

ASK Childhood Cancer Foundation

Report on Financial Statements

For the years ended June 30, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 - Change in Accounting Principles

As discussed in Note 1, the Foundation adopted the provisions of Accounting Standards Update 2016-02, *Leases*, effective July 1, 2020. Our opinion on the accompanying financial statements is not modified with respect to this matter.

A handwritten signature in black ink, appearing to read "Kimbee". The signature is written in a cursive, flowing style.

Richmond, Virginia
September 9, 2021

ASK Childhood Cancer Foundation

Statements of Financial Position

As of June 30, 2021 and 2020

Assets	2021	2020
Current assets		
Cash	\$ 610,982	\$ 411,786
Short-term investments	1,977	860
Contributions receivable	20,000	25,000
Other receivables - including leasehold incentives as of June 30, 2021	121,380	530
Prepaid expenses	6,000	102,000
Other current assets	11,252	12,560
Total current assets	771,591	552,736
Property and equipment, net	405,417	1,794
Investments	1,530,003	1,290,514
Right to use leased asset	918,478	-
Total assets	\$ 3,625,489	\$ 1,845,044
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 115,201	\$ 74,385
Accrued payroll expense	36,867	16,865
Deferred income	79,943	83,485
Paycheck Protection Program (PPP) Loan	79,200	79,000
Total current liabilities	311,211	253,735
Operating lease liability	1,033,091	-
Total liabilities	1,344,302	253,735
Net assets		
Without donor restrictions	2,218,434	1,541,309
With donor restrictions		
Permanently endowed	25,000	25,000
Other amounts with donor restrictions	37,753	25,000
Total net assets with donor restrictions	62,753	50,000
Total net assets	2,281,187	1,591,309
Total liabilities and net assets	\$ 3,625,489	\$ 1,845,044

See Notes to Financial Statements

ASK Childhood Cancer Foundation

Statement of Activities

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 782,588	\$ 22,500	\$ 805,088
Capital campaign contributions	-	314,496	314,496
Grants	70,382	10,000	80,382
Paycheck Protection Program revenue	79,000	-	79,000
Special events (less costs of direct benefits to donors of \$165,239)	432,542	-	432,542
In-kind contributions	11,700	-	11,700
Interest and dividends	45,822	-	45,822
Unrealized and realized gain on investments	194,784	-	194,784
	<u>1,616,818</u>	<u>346,996</u>	<u>1,963,814</u>
Net assets released from restrictions	334,243	(334,243)	-
Total support and revenue	<u>1,951,061</u>	<u>12,753</u>	<u>1,963,814</u>
Expenses			
Program expenses	919,276	-	919,276
Management	110,606	-	110,606
Fundraising	244,054	-	244,054
Total expenses	<u>1,273,936</u>	<u>-</u>	<u>1,273,936</u>
Change in net assets	677,125	12,753	689,878
Net assets at beginning of period	1,541,309	50,000	1,591,309
Net assets at end of period	<u>\$ 2,218,434</u>	<u>\$ 62,753</u>	<u>\$ 2,281,187</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>
Support and revenue			
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>
Expenses			
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>
Change in net assets	(88,551)	(27,773)	(116,324)
Net assets at beginning of period	<u>1,629,860</u>	<u>77,773</u>	<u>1,707,633</u>
Net assets at end of period	<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 Functional Expenses****For the year ended June 30, 2021**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Specific assistance to individuals	\$ 235,361	\$ -	\$ -	\$ 235,361
Personnel costs	208,806	45,338	199,706	453,850
Personnel costs - Children's Hospital of Richmond, Note 13	211,302	-	-	211,302
Educational programs and support	134,262	-	2,294	136,556
Rent and occupancy	66,064	2,685	2,686	71,435
Supplies	14,038	13,035	5,344	32,417
Accounting and professional fees	-	28,300	-	28,300
Other	1,460	11,718	10,809	23,987
Printing and postage	-	-	21,561	21,561
Renovation expenses	20,845	-	-	20,845
Insurance	4,512	6,316	1,289	12,117
In-kind expense	11,700	-	-	11,700
Community awareness and marketing	6,336	-	-	6,336
Depreciation	4,590	2,048	255	6,893
Website and internet	-	1,166	110	1,276
Total	<u>\$ 919,276</u>	<u>\$ 110,606</u>	<u>\$ 244,054</u>	<u>\$ 1,273,936</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	10,294	8,583	7,736	26,613
Accounting and professional fees	-	24,750	-	24,750
Printing and postage			21,465	21,465
Supplies	7,168	7,260	1,766	16,194
In-kind expense	11,700	-	-	11,700
Insurance	2,260	2,986	970	6,216
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

