

# **CancerFree KIDS Pediatric Cancer Research Alliance**

**Financial Statements  
December 31, 2022 and 2021, and  
Independent Auditors' Report**

**CANCERFREE KIDS**  
**December 31, 2022 and 2021**

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## Independent Auditors' Report

To the Board of Trustees  
CancerFree KIDS Pediatric Cancer Research Alliance  
Cincinnati, Ohio

### Opinion

We have audited the accompanying financial statements of CancerFree KIDS Pediatric Cancer Research Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CancerFree KIDS Pediatric Cancer Research Alliance as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CancerFree KIDS Pediatric Cancer Research Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

**Independent Auditors' Report  
(Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CancerFree KIDS Pediatric Cancer Research Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CancerFree KIDS Pediatric Cancer Research Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Barnes, Dennig & Co., Ltd.*

June 5, 2023  
Cincinnati, Ohio

## CANCERFREE KIDS

### Statements of Financial Position December 31, 2022 and 2021

|   | <u>2022</u>         | <u>2021</u>       |
|---|---------------------|-------------------|
| <b>Assets</b>   |                     |                   |
| Cash and cash equivalents                                       | \$ 1,550,337        | \$ 820,361        |
| Pledges receivable  | 93,865              | 51,645            |
| Employee Retention Credit grant receivable                      | -                   | 18,707            |
| Prepaid expenses and other                                      | 7,160               | 6,050             |
| Beneficial interest in assets held by a<br>Community Foundation | <u>25,035</u>       | <u>24,959</u>     |
| Total assets  | <u>\$ 1,676,397</u> | <u>\$ 921,722</u> |
| <br>  |                     |                   |
| <b>Liabilities and Net Assets</b>                               |                     |                   |
| <b>Liabilities</b>  |                     |                   |
| Accounts payable  | \$ 18,870           | \$ 6,551          |
| Grants payable  | 1,200,000           | 240,000           |
| Accrued expenses  | 19,619              | 31,332            |
| Deferred revenue  | <u>6,223</u>        | <u>13,341</u>     |
| Total liabilities   | <u>1,244,712</u>    | <u>291,224</u>    |
| <br>  |                     |                   |
| <b>Net Assets</b>   |                     |                   |
| Net assets without donor restrictions                           | 351,685             | 622,176           |
| Net assets with donor restrictions                              | <u>80,000</u>       | <u>8,322</u>      |
| Total net assets  | <u>431,685</u>      | <u>630,498</u>    |
| <br>  |                     |                   |
| Total liabilities and net assets                                | <u>\$ 1,676,397</u> | <u>\$ 921,722</u> |

See accompanying notes to financial statements

## CANCERFREE KIDS

### Statement of Activities Year Ended December 31, 2022

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| <b>Support, revenues and gains</b>   |                                       |                                    |                   |
| Contributions  | \$ 1,520,254                          | \$ 549,090                         | \$ 2,069,344      |
| Special event registrations  | 60,515                                | -                                  | 60,515            |
| In-kind donations  | 26,148                                | -                                  | 26,148            |
| Other income   | 7,164                                 | -                                  | 7,164             |
| Change in value of beneficial interest in<br>assets held by a Community Foundation | 76                                    | -                                  | 76                |
| Net assets released from restrictions  | 477,412                               | (477,412)                          | -                 |
| Total support, revenues and gains  | <u>2,091,569</u>                      | <u>71,678</u>                      | <u>2,163,247</u>  |
| <b>Expenses</b>  |                                       |                                    |                   |
| Awareness and grants to researchers  | 1,413,791                             | -                                  | 1,413,791         |
| Send courage   | 6,009                                 | -                                  | 6,009             |
| Teen philanthropy  | 82,981                                | -                                  | 82,981            |
| Total program expenses   | 1,502,781                             | -                                  | 1,502,781         |
| Management and general   | 208,101                               | -                                  | 208,101           |
| Fundraising  | 651,178                               | -                                  | 651,178           |
| Total expenses   | <u>2,362,060</u>                      | <u>-</u>                           | <u>2,362,060</u>  |
| <b>Change in net assets</b>  | (270,491)                             | 71,678                             | (198,813)         |
| <b>Net assets, beginning of year</b>   | <u>622,176</u>                        | <u>8,322</u>                       | <u>630,498</u>    |
| <b>Net assets, end of year</b>   | <u>\$ 351,685</u>                     | <u>\$ 80,000</u>                   | <u>\$ 431,685</u> |

