817,497)	(1,262,829)	(4,080,326)
Contributions	-	68,395	68,395
Appropriation of endowment assets for expenditure	(1,865,043)	(509,957)	(2,375,000)
Transfer of funds related to deficiencies	(37,943)	37,943	-
Endowment net assets, end of year	$ 25,213,619	$ 11,738,033	$ 36,951,652

12. RETIREMENT PLAN

The Foundation has a contributory matching retirement plan for all employees under section 401(k) of the Internal Revenue Code. The Foundation matches contributions of the eligible participants' elective deferral up to a maximum 4% of eligible compensation. The Foundation contributed $69,035 to participant accounts during the year ended December 31, 2018.

13. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Foundation received contributions of $56,127 from Board members.

14. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 17, 2019 (the date the financial statements were available to be issued).

Effective April 15, 2019, the Foundation sold its land and building for a purchase price of $17,000,000. In conjunction with the sale, the Foundation entered into a six-month, non-cancelable operating lease agreement with the seller to leaseback its office facilities at a rate of $76,131 per month.

Effective September 27, 2019, the Foundation entered into an agreement to lease office space through January 31, 2023. The Foundation received free rent from the effective date through November 14, 2019 and has escalating payments from November 15, 2019 through January 31, 2023 ranging from $11,704 per month to $12,789 per month. The Foundation has an option to extend this lease through January 31, 2027.

SUPPLEMENTARY INFORMATION

THE LIVESTRONG FOUNDATION

SCHEDULE OF GRANT HISTORY
DECEMBER 31, 2018

	2008 and Prior	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
Grants payable- Beginning of year	$ 7,590,025	6,833,099	3,057,033	2,040,951	2,605,206	2,231,821	629,072	225,822	227,146	-	-	7,590,025
Grants awarded	8,800,140	4,995,469	7,303,518	5,354,612	9,732,907	6,499,038	3,930,832	3,162,676	5,301,150	5,625,317	3,989,280	64,694,939
Grant payments and other changes	(9,557,066)	(8,771,535)	(8,319,600)	(4,790,357)	(10,106,292)	(8,101,787)	(4,334,082)	(3,161,352)	(5,528,296)	(5,625,317)	(3,989,280)	(72,284,964)
Grants payable- End of year	$ 6,833,099	3,057,033	2,040,951	2,605,206	2,231,821	629,072	225,822	227,146	-	-	-	-