

# **ASK Childhood Cancer Foundation**

## ***Report on Financial Statements***

***For the years ended June 30, 2020 and 2019***

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# ASK Childhood Cancer Foundation

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## Independent Auditor's Report

To the Board of Directors  
ASK Childhood Cancer Foundation  
Richmond, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of ASK Childhood Cancer Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASK Childhood Cancer Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Impact from COVID-19**

As discussed in Note 14, the Foundation has been impacted by the economic uncertainties which have arisen from the impact of COVID-19 during 2020. No adjustments have been made to these financial statements as a result of this uncertainty. Our opinion on the accompanying financial statements is not modified with respect to this matter.

A handwritten signature in black ink that reads "Kimbee". The signature is written in a cursive, flowing style with a small dot above the letter 'i'.

Richmond, Virginia  
September 28, 2020

# ASK Childhood Cancer Foundation

## Statements of Financial Position

As of June 30, 2020 and 2019

Assets	2020	2019
<b>Current assets</b>		
Cash	\$ 411,786	\$ 575,520
Short-term investments	860	1,179
Contributions receivable	25,000	37,772
Accounts receivable	530	19,200
Prepaid expenses	102,000	20,638
Other current assets	12,560	12,350
Total current assets	552,736	666,659
<b>Property and equipment, net</b>	1,794	3,933
<b>Investments</b>	1,290,514	1,117,464
Total assets	<u>\$ 1,845,044</u>	<u>\$ 1,788,056</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 74,385	\$ 43,528
Accrued payroll expense	16,865	28,131
Deferred income	83,485	8,764
Paycheck Protection Program (PPP) Loan	79,000	-
Total current liabilities	253,735	80,423
<b>Net assets</b>		
Without donor restrictions	1,541,309	1,629,860
With donor restrictions		
Permanently endowed	25,000	25,000
Other amounts with donor restrictions	25,000	52,773
Total net assets with donor restrictions	50,000	77,773
Total net assets	1,591,309	1,707,633
Total liabilities and net assets	<u>\$ 1,845,044</u>	<u>\$ 1,788,056</u>

See Notes to Financial Statements

# ASK Childhood Cancer Foundation

## Statement of Activities

For the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 663,078	\$ -	\$ 663,078
Grants	26,084	25,000	51,084
Special events (less costs of direct benefits to donors of \$42,482)	387,277	-	387,277
In-kind contributions	11,700	-	11,700
Interest and dividends	43,689	-	43,689
Unrealized and realized loss on investments	(70,958)	-	(70,958)
	<u>1,060,870</u>	<u>25,000</u>	<u>1,085,870</u>
Net assets released from restrictions	52,773	(52,773)	-
Total support and revenue	<u>1,113,643</u>	<u>(27,773)</u>	<u>1,085,870</u>
<b>Expenses</b>			
Program expenses	897,197	-	897,197
Management	90,516	-	90,516
Fundraising	214,481	-	214,481
Total expenses	<u>1,202,194</u>	<u>-</u>	<u>1,202,194</u>
<b>Change in net assets</b>	(88,551)	(27,773)	(116,324)
<b>Net assets at beginning of period</b>	<u>1,629,860</u>	<u>77,773</u>	<u>1,707,633</u>
<b>Net assets at end of period</b>	<u>\$ 1,541,309</u>	<u>\$ 50,000</u>	<u>\$ 1,591,309</u>

See Notes to Financial Statements

# ASK Childhood Cancer Foundation

## Statement of Activities

For the year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 566,543	\$ -	\$ 566,543
Grants	56,000	59,054	115,054
Special events (less costs of direct benefits to donors of \$153,087)	553,964	-	553,964
In-kind contributions	11,700	-	11,700
Interest and dividends	39,944	-	39,944
Unrealized and realized gain on investments	55,058	-	55,058
	<u>1,283,209</u>	<u>59,054</u>	<u>1,342,263</u>
Net assets released from restrictions	<u>101,385</u>	<u>(101,385)</u>	<u>-</u>
Total support and revenue	<u>1,384,594</u>	<u>(42,331)</u>	<u>1,342,263</u>
<b>Expenses</b>			
Program expenses	784,593	-	784,593
Management	94,098	-	94,098
Fundraising	213,362	-	213,362
Total expenses	<u>1,092,053</u>	<u>-</u>	<u>1,092,053</u>
<b>Change in net assets</b>	292,541	(42,331)	250,210
<b>Net assets at beginning of period</b>	1,337,319	120,104	1,457,423
<b>Net assets at end of period</b>	<u>\$ 1,629,860</u>	<u>\$ 77,773</u>	<u>\$ 1,707,633</u>