See accompanying notes to financial statements

## CANCERFREE KIDS

### Statement of Activities Year Ended December 31, 2021

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| <b>Support, revenues and gains</b>   |                                       |                                    |                   |
| Contributions  | \$ 1,484,551                          | \$ 319,941                         | \$ 1,804,492      |
| Special event registrations  | 15,267                                | -                                  | 15,267            |
| In-kind donations  | 21,306                                | -                                  | 21,306            |
| Employee Retention Credit grant  | 41,394                                | -                                  | 41,394            |
| Other income   | 2,678                                 | -                                  | 2,678             |
| Change in value of beneficial interest in<br>assets held by a Community Foundation | (41)                                  |                                    | (41)              |
| Net assets released from restrictions  | 647,350                               | (647,350)                          | -                 |
| Total support, revenues and gains  | <u>2,212,505</u>                      | <u>(327,409)</u>                   | <u>1,885,096</u>  |
| <b>Expenses</b>  |                                       |                                    |                   |
| Awareness and grants to researchers  | 1,220,242                             | -                                  | 1,220,242         |
| Send courage   | 5,177                                 | -                                  | 5,177             |
| Teen philanthropy  | 109,654                               | -                                  | 109,654           |
| Total program expenses   | 1,335,073                             | -                                  | 1,335,073         |
| Management and general   | 187,330                               | -                                  | 187,330           |
| Fundraising  | 320,660                               | -                                  | 320,660           |
| Total expenses   | <u>1,843,063</u>                      | <u>-</u>                           | <u>1,843,063</u>  |
| <b>Change in net assets</b>  | 369,442                               | (327,409)                          | 42,033            |
| <b>Net assets, beginning of year</b>   | <u>252,734</u>                        | <u>335,731</u>                     | <u>588,465</u>    |
| <b>Net assets, end of year</b>   | <u>\$ 622,176</u>                     | <u>\$ 8,322</u>                    | <u>\$ 630,498</u> |

See accompanying notes to financial statements

## CANCERFREE KIDS

### Statement of Functional Expenses Year Ended December 31, 2022

|                                | <b>Awareness<br/>and Grants to<br/>Researchers</b> | <b>Send<br/>Courage</b> | <b>Teen<br/>Philanthropy</b> | <b>Total<br/>Program</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------------|--|-------------------------|------------------------------|--------------------------|-----------------------------------|--------------------|---------------------|
| Grants to researchers          | \$ 1,185,245                                       | \$ -                    | \$ -                         | \$ 1,185,245             | \$ -                              | \$ -               | \$ 1,185,245        |
| Salaries and related           | 185,353  | 2,358                   | 37,708                       | 225,419                  | 46,381                            | 330,610            | 602,410             |
| Special events                 | 21,067   | 175                     | 24,838                       | 46,080                   | 115                               | 215,684            | 261,879             |
| Professional fees              | -  | -                       | -                            | -                        | 96,171                            | 12,054             | 108,225             |
| Office expense<br>and supplies | 1,065  | 3,429                   | 685                          | 5,179                    | 20,818                            | 39,263             | 65,260              |
| Credit card processing         | -  | -                       | 6,372                        | 6,372                    | 125                               | 28,742             | 35,239              |
| Rent                           | -  | -                       | -                            | -                        | 26,049                            | -                  | 26,049              |
| Marketing                      | 13,549   | -                       | 4                            | 13,553                   | 1,600                             | 4,707              | 19,860              |
| Donated goods                  | -  | -                       | 7,950                        | 7,950                    | -                                 | 9,198              | 17,148              |
| Miscellaneous                  | 3,529  | -                       | 1,769                        | 5,298                    | 10,476                            | 331                | 16,105              |
| Mailing and printing           | 2,698  | 47                      | 3,271                        | 6,016                    | 864                               | 7,917              | 14,797              |
| Travel and meetings            | 1,285  | -                       | 384                          | 1,669                    | 5,502                             | 2,672              | 9,843               |
| <b>Total expenses</b>          | <b>\$ 1,413,791</b>                                | <b>\$ 6,009</b>         | <b>\$ 82,981</b>             | <b>\$ 1,502,781</b>      | <b>\$ 208,101</b>                 | <b>\$ 651,178</b>  | <b>\$ 2,362,060</b> |