ASK Childhood Cancer Foundation

Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 689,878	\$ (116,324)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of right to use leased assets	653	-
Imputed interest on lease liability	2,110	-
Depreciation	6,893	2,139
Unrealized (gain) loss on investments	(137,951)	29,394
Formal debt forgiveness of Paycheck Protection Program loan	(79,000)	-
Change in operating assets and liabilities:		
Short-term investments	(1,117)	319
Contributions receivable	5,000	12,772
Accounts receivable	530	18,670
Prepaid expenses	96,000	(81,362)
Other current assets	1,308	(210)
Accounts payable	40,816	30,857
Accrued payroll expense	20,002	(11,266)
Deferred income	(3,542)	74,721
Operating lease liability	(9,530)	-
Net cash provided by (used in) operating activities	<u>632,050</u>	<u>(40,290)</u>
Cash flows from investing activities		
Purchase of investments	(101,538)	(202,444)
Purchases of property and equipment	(410,516)	-
Net cash used in investing activities	<u>(512,054)</u>	<u>(202,444)</u>
Cash flows from financing activities		
Proceeds from Paycheck Protection Program (PPP) loan	79,200	79,000
Net cash provided by financing activities	<u>79,200</u>	<u>79,000</u>
Net change in cash and cash equivalents	199,196	(163,734)
Cash and cash equivalents at beginning of year	411,786	575,520
Cash and cash equivalents at end of year	<u>\$ 610,982</u>	<u>\$ 411,786</u>
Supplemental disclosure of non-cash investing and financing activities		
Initial recording of right to use leased assets	\$ 919,131	\$ -
Initial recorded of right to use lease obligation	\$ 1,040,511	\$ -
Recognition of leasehold incentives at lease inception	\$ 121,380	\$ -

See Notes to Financial Statements

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

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.

During the year ended June 30, 2021, the Foundation embarked on a capital campaign to raise funds for the construction and build-out of the Family Center which provides additional space to welcome kids back in-person for programs and events. The campaign raised a total of approximately \$315,000 for construction on the 5,400 square foot location which opened in May 2021.

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.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

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

Concentration of credit risk, continued:

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.

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

	<u>2021</u>	<u>2020</u>
ASK Walk	5%	9%
Community Fundraisers: Mustaches 4-kids, Lexus Champions for Charity, Ask Ambassadors, Donut Run and Tad Dupriest Events	14%	15%
Annual Gala	15%	15%

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, 2021 and 2020 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, 2021 and 2020, 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 2021 and 2020 financial statements.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

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

Property and equipment:

The Foundation capitalizes all expenditures in excess of \$2,500 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 eleven years.

Paycheck Protection Program (PPP) Loans:

In April 2020, the Foundation received \$79,000 from the US federal government's Paycheck Protection Program ("PPP"). The Foundation elected to account for the funds as debt under *Accounting Standard Codification Topic 470 - Debt* until the loan was forgiven and the Foundation was legally discharged from their obligation. The first PPP loan was formally forgiven in January 2021 at which time it was recognized as revenue in the statement of activities.

In February 2021, the Foundation applied for and were granted a second draw PPP loan of \$79,200. The loan bears interest at 1% and matures after five years. The Foundation expects that it will meet the conditions for 100% forgiveness and has filed with the lender as of the date of the financial statements.

Revenue recognition:

The Foundation follows ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and related amendments that serve 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. 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.

The Foundation records revenues as follows:

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 (with the exception of the capital campaign contributions during the year ended June 30, 2021). 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.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

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

Revenue recognition, continued:

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 \$6,187 and \$9,901, respectively.