See Notes to Financial Statements

**ASK Childhood Cancer Foundation****Statement of Functional Expenses****For the year ended June 30, 2020**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Specific assistance to individuals	\$ 197,516	\$ -	\$ -	\$ 197,516
Personnel costs	199,947	43,441	175,106	418,494
Personnel costs - Children's Hospital of Richmond, Note 13	238,489	-	-	238,489
Educational programs and support	164,568	-	887	165,455
Rent and occupancy	61,325	2,532	2,532	66,389
Other	12,554	8,583	7,736	28,873
Accounting and professional fees	-	24,750	-	24,750
Supplies	7,168	7,260	1,766	16,194
In-kind expense	11,700	-	-	11,700
Printing and postage	-	-	21,465	21,465
Insurance	-	2,986	970	3,956
Website and internet	-	857	3,912	4,769
Community awareness and marketing	2,005	-	-	2,005
Depreciation	1,925	107	107	2,139
Total	<u>\$ 897,197</u>	<u>\$ 90,516</u>	<u>\$ 214,481</u>	<u>\$ 1,202,194</u>

**See Notes to Financial Statements**



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**ASK Childhood Cancer Foundation****Statement of Functional Expenses****For the year ended June 30, 2019**

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	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Specific assistance to individuals	\$ 107,212	\$ -	\$ -	\$ 107,212
Personnel costs	175,349	42,665	160,101	378,115
Personnel costs - Children's Hospital of Richmond, Note 13	248,865	-	-	248,865
Educational programs and support	161,002	8,466	3,109	172,577
Rent and occupancy	58,842	2,507	2,507	63,856
Other	9,907	13,039	27,670	50,616
Accounting and professional fees	-	17,228	-	17,228
Supplies	6,243	5,791	3,012	15,046
In-kind expense	11,700	-	-	11,700
Printing and postage	-	-	9,570	9,570
Insurance	-	3,567	1,798	5,365
Website and internet	-	733	3,588	4,321
Community awareness and marketing	3,644	-	1,906	5,550
Depreciation	1,829	102	101	2,032
Total	<u>\$ 784,593</u>	<u>\$ 94,098</u>	<u>\$ 213,362</u>	<u>\$ 1,092,053</u>

**See Notes to Financial Statements**

## ASK Childhood Cancer Foundation

### Statements of Cash Flows

For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (116,324)	\$ 250,210
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,139	2,032
Unrealized gain (loss) on investments	29,394	(55,058)
Change in operating assets and liabilities:		
Short-term investments	319	(3)
Contributions receivable	12,772	7,332
Accounts receivable	18,670	(14,725)
Prepaid expenses	(81,362)	(11,250)
Other current assets	(210)	(1,226)
Accounts payable	30,857	11,590
Accrued expenses	(11,266)	16,996
Deferred income	74,721	8,764
Net cash (used in) provided by operating activities	<u>(40,290)</u>	<u>214,662</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(354,073)	(1,154,257)
Proceeds from sale of investments	151,629	1,111,773
Purchases of property and equipment	-	(5,965)
Net cash used in investing activities	<u>(202,444)</u>	<u>(48,449)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program (PPP) loan	79,000	-
Net cash provided by financing activities	<u>79,000</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(163,734)	166,213
<b>Cash and cash equivalents at beginning of year</b>	575,520	409,307
<b>Cash and cash equivalents at end of year</b>	<u>\$ 411,786</u>	<u>\$ 575,520</u>

See Notes to Financial Statements

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities:

ASK Childhood Cancer Foundation (the Foundation) is a not-for-profit organization that provides support through activities, supplies, and psycho-social support staff to children stricken with cancer. The services of the Foundation are supported by individual, corporate, and community foundation contributions.

#### Basis of accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) and, accordingly, reflect all significant receivables, revenues and support when earned and payables and expenditures when they are incurred.

#### Basis of presentation:

The financial statements have been prepared in accordance with GAAP which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets – with and without donor restrictions, as follows:

**Without donor restrictions:** Represents net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the Board of Directors.

**With donor restrictions:** Represents net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature and will be met by actions of the Foundation or the passage of time. Other donor restrictions are permanent in nature and generally exist because the donor has stipulated that funds be maintained in perpetuity.

Grants and donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Concentration of credit risk:

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation maintains cash on deposit with financial institutions located in the United States of America. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to \$250,000 of cash held in each separate FDIC insured bank and savings institution. From time to time, the Foundation may have amounts on deposit in excess of the insured limits.