See accompanying notes to financial statements



## CANCERFREE KIDS

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

|                                | <b>Awareness<br/>and Grants to<br/>Researchers</b> | <b>Send<br/>Courage</b> | <b>Teen<br/>Philanthropy</b> | <b>Total<br/>Program</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------------|--|-------------------------|------------------------------|--------------------------|-----------------------------------|--------------------|---------------------|
| Grants to researchers          | \$ 1,001,000                                       | \$ -                    | \$ -                         | \$ 1,001,000             | \$ -                              | \$ -               | \$ 1,001,000        |
| Salaries and related           | 188,132  | 147                     | 58,654                       | 246,933                  | 95,735                            | 188,133            | 530,801             |
| Special events                 | 12,811   | 7                       | 10,964                       | 23,782                   | 200                               | 40,305             | 64,287              |
| Professional fees              | 4,450  | -                       | 6,937                        | 11,387                   | 42,848                            | 17,145             | 71,380              |
| Office expense<br>and supplies | 2,614  | 4,561                   | 14,264                       | 21,439                   | 13,020                            | 27,999             | 62,458              |
| Credit card processing         | -  | -                       | 9,510                        | 9,510                    | 742                               | 18,802             | 29,054              |
| Rent                           | -  | -                       | -                            | -                        | 22,829                            | -                  | 22,829              |
| Marketing                      | 6,062  | -                       | -                            | 6,062                    | -                                 | 6,759              | 12,821              |
| Donated goods                  | -  | -                       | 5,640                        | 5,640                    | -                                 | 1,200              | 6,840               |
| Miscellaneous                  | 3,731  | -                       | 125                          | 3,856                    | 9,271                             | 1,851              | 14,978              |
| Mailing and printing           | 1,272  | 462                     | 3,456                        | 5,190                    | 1,426                             | 15,280             | 21,896              |
| Travel and meetings            | 170  | -                       | 104                          | 274                      | 1,259                             | 3,186              | 4,719               |
| <b>Total expenses</b>          | <b>\$ 1,220,242</b>                                | <b>\$ 5,177</b>         | <b>\$ 109,654</b>            | <b>\$ 1,335,073</b>      | <b>\$ 187,330</b>                 | <b>\$ 320,660</b>  | <b>\$ 1,843,063</b> |

See accompanying notes to financial statements

## CANCERFREE KIDS

### Statements of Cash Flows Years Ended December 31, 2022 and 2021

|  | 2022         | 2021       |
|--|--------------|------------|
| <b>Cash flows from operating activities</b>  |              |            |
| Change in net assets   | \$ (198,813) | \$ 42,033  |
| Adjustments to reconcile change in net assets to net cash from operating activities: |              |            |
| Change in value of beneficial interest in assets held by a Community Foundation      | (76)         | 41         |
| Changes in:  |              |            |
| Pledges receivable   | (42,220)     | (21,067)   |
| Employee Retention Credit grant receivable   | 18,707       | (18,707)   |
| Prepaid expenses and other   | (1,110)      | 1,841      |
| Accounts payable   | 12,319       | 2,168      |
| Grants payable   | 960,000      | (260,000)  |
| Accrued expenses   | (11,713)     | 1,772      |
| Deferred revenue   | (7,118)      | 13,341     |
| Net cash provided by (used in) operating activities                                  | 729,976      | (238,578)  |
| <b>Cash flows from investing activities</b>  |              |            |
| Purchase of investment held by Community Foundation                                  | -            | (25,000)   |
| <b>Change in cash and cash equivalents</b>   | 729,976      | (263,578)  |
| <b>Cash and cash equivalents, beginning of year</b>                                  | 820,361      | 1,083,939  |
| <b>Cash and cash equivalents, end of year</b>  | \$ 1,550,337 | \$ 820,361 |

See accompanying notes to financial statements

# CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

## Notes to Financial Statements

### NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Activities*

CancerFree KIDS Pediatric Cancer Research Alliance (“CancerFree KIDS”) was formed in 2002 as a nonprofit corporation in the State of Ohio and was recognized as a tax-exempt organization under IRC section 501(c)(3) in January of 2003. CancerFree KIDS exists to raise awareness of the need for more funding for pediatric cancer research and to raise funds that are invested in early stage, game-changing research focused on gentler treatments and cures for children with cancer.

