

CancerFree KIDS Pediatric Cancer Research Alliance

**Financial Statements
December 31, 2021 and 2020, and
Independent Auditors' Report**

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE
December 31, 2021 and 2020

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 15

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, 2021 and 2020, 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, 2021 and 2020, 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 6, 2022
Cincinnati, Ohio

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statements of Financial Position
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 820,361	\$ 1,083,939
Pledges receivable	51,645	30,578
Employee Retention Credit grant receivable	18,707	-
Prepaid expenses and other	6,050	7,891
Beneficial interest in assets held by a Community Foundation	<u>24,959</u>	<u>-</u>
Total assets	<u><u>\$ 921,722</u></u>	<u><u>\$ 1,122,408</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 6,551	\$ 4,383
Grants payable	240,000	500,000
Accrued expenses	31,332	29,560
Deferred revenue	<u>13,341</u>	<u>-</u>
Total liabilities	<u>291,224</u>	<u>533,943</u>
 Net Assets		
Net assets without donor restrictions	622,176	252,734
Net assets with donor restrictions	<u>8,322</u>	<u>335,731</u>
Total net assets	<u>630,498</u>	<u>588,465</u>
Total liabilities and net assets	<u><u>\$ 921,722</u></u>	<u><u>\$ 1,122,408</u></u>

See accompanying notes to financial statements.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

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

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
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 assets held by a Community Foundation	(41)	-	(41)
Net assets released from restrictions	647,350	(647,350)	-
Total support, revenues and gains	2,212,505	(327,409)	1,885,096
Expenses			
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	1,843,063	-	1,843,063
Change in net assets	369,442	(327,409)	42,033
Net assets, beginning of year	252,734	335,731	588,465
Net assets, end of year	\$ 622,176	\$ 8,322	\$ 630,498

See accompanying notes to financial statements.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains			
Contributions	\$ 987,271	\$ 332,731	\$ 1,320,002
Special event registrations	44,877	-	44,877
In-kind donations	63,854	-	63,854
Gain on debt extinguishment	85,095	-	85,095
Other income	9,543	-	9,543
Net assets released from restrictions	230,338	(230,338)	-
Total support, revenues and gains	1,420,978	102,393	1,523,371
Expenses			
Awareness and Grants to Researchers	963,252	-	963,252
Send Courage	1,456	-	1,456
Teen Philanthropy	149,195	-	149,195
Total program expenses	1,113,903	-	1,113,903
Management and General	196,376	-	196,376
Fundraising	371,354	-	371,354
Total expenses	1,681,633	-	1,681,633
Change in net assets	(260,655)	102,393	(158,262)
Net assets, beginning of year	513,389	233,338	746,727
Net assets, end of year	\$ 252,734	\$ 335,731	\$ 588,465

See accompanying notes to financial statements.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

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

	Awareness and Grants to Researchers	Send Courage	Teen Philanthropy	Total Program	Management and General	Fundraising	Total
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
Professional fees	4,450	-	6,937	11,387	42,848	17,145	71,380
Special events	12,811	7	10,964	23,782	200	40,305	64,287
Office expense 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
Mailing and printing	1,272	462	3,456	5,190	1,426	15,280	21,896
Rent	-	-	-	-	22,829	-	22,829
Miscellaneous	3,731	-	125	3,856	9,271	1,851	14,978
Marketing	6,062	-	-	6,062	-	6,759	12,821
Donated goods	-	-	5,640	5,640	-	1,200	6,840
Travel and meetings	170	-	104	274	1,259	3,186	4,719
Total expenses	\$ 1,220,242	\$ 5,177	\$ 109,654	\$ 1,335,073	\$ 187,330	\$ 320,660	\$ 1,843,063

See accompanying notes to financial statements.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statement of Functional Expenses
Year Ended December 31, 2020**

	Awareness and Grants to Researchers	Send Courage	Teen Philanthropy	Total Program	Management and General	Fundraising	Total
Grants to researchers	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ -	\$ -	\$ 800,000
Salaries and related	146,884	61	57,909	204,854	111,246	251,610	567,710
Professional fees	200	-	18,869	19,069	34,045	46,265	99,379
Special events	-	-	28,590	28,590	-	20,676	49,266
Office expense and supplies	136	-	-	136	14,028	11,911	26,075
Credit card processing	-	-	13,218	13,218	-	17,547	30,765
Mailing and printing	8,584	984	1,491	11,059	744	16,889	28,692
Rent	-	-	-	-	25,168	-	25,168
Miscellaneous	2,438	411	2,194	5,043	8,701	871	14,615
Marketing	530	-	-	530	-	2,353	2,883
Donated goods	-	-	26,474	26,474	-	2,100	28,574
Travel and meetings	4,480	-	450	4,930	2,444	1,132	8,506
Total expenses	\$ 963,252	\$ 1,456	\$ 149,195	\$ 1,113,903	\$ 196,376	\$ 371,354	\$ 1,681,633