During the year ended June 30, 2020, the Foundation postponed its annual gala until the virtual gala was held in September 2020. Sponsorships and donations were recognized as contributions as received while registration income and event expenses were deferred at June 30, 2020 and/or June 30, 2021 and will be recognized at the time of the event.

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, 2021. Fiscal years ending on or after 2018 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.

Leases (new accounting standard adoption):

Effective with its move into the new Family Center space in May 2021, the Foundation adopted FASB ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to record most leases in their balance sheets as a lease liability with a corresponding right-of-use asset, but continue to recognize the related rent expense within net income.

The Foundation's prior lease, which expired in April 2021, was recorded as expense when paid in accordance with prior operating lease accounting guidance.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

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

Leases (new accounting standard adoption), continued:

As a result of adopting ASU No. 2016-02, the Company recorded a lease liability of approximately \$1.0 million, a right to use leased asset of approximately \$919,000 and a \$121,380 receivable relating to a lease incentive to be received from the lessor. ASU No. 2016-02 also requires expanded lease disclosures, which are included in Note 6. Adoption of this standard did not have a material impact on the Foundation's results of operations or cash flows.

The present value of future lease payments for the Foundation's leases with terms greater than 12 months is included on the statement of financial position as a lease liability and right to use leased asset. Total expected lease payments are based on the lease payments specified in the contract and the stated term, including any options to extend that the Foundation is reasonably certain to exercise.

The lease liability, which represents the Foundation's contractual obligation to make lease payments, is calculated based on the present value of expected lease payments over the remaining lease term, discounted using the risk free rate of return at the lease commencement date as allowed under the standard. The lease liability was adjusted for \$121,380 of lease incentives to be received, the net amount of which which represents the Foundation's right to use the underlying asset for the lease term.

Total lease costs are primarily comprised of rental expense for the prior operating lease, which is recognized on a straight line basis over the lease term. See Note 6 for further details regarding leases.

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, 2021 and 2020

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>2021</u>	<u>2020</u>
Balance – beginning of the year	\$ 25,000	\$ 37,772
New pledges	20,000	25,000
Pledge collections	<u>(25,000)</u>	<u>(37,772)</u>
Balance – end of the year	<u>\$ 20,000</u>	<u>\$ 25,000</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 as of June 30:

	<u>2021</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments	\$ 1,977	\$ 1,000	\$ 977
Certificates of deposit and liquid investments	107,344	107,344	-
Bonds	629,141	596,491	32,650
Marketable equity securities	<u>793,518</u>	<u>664,565</u>	<u>128,953</u>
Total long-term investments	<u>1,530,003</u>	<u>1,368,400</u>	<u>161,603</u>
Total	<u>\$ 1,531,980</u>	<u>\$ 1,369,400</u>	<u>\$ 162,580</u>
	<u>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>

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, 2021 and 2020

Note 5. Property and Equipment

Property and equipment are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 334,058	\$ 48,238
Computers and equipment	3,576	18,757
Computer software	-	22,478
Furniture and fixtures	<u>72,883</u>	<u>38,348</u>
	410,517	127,821
Accumulated depreciation	<u>(5,100)</u>	<u>(126,027)</u>
	<u>\$ 405,417</u>	<u>\$ 1,794</u>

Depreciation expense totaled \$6,893 and \$2,139 for the years ended June 30, 2021 and 2020, respectively.

Note 6. Leases

Total rental expense under the previous lease, prior to the adoption of FASB ASU 2016-12, *Leases (Topic 842)*, totaled approximately \$44,000 through April 2021. Total lease costs for the operating lease commencing May 2021 through June 30, 2021 were approximately \$8,000.

The following table summarizes details for the Foundation's lease of the Family Center and office space beginning in May 2021 as recorded on the statement of financial position as of June 30, 2021:

Lease incentive receivable	\$ 121,380
Right to use lease asset	\$ 918,478
Lease liability	\$ 1,033,092
Remaining lease term	130 months
Discount rate	1.63%

The following table summarizes the maturities of the Foundation's lease liability as of June 30, 2021.