#### *Financial Statement Presentation*

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

#### *Fair Value Measurements*

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management’s best estimate of what market participants would use as fair value.

#### *Cash and Cash Equivalents*

CancerFree KIDS considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market deposit accounts. CancerFree KIDS maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. CancerFree KIDS has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

#### *Deferred Revenue*

Deferred revenue consists of the exchange portion of special event registrations. Special event registrations received in advance of the event are deferred and recognized when the event takes place.

# CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

## Notes to Financial Statements (Continued)

### NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Contributions***

CancerFree KIDS records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as support with donor restriction revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restriction and then released from restriction.

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

#### ***Special Event Registrations***

Revenue from special events held to raise funds for research include components of contributions and exchange transactions. CancerFree KIDS determines the fair value of the goods and services provided (exchange portion of the special event registrations), with the residual reported as contributions. The exchange portion of special events are subject to the guidance in ASU 2014-09 *Revenue from Contracts with Customers* ("Topic 606"). CancerFree KIDS recognizes revenues from exchange transactions, primarily event registrations, as the goods and services are provided.

#### ***In-kind Donations***

CancerFree KIDS receives certain in-kind donations during the year, which are recorded at fair value as contribution revenue and an expense in the financial statements.

#### ***Leases***

The Organization leases office and storage space under primarily short-term arrangements. The Organization elected to apply the short-term lease exemption to not recognize lease liabilities or right of use assets for leases with terms of one year or less. The short-term lease cost recognized and disclosed for those leases in 2022 and 2021 was \$26,049 and \$22,829, respectively.

#### ***Income Taxes***

CancerFree KIDS is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, CancerFree KIDS is subject to federal income tax on any unrelated business taxable income.

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

# CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

## Notes to Financial Statements (Continued)

### NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Functional Allocation of Expenses*

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations are salaries and related expenses which were allocated based upon estimates of time spent by CancerFree KIDS' personnel.

#### *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### *Reclassifications*

Certain 2021 figures have been reclassified to conform to the 2022 presentation.

#### *Recently Adopted Accounting Standard Updates*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the standard effective January 1, 2022. The adoption did not result in a material change to the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. The Organization adopted the standard effective January 1, 2022, applied retrospectively. The most significant impact of adoption is enhanced disclosures surrounding in-kind donations.

#### *Subsequent Event Evaluation*

In preparing its financial statements, CancerFree KIDS has evaluated events subsequent to the statement of financial position date through June 5, 2023, which is the date the financial statements were available to be issued.

## CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

### Notes to Financial Statements (Continued)

#### NOTE 2 LIQUIDITY AND AVAILABILITY

CancerFree KIDS' working capital and cash flows are available consistently throughout the year. CancerFree KIDS has no obligation to fund a minimum amount of pediatric cancer research from net assets without donor restrictions.

The following reflects CancerFree KIDS' financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

|  | 2022         | 2021       |
|--|--------------|------------|
| Cash and cash equivalents  | \$ 1,550,337 | \$ 820,361 |
| Pledges receivable   | 93,865       | 51,645     |
| Employee Retention Credit grant receivable   | -            | 18,707     |
| Beneficial interest in assets held by a<br>Community Foundation                              | 25,035       | 24,959     |
| Total financial assets   | 1,669,237    | 915,672    |
| Less donor restricted funds for:   |              |            |
| Special events   | (80,000)     | (5,000)    |
| Send Courage program   | -            | (3,322)    |
| Less beneficial interest in assets held by a<br>Community Foundation                         | (25,035)     | (24,959)   |
| Financial assets available to meet<br>cash needs for general<br>expenditures within one year | \$ 1,564,202 | \$ 882,391 |

As research funding is ongoing, major, and central to CancerFree KIDS mission, amounts designated by the board and with donor-imposed restrictions for research funding are considered available to meet cash needs for general expenditures within one year.

#### NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at December 31, 2022 and 2021 consist of \$93,865 and \$51,645, respectively, of unconditional promises to give. CancerFree KIDS expects pledges receivable to be collected within one year. CancerFree KIDS considers all pledges receivable to be collectible; therefore, no allowance was necessary.

#### NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY A COMMUNITY FOUNDATION AND FAIR VALUE MEASUREMENTS

CancerFree KIDS established an agency fund with a Community Foundation, of which CancerFree KIDS is the named beneficiary and has transferred management and investment over the funds to the Community Foundation. The beneficial interest in assets held by a Community Foundation totaling \$25,035 and \$24,959 at December 31, 2022 and 2021, respectively, represents amounts contributed by CancerFree KIDS, plus any net subsequent earnings or losses retained in this fund. Net investment earnings or losses of the endowment fund are included in the statements of activities as change in beneficial interest in assets held at a Community Foundation.

# CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

## Notes to Financial Statements (Continued)

### NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY A COMMUNITY FOUNDATION AND FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs are observable quoted prices for similar assets in active markets.

Level 3 - Inputs are unobservable and reflect management's best estimate of what market participants would use at fair value.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### Beneficial Interest in Assets Held by a Community Foundation

Fair value is estimated based on the fair value of fund investments as reported by the Community Foundation. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

The beneficial interest in assets held by a Community Foundation is measured at fair value on a recurring basis using significant unobservable inputs at the fund level (Level 3 inputs):

|                            |    |        |
|----------------------------|----|--------|
| Balance, December 31, 2020 | \$ | -      |
| Contributions              |    | 25,000 |
| Change in value            |    | (41)   |
|                            |    | <hr/>  |
| Balance, December 31, 2021 | \$ | 24,959 |
|                            |    | <hr/>  |
| Contributions              |    | -      |
| Change in value            |    | 76     |
|                            |    | <hr/>  |
| Balance, December 31, 2022 | \$ | 25,035 |
|                            |    | <hr/>  |

### NOTE 5 GRANTS PAYABLE

Grants payable at December 31, 2022 and 2021 consist of \$1,200,000 and \$240,000, respectively, of unconditional promises to give to other organizations. CancerFree KIDS expects grants payable to be to be paid within one year.

## CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

### Notes to Financial Statements (Continued)

#### NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are available for the following purposes or periods:

|                      | 2022      | 2021     |
|----------------------|-----------|----------|
| 2023 special events  | \$ 80,000 | \$ -     |
| 2022 special events  | -         | 5,000    |
| Send Courage program | -         | 3,322    |
|                      | \$ 80,000 | \$ 8,322 |

#### NOTE 7 IN-KIND DONATIONS

CancerFree KIDS received contributions of nonfinancial assets for events that are recognized within revenues and expenses on the statement of activities for the years ending December 31:

|                               | 2022      | 2021      |
|-------------------------------|-----------|-----------|
| Food                          | \$ 7,950  | \$ 5,640  |
| Equipment rental and supplies | 9,198     | 2,166     |
| Design services               | 6,000     | 13,500    |
| Media services                | 3,000     | -         |
|                               | \$ 26,148 | \$ 21,306 |

CancerFree KIDS estimated the fair value of these donations on the basis of wholesale values that would be received for selling similar products in the United States or based on current rates for similar services. All contributed nonfinancial assets are used for fundraising and do not have donor restrictions.

#### NOTE 8 EMPLOYEE RETENTION CREDIT

CancerFree KIDS was eligible for the Employee Retention Credit (“ERC”) program under the CARES Act for qualified wages paid to employees. For the years ended December 31, 2022 and 2021, \$-0- and \$41,394, respectively, is included as revenue, which represents refunds due for eligible quarters. ERC grant receivable as of December 31, 2022 and 2021 are \$-0- and \$18,707, respectively. CancerFree KIDS elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC.

#### NOTE 9 CONCENTRATIONS

Contributions and registrations from three special events comprised approximately 59% and 52% of total support, revenues and gains for December 31, 2022 and 2021, respectively.