The Foundation also invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Concentration of credit risk, continued:

The Foundation receives a significant amount of its total revenue and support from specific fundraising events, net of related expenses, as follows:

	<u>2020</u>	<u>2019</u>
ASK Walk	9%	8%
Mustaches 4-kids, Donut Run, Tad Dupriest Events	15%	12%
Annual Gala	15%	29%

#### Investments:

Investments are valued at fair value and accounted for on the trade date. Realized gains and losses on investments sold are computed using the average historical cost of the investments sold as of the trade date.

#### Receivables:

Contributions receivable represent unconditional promises to give that are expected to be collected over time. Contributions that are expected to be collected within one year are recorded at net realizable value. At June 30, 2020 and 2019 all amounts are expected to be collected within one year, therefore no fair value adjustment is necessary.

Management determines an allowance for receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collection. At June 30, 2020 and 2019, management determined an allowance for uncollectible receivables was not necessary.

#### Donated assets:

Donated materials and qualified services are included in contributions as of the date of donation when a clearly measurable and objective basis of valuation exists. A substantial number of unpaid volunteers have made significant contributions of their time in the Foundation's administrative and operating activities. The value of the donated time is not reflected in these financial statements, since it does not meet the standard for inclusion. However, donated storage space from the Children's Hospital of Richmond with an estimated value of \$11,700 is recognized in the 2020 and 2019 financial statements.

#### Property and equipment:

The Foundation capitalizes all expenditures in excess of \$500 as property and equipment with an extended useful life. Property is recorded at cost. Major improvements are capitalized and depreciated; maintenance and repairs which do not significantly improve or extend the life of respective assets are expensed. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in other income in the statement of activities. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally three to seven years.

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Paycheck Protection Program (PPP) Loan:

In April 2020, the Foundation received \$79,000 from the US federal government's Paycheck Protection Program ("PPP"). The Foundation has elected to account for the funds as debt under *Accounting Standard Codification Topic 470 - Debt* until the loan has been forgiven and the Foundation has been legally discharged from their obligation. The loan bears interest at 1% with payments postponed until January 2021. The Foundation expects that it will meet the conditions for 100% forgiveness once the final regulations are released and lender portals are made available to obtain such forgiveness.

#### Revenue recognition:

Effective July 1, 2019, the Foundation adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and related amendments that serves as a single source of revenue guidance for all contracts with customers to transfer goods or services (reciprocal transactions), unless those contracts are within the scope of other standards. In addition, the Foundation also adopted ASU 2018-08, Not-for-Profit Entities (Topic 958), and related amendments, that include guidance over grants and contributions (nonreciprocal transactions) as well as the determination of whether a contribution is conditional which affects the timing of revenue recognition.

Prior periods were not restated and the cumulative effect of applying the new standards on July 1, 2019 was not significant. The Foundation's revenues for the year ended June 30, 2020 and its receivables and net assets as of June 30, 2020 were not materially different from the amounts that would have been recognized under the previous guidance. ASU 2014-09 also requires expanded revenue disclosures which follow.

*Grants and contributions* – Grant and contributions are recorded as net assets, with or without donor restrictions, depending on the existence and/or nature of donor-imposed restrictions. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other grants and donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Special events* – The Foundation also conducts special events in which a portion of the proceeds paid by participants represent payment for the direct cost of the benefits received by the participant at the event. Proceeds from special events, net of processing fees, are presented net of those costs that ultimately benefit the donor. Any indirect expenses associated with special events are included in fundraising expenses on the statement of functional expenses. Fundraising expenses associated with special events totaled \$9,901 and \$18,724, respectively.

During the year ended June 30, 2020, the Foundation postponed its annual gala. Sponsorships and donations were recognized as contributions as received while registration income and event expenses were deferred at June 30, 2020 and will be recognized at the time of the event.

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Income tax status:

The Foundation is a qualifying nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code, and therefore is exempt from federal and state income taxes. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation does not believe it has any uncertain tax positions as of June 30, 2020. Fiscal years ending on or after 2017 remain subject to examination by federal and state tax authorities.

#### Functional expense allocation:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses and statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

### Note 2. Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 2. Fair Value Measurements, Continued

Substantially all of the investments in the statement of financial position are reported at the value at the closing price reported on the active market on which the individual securities are traded. The resulting value is a Level 1 measure.