See accompanying notes to financial statements.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statements of Cash Flows
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 42,033	\$ (158,262)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on debt extinguishment	-	(85,095)
Change in value of beneficial interest in assets held by a Community Foundation	41	-
Changes in:		
Pledges receivable	(21,067)	(26,378)
Employee Retention Credit grant receivable	(18,707)	-
Prepaid expenses and other	1,841	11,515
Accounts payable	2,168	(8,321)
Grants payable	(260,000)	500,000
Accrued expenses	1,772	205
Deferred revenue	13,341	(19,581)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>(238,578)</u>	<u>214,083</u>
 Cash flows from investing activities		
Purchase of investment held by Community Foundation	<u>(25,000)</u>	<u>-</u>
 Cash flows from financing activities		
Proceeds Paycheck Protection Program loan	<u>-</u>	<u>85,095</u>
 Change in cash and cash equivalents	<u>(263,578)</u>	<u>299,178</u>
 Cash and cash equivalents, beginning of year	<u>1,083,939</u>	<u>784,761</u>
 Cash and cash equivalents, end of year	<u><u>\$ 820,361</u></u>	<u><u>\$ 1,083,939</u></u>

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, 2021 and 2020, 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 for special events costs as well as administrative expenses, which are recorded at fair value as contribution revenue and an expense in the financial statements.

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.

Recently Issued Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022.

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*. This standard increases 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. This standard will be effective for the calendar year ending December 31, 2022.

CancerFree KIDS is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Event Evaluation

In preparing its financial statements, CancerFree KIDS has evaluated events subsequent to the statement of financial position date through June 6, 2022, 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.

	2021	2020
Cash and cash equivalents	\$ 820,361	\$ 1,083,939
Pledges receivable	51,645	30,578
Employee Retention Credit grant receivable	18,707	-
Total financial assets	890,713	1,114,517
Less donor restricted funds for:		
Special events	(5,000)	(75,000)
Send Courage program	(3,322)	(4,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 882,391</u>	<u>\$ 1,035,517</u>

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, 2021 and 2020 consist of \$51,645 and \$30,578, 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 \$24,959 and \$-0- at December 31, 2021 and 2020, 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	\$	<u>24,959</u>

NOTE 5 GRANTS PAYABLE

Grants payable at December 31, 2021 and 2020 consist of \$240,000 and \$500,000, 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:

	2021	2020
Research funding	\$ -	\$ 256,731
2021 special events	-	70,000
2022 special events	5,000	5,000
Send Courage program	3,322	4,000
	<u>\$ 8,322</u>	<u>\$ 335,731</u>

NOTE 7 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, 2021 and 2020, \$41,394 and \$-0-, respectively, is included as revenue, which represents refunds due for eligible quarters. ERC grant receivable as of December 31, 2021 and 2020 are \$18,707 and \$-0-, respectively. CancerFree KIDS has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC.

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN

On June 9, 2020, CancerFree KIDS qualified for and received a loan pursuant to the Paycheck Protection Program (the “Program”), a program implemented by the U.S. Small Business Administration under the Coronavirus, Aid, Relief, and Economic Security’s Act, from a qualified lender, for an aggregate principal amount of \$85,095 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.00% per annum, with the first ten months of principal and interest following the covered period deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Program upon CancerFree KIDS’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program, including payroll costs and covered utility payments incurred by CancerFree KIDS.

CancerFree KIDS elected to apply the debt guidance pursuant to Accounting Standards Codification (ASC) 470 to recognize the PPP Loan. Prior to December 31, 2020, CancerFree KIDS applied for and received forgiveness from the SBA for the full PPP Loan amount. As such, CancerFree KIDS recognized the entire \$85,095 of debt forgiveness as a gain on debt extinguishment in 2020.

NOTE 9 CONCENTRATIONS

Contributions and registrations from three special events comprised approximately 52% and 62% of total support, revenues and gains for 2021 and 2020, respectively.

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

Notes to Financial Statements (Continued)

NOTE 10 OPERATING LEASES

CancerFree KIDS leases office equipment under a noncancelable operating lease that expires in August 2023. Rent expense for this lease included as office expense in the statement of activities for the year ended December 31, 2021 and 2020 was \$2,135 and \$2,397, respectively.

Future annual minimum lease payments at December 31, 2021 are:

2022	\$	2,300
2023		<u>1,533</u>
	\$	<u><u>3,833</u></u>

NOTE 11 COVID-19 PANDEMIC

The COVID-19 outbreak in the United States has caused business disruption through mandated cancellation of CancerFree KIDS' major fundraising events due to social distancing orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the mandate for social distancing as it pertains to large group gatherings. Therefore, CancerFree KIDS expects this matter to negatively impact its operating results, but the related financial impact and duration cannot be reasonably estimated at this time.