

CancerFree KIDS Pediatric Cancer Research Alliance

**Financial Statements
December 31, 2023 and 2022, and
Independent Auditors' Report**

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 28, 2024
Cincinnati, Ohio

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statements of Financial Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 1,704,138	\$ 1,550,337
Pledges receivable	59,577	93,865
Prepaid expenses and other	9,152	7,160
Beneficial interest in assets held by a Community Foundation	<u>25,975</u>	<u>25,035</u>
 Total assets	 <u><u>\$ 1,798,842</u></u>	 <u><u>\$ 1,676,397</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 33,786	\$ 18,870
Grants payable	1,250,000	1,200,000
Accrued expenses	33,877	19,619
Deferred revenue	<u>15,638</u>	<u>6,223</u>
 Total liabilities	 <u>1,333,301</u>	 <u>1,244,712</u>
 Net Assets		
Net assets without donor restrictions	465,541	351,685
Net assets with donor restrictions	<u>-</u>	<u>80,000</u>
 Total net assets	 <u>465,541</u>	 <u>431,685</u>
 Total liabilities and net assets	 <u><u>\$ 1,798,842</u></u>	 <u><u>\$ 1,676,397</u></u>

See accompanying notes to financial statements

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

Statement of Activities Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues and gains			
Contributions	\$ 1,685,181	\$ 904,332	\$ 2,589,513
Special event registrations	108,198	-	108,198
In-kind donations	35,532	-	35,532
Other income	23,914	-	23,914
Change in value of beneficial interest in assets held by a Community Foundation	940	-	940
Net assets released from restrictions	984,332	(984,332)	-
	<u>2,838,097</u>	<u>(80,000)</u>	<u>2,758,097</u>
Expenses			
Awareness and grants to researchers	1,520,686	-	1,520,686
Send courage	6,647	-	6,647
Teen philanthropy	132,112	-	132,112
	<u>1,659,445</u>	<u>-</u>	<u>1,659,445</u>
Management and general	234,772	-	234,772
Fundraising	830,024	-	830,024
	<u>2,724,241</u>	<u>-</u>	<u>2,724,241</u>
Change in net assets	113,856	(80,000)	33,856
Net assets, beginning of year	<u>351,685</u>	<u>80,000</u>	<u>431,685</u>
Net assets, end of year	<u>\$ 465,541</u>	<u>\$ -</u>	<u>\$ 465,541</u>

See accompanying notes to financial statements

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

Statement of Activities Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues and gains			
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 assets held by a Community Foundation	76		76
Net assets released from restrictions	477,412	(477,412)	-
	<u>2,091,569</u>	<u>71,678</u>	<u>2,163,247</u>
Expenses			
Awareness and grants to researchers	1,413,791	-	1,413,791
Send courage	6,009	-	6,009
Teen philanthropy	82,981	-	82,981
	<u>1,502,781</u>	<u>-</u>	<u>1,502,781</u>
Management and general	208,101	-	208,101
Fundraising	651,178	-	651,178
	<u>2,362,060</u>	<u>-</u>	<u>2,362,060</u>
Change in net assets	(270,491)	71,678	(198,813)
Net assets, beginning of year	<u>622,176</u>	<u>8,322</u>	<u>630,498</u>
Net assets, end of year	<u>\$ 351,685</u>	<u>\$ 80,000</u>	<u>\$ 431,685</u>

See accompanying notes to financial statements

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statement of Functional Expenses
Year Ended December 31, 2023**

	Awareness and Grants to Researchers	Send Courage	Teen Philanthropy	Total Program	Management and General	Fundraising	Total
Grants to researchers	\$ 1,245,719	\$ -	\$ -	\$ 1,245,719	\$ -	\$ -	\$ 1,245,719
Salaries and related	171,073	2,678	40,905	214,656	41,540	390,905	647,101
Special events	7,192	424	56,144	63,760	369	310,963	375,092
Professional fees	1,040	-	-	1,040	103,616	12,948	117,604
Marketing	83,909	-	681	84,590	616	10,046	95,252
Office expense and supplies	4,978	3,526	1,456	9,960	33,035	47,777	90,772
Credit card processing	-	-	10,726	10,726	(90)	39,264	49,900
Rent	-	-	-	-	29,734	-	29,734
Donated goods	-	-	17,694	17,694	-	6,038	23,732
Miscellaneous	3,738	-	2,982	6,720	16,252	804	23,776
Travel and meetings	1,855	-	761	2,616	7,540	4,106	14,262
Mailing and printing	1,182	19	763	1,964	2,160	7,173	11,297
Total expenses	\$ 1,520,686	\$ 6,647	\$ 132,112	\$ 1,659,445	\$ 234,772	\$ 830,024	\$ 2,724,241