### Note 3. Contributions receivable

Contributions receivable are expected to be collected within one year. The Foundation's changes in contributions receivable are as follows for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Balance – beginning of the year	\$ 37,772	\$ 45,104
New pledges	25,000	37,772
Pledge collections	(37,772)	(28,891)
Write-offs	-	(16,213)
Balance – end of the year	<u>\$ 25,000</u>	<u>\$ 37,772</u>

### Note 4. Investments

Investments are stated at fair value in the statement of financial position. Fair value and cumulative unrealized gains (losses) are as follows:

	<u>As of June 30, 2020</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments	\$ 860	\$ 1,000	\$ (140)
Certificates of deposit and liquid investments	71,840	71,840	-
Bonds	645,344	605,179	40,165
Marketable equity securities	<u>573,330</u>	<u>600,103</u>	<u>(26,773)</u>
Total long-term investments	<u>1,290,514</u>	<u>1,277,122</u>	<u>13,392</u>
Total	<u>\$ 1,291,374</u>	<u>\$ 1,278,122</u>	<u>\$ 13,252</u>
	<u>As of June 30, 2019</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments	\$ 1,089	\$ 1,000	\$ 89
Certificates of deposit and liquid investments	22,255	22,255	-
Bonds	529,224	518,153	11,071
Marketable equity securities	<u>566,075</u>	<u>534,589</u>	<u>31,486</u>
Total long-term investments	<u>1,117,554</u>	<u>1,074,997</u>	<u>42,557</u>
Total	<u>\$ 1,118,643</u>	<u>\$ 1,075,997</u>	<u>\$ 42,646</u>

Permanently restricted investments are classified as a non-current asset in the statement of financial position.

# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 5. Property and Equipment

Property and equipment are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Computers and equipment	\$ 18,757	\$ 18,757
Computer software	22,478	22,478
Furniture and fixtures	38,348	38,348
Leasehold improvements	<u>48,238</u>	<u>48,238</u>
	127,821	127,821
Accumulated depreciation	<u>(126,027)</u>	<u>(123,888)</u>
	<u>\$ 1,794</u>	<u>\$ 3,933</u>

Depreciation expense totaled \$2,139 and \$2,032 for the years ended June 30, 2020 and 2019, respectively.

### Note 6. Line of Credit

During 2017, the Foundation entered into a line of credit with a financial institution. The line of credit provides for maximum borrowings of \$150,000, maturing on March 27, 2021. The line of credit bears interest at one-month LIBOR plus 2.0%. There was no outstanding balance on the line of credit at June 30, 2020 or 2019.

### Note 7. Donor Restricted Net Assets

Donor restricted net assets are as follows at June 30:

	<u>2020</u>	<u>2019</u>
<i>Temporarily restricted:</i>		
Salary funding – Children’s Hospital	\$ 25,000	\$ 25,000
Educator conferences	-	12,773
Survivorship and educator support	-	15,000
<i>Permanently restricted:</i>		
Endowment – see Note 9	<u>25,000</u>	<u>25,000</u>
Total donor restricted net assets	<u>\$ 50,000</u>	<u>\$ 77,773</u>

### Note 8. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the year ended June 30:

	<u>2020</u>	<u>2019</u>
Time restricted – contributions receivable	\$ -	\$ 45,104
Salary funding – Children’s Hospital	25,000	30,000
Educator conferences	12,773	6,281
Survivor and educator support	15,000	-
Video collection	<u>-</u>	<u>20,000</u>
Total released net assets	<u>\$ 52,773</u>	<u>\$ 101,385</u>



# ASK Childhood Cancer Foundation

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 9. Endowment Funds

The Foundation's endowment consists of an individual fund established to provide activities for children with cancer as stipulated by the donor. As required by GAAP, net assets associated with this endowment fund is classified based on the existence of donor-imposed restrictions.

The Foundation follows Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions and the possible effect of inflation or deflation; other resources of the Foundation.

While UPMIFA does not require it unless the donor instrument contains an express provision, the Foundation generally requires the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment fund. Following this approach, the Foundation classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and the (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

The Foundation appropriates amounts for expenditure based upon accumulated earnings in the funds and the needs of the Foundation. The Foundation utilizes diversified investments that provide the opportunity to achieve the return objectives without exposing the funds to unnecessary risk. The Foundation has a formal spending and investing policy.