<u>Years Ending June 30,</u>	
2022	\$ 100,139
2023	100,139
2024	100,139
2025	100,305
2026	102,312
2027 and thereafter	<u>626,841</u>
Total lease payments	1,129,875
Less: imputed interest	<u>(96,784)</u>
Total operating lease liability	<u>\$ 1,033,091</u>

Note 7. 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 subject to annual renewal by the lender. 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, 2021 or 2020.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2021 and 2020

Note 8. Donor Restricted Net Assets

Donor restricted net assets are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
<i>Temporarily restricted:</i>		
Time restriction – Capital Campaign pledges receivable	\$ 20,000	\$ -
Salary funding – Children’s Hospital	10,000	25,000
TADS Kids Family Crisis Fund	7,753	-
<i>Permanently restricted:</i>		
Endowment – see Note 10	<u>25,000</u>	<u>25,000</u>
Total donor restricted net assets	<u>\$ 62,753</u>	<u>\$ 50,000</u>

Note 9. 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>2021</u>	<u>2020</u>
Salary funding – Children’s Hospital	\$ 25,000	\$ 25,000
Capital campaign – Family Center	294,496	-
TADS Kids Family Crisis Fund	14,747	-
Educator conferences	-	12,773
Survivor and educator support	<u>-</u>	<u>15,000</u>
Total released net assets	<u>\$ 334,243</u>	<u>\$ 52,773</u>

Note 10. 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.

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Notes to Financial Statements

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Note 10. Endowment Funds, Continued

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>2021</u>	<u>2020</u>
Permanently endowed net assets, beginning of year	\$ 25,000	\$ 25,000
Investment return, net	3,926	-
Amounts appropriated for expenditure	<u>(3,926)</u>	-
Permanently endowed net assets, end of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Note 11. Management of Liquidity

The following represents the Foundation's financial assets available to meet cash needs for general expenditures through June 30, 2022. 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, 2021	\$ 3,594,288
Less amounts not available to be used within one year due to illiquidity:	
Property and equipment, net	(405,417)
Right to use leased asset	(887,277)
Prepaid expenses	(6,000)
Other current assets	<u>(11,252)</u>
	<u>(1,309,946)</u>
Less amounts not available to be used through June 30, 2021 due to donor-imposed restrictions:	
Purpose restrictions	
Salary funding – Children's Hospital	(10,000)
TADS Kids Family Crisis Fund	(7,753)
Permanent endowment	<u>(25,000)</u>
Financial assets available to meet cash needs for general expenditures through June 30, 2022:	<u>\$ 2,241,589</u>

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.

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Note 11. Management of Liquidity, Continued

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 \$2.2 million of financial assets available on June 30, 2021 to meet cash needs for general expenditures through June 30, 2022. Financial assets include cash, 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 financial assets, along with \$150,000 of borrowings available under a line of credit (as discussed in Note 7) and revenue to be generated from 2022 activities, are adequate to cover expected general operating expenses which are budgeted at approximately \$125,000 per month in the year ending June 30, 2022.

Note 12. 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 \$13,500 per year (\$16,500 per year if the employee is over 50) and the Foundation will match up to 3% per year. Matching contributions totaled \$8,400 and \$7,247 for the year ended June 30, 2021 and 2020, respectively.

Note 13. Related Party Transactions

For the years ended June 30, 2021 and 2020, 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 \$211,000 and \$238,000, respectively. There was a balance of \$43,762 due to the Children's Hospital of Richmond at June 30, 2020. During 2021 and 2020, 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 2021 and 2020 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 2022 at a cost of approximately \$62,000 per quarter (total of approximately \$248,000). 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 and general activities slowed as priority was placed on restricting the spread of COVID-19. The federal government has enacted legislation to provide economic stimulus in an effort to maintain the flow of economic activities within the United States.

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Note 14. Risks and Uncertainties, Continued

As discussed in Note 1, the Foundation received \$79,000 of PPP funding annually in 2021 and 2020 which partially offset the financial cash impact from the COVID-19 disruption during the year ending June 30, 2021. 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 9, 2021, the date which the financial statements were available to be issued.