See accompanying notes to financial statements

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

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

	Awareness and Grants to Researchers	Send Courage	Teen Philanthropy	Total Program	Management and General	Fundraising	Total
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
Marketing	13,549	-	4	13,553	1,600	4,707	19,860
Office expense 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
Donated goods	-	-	7,950	7,950	-	9,198	17,148
Miscellaneous	3,529	-	1,769	5,298	10,476	331	16,105
Travel and meetings	1,285	-	384	1,669	5,502	2,672	9,843
Mailing and printing	2,698	47	3,271	6,016	864	7,917	14,797
Total expenses	\$ 1,413,791	\$ 6,009	\$ 82,981	\$ 1,502,781	\$ 208,101	\$ 651,178	\$ 2,362,060

See accompanying notes to financial statements

CANCERFREE KIDS PEDIATRIC CANCER RESEARCH ALLIANCE

**Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 33,856	\$ (198,813)
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	(940)	(76)
Changes in:		
Pledges receivable	34,288	(42,220)
Employee Retention Credit grant receivable	-	18,707
Prepaid expenses and other	(1,992)	(1,110)
Accounts payable	14,916	12,319
Grants payable	50,000	960,000
Accrued expenses	14,258	(11,713)
Deferred revenue	9,415	(7,118)
	<u>153,801</u>	<u>729,976</u>
Change in cash and cash equivalents	153,801	729,976
Cash and cash equivalents, beginning of year	<u>1,550,337</u>	<u>820,361</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,704,138</u></u>	<u><u>\$ 1,550,337</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, 2023 and 2022, 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 2023 and 2022 was \$29,734 and \$26,049, 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.

Recently Adopted Accounting Standard Updates – Allowance for Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326 which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. There are no material financial assets held by CancerFree KIDS that are subject to FASB ASC 326. The standard was adopted effective January 1, 2023 and was not considered material to 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 28, 2024, 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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,704,138	\$ 1,550,337
Pledges receivable	59,577	93,865
Beneficial interest in assets held by a Community Foundation	<u>25,975</u>	<u>25,035</u>
Total financial assets	1,789,690	1,669,237
Less donor restricted funds for:		
Special events	-	(80,000)
Less beneficial interest in assets held by a Community Foundation	<u>(25,975)</u>	<u>(25,035)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,763,715</u>	<u>\$ 1,564,202</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, 2023 and 2022 consist of \$59,577 and \$93,865, 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 \$25,975 and \$25,035 at December 31, 2023 and 2022, 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, 2021	\$	24,959
Contributions		-
Change in value		76
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Balance, December 31, 2022	\$	25,035
		<hr/>
Contributions		-
Change in value		940
		<hr/>
Balance, December 31, 2023	\$	25,975
		<hr/>

NOTE 5 GRANTS PAYABLE

Grants payable at December 31, 2023 and 2022 consist of \$1,250,000 and \$1,200,000, 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 of \$-0- and \$80,000 at December 31, 2023 and 2022 are for special events in the following year.

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:

	<u>2023</u>	<u>2022</u>
Food	\$ 18,494	\$ 7,950
Design services	8,000	6,000
Event items	5,238	-
Facility rental	3,800	9,198
Media services	-	3,000
	<u>\$ 35,532</u>	<u>\$ 26,148</u>

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 RETIREMENT PLAN

CancerFree KIDS has a 401(k) plan covering substantially all employees. The Board of Trustees annually determines the amount, if any, of CancerFree KIDS's contributions to the plan. Retirement plan expense was \$8,848 and \$-0- for 2023 and 2022, respectively.

NOTE 9 CONCENTRATIONS

Contributions and registrations from three special events comprised approximately 59% of total support, revenues and gains for both December 31, 2023 and 2022.