A summary of the activity in permanently endowed funds for the years ended June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Permanently endowed net assets, beginning of year	\$ 25,000	\$ 25,000
Investment return, net	-	2,125
Amounts appropriated for expenditure	-	<u>(2,125)</u>
Permanently endowed net assets, end of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

### Note 10. Management of Liquidity

The following represents the Foundation's financial assets available to meet cash needs for general expenditures through June 30, 2021. Due to the nature of the restrictions from contributions received from donors, the Foundation has omitted all restricted contributions:

Total assets at end of year – June 30, 2020	\$ 1,845,044
Less amounts not available to be used within one year due to illiquidity:	
Prepaid expenses	(102,000)
Property and equipment, net	(1,794)
Deposits	<u>(2,987)</u>
	<u>(106,781)</u>

## ASK Childhood Cancer Foundation

### Notes to Financial Statements

June 30, 2020 and 2019

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#### Note 10. Management of Liquidity, Continued

Less amounts not available to be used through June 30, 2021 due to donor-imposed restrictions:

Purpose restrictions	
Salary funding – Children’s Hospital	(25,000)
Permanent endowment	<u>(25,000)</u>

Financial assets available to meet cash needs for general expenditures through June 30, 2021: \$ 1,688,263

The Foundation receives various contributions with purpose or time restrictions from donors. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure.

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. The Foundation also invests cash in excess of daily requirements in short-term investments.

The Foundation has approximately \$1.7 million of financial assets available on June 30, 2020 to meet cash needs for general expenditures through June 30, 2021. Financial assets include cash, short term investments and the current portion of unrestricted contributions receivable. The unrestricted contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

The Foundation believes that these financials assets, along with \$150,000 of borrowings available under a line of credit (as discussed in Note 6) and revenue to be generated from 2021 activities, are adequate to cover expected general operating expenses which are budgeted at approximately \$100,000 per month in the year ending June 30, 2021.

#### Note 11. Retirement Plan

In October 2018, the Foundation started a Simple IRA plan for all employees making greater than \$5,000 per year. Employees can contribute up to \$12,500 per year (\$15,500 per year if the employee is over 50) and the Foundation will match up to 3% per year. Matching contributions totaled \$7,247 and \$6,970 for the year ended June 30, 2020 and 2019, respectively.

#### Note 12. Operating Leases

The Foundation leases office space under an operating lease agreement. Lease payments amounted to approximately \$50,531 and \$54,300 in 2020 and 2019, respectively. A third amendment to the original lease was signed in October of 2019 extending the lease to November 30, 2020. Future minimum lease payments to be made under the lease agreement are \$4,210 per month through November 30, 2020.

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## **ASK Childhood Cancer Foundation**

### ***Notes to Financial Statements***

***June 30, 2020 and 2019***

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#### **Note 12. Operating Leases, Continued**

The Foundation leases a copier under a five-year lease agreement which began in July of 2017. Monthly rent is \$200 plus charges for usage over allowance. Future minimum lease payments under the existing lease are expected to be \$2,396 in 2021 and \$399 in 2022.

#### **Note 13. Related Party Transactions**

For the years ended June 30, 2020 and 2019, the Foundation supplied a child psychologist, a child life therapist, and a chaplain to the Children's Hospital of Richmond at a cost of approximately \$238,000 and \$249,000, respectively. One member of the Foundation's Board of Directors in fiscal year 2019 was employed by the Children's Hospital of Richmond. There was a balance of \$43,762 due to the Children's Hospital of Richmond at June 30, 2020 and no amounts due to or from at June 30, 2019. During 2020 and 2019, the Children's Hospital of Richmond also provided hospital storage space to the Foundation without charge. Management estimated the value of this space to be \$11,700 for both 2020 and 2019 and recorded such in the accompanying financial statements as an in-kind donation.

The Foundation has an agreement to supply these same positions to the Children's Hospital of Richmond for fiscal year 2021 at a cost of approximately \$65,000 per quarter (total of approximately \$258,000). The term of the agreement started on October 24, 2013 and automatically renews on May 1 of each calendar year. Either party may terminate the agreement by giving written notice no later than April 1 of each calendar year.

#### **Note 14. Risks and Uncertainties**

In March 2020, many citizens were advised, and in some cases required, to remain in their homes to reduce the risk of spreading COVID-19. These actions have caused significant disruption to the economy as businesses and other public places were closed, the stock markets declined, and general activities slowed as priority was on restricting the spread of COVID-19. On March 27, 2020, the federal government enacted legislation to provide \$2.2 trillion of economic stimulus in an effort to maintain the flow of economic activities within the United States.

As discussed in Note 1, the Foundation received \$79,000 of PPP funding which partially mitigated the financial cash impact from the COVID-19 disruption during the year ending June 30, 2020. Further disruption may occur depending on the extent of the COVID-19 restrictions and the time required for a complete economic recovery. Management is unable to determine the ultimate impact from COVID-19 and has made no adjustments to these financial statements as a result of this uncertainty.

#### **Note 15. Subsequent Events**

The Foundation has evaluated subsequent events through September 28, 2020, the date which the financial statements were available to be issued.