

ASK Childhood Cancer Foundation

Report on Financial Statements

For the years ended June 30, 2019 and 2018

ASK Childhood Cancer Foundation

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements.....	9-17



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 statement of financial position as of June 30, 2019, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 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.

Other Matter

The financial statements of the Foundation, as of and for the year ended June 30, 2018, were audited by other auditors who have ceased operations, whose report, dated September 18, 2018, expressed an unmodified opinion on those financial statements.

A handwritten signature in black ink, appearing to read "Kimbee". The signature is written in a cursive style with a prominent dot above the letter 'i'.

Richmond, Virginia
January 23, 2020

ASK Childhood Cancer Foundation

Statements of Financial Position

As of June 30, 2019 and 2018

Assets	2019	2018
Current assets		
Cash	\$ 575,520	\$ 409,307
Short-term investments	1,179	1,176
Contributions receivable	37,772	45,104
Accounts receivable	19,200	4,475
Prepaid expenses	20,638	9,388
Other current assets	12,350	11,124
Total current assets	666,659	480,574
Property and equipment, net	3,933	-
Investments	1,117,464	1,019,922
Total assets	<u>\$ 1,788,056</u>	<u>\$ 1,500,496</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 43,528	\$ 31,938
Accrued expenses	28,131	11,135
Deferred income	8,764	-
Total current liabilities	80,423	43,073
Net assets		
Without donor restrictions	1,629,860	1,337,319
With donor restrictions		
Permanently endowed	25,000	25,000
Other amounts with donor restrictions	52,773	95,104
Total net assets with donor restrictions	77,773	120,104
Total net assets	1,707,633	1,457,423
Total liabilities and net assets	<u>\$ 1,788,056</u>	<u>\$ 1,500,496</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>
Support and revenue			
Contributions	\$ 566,543	\$ -	\$ 566,543
Grants	56,000	59,054	115,054
Special events (less costs of direct benefits to donors of \$191,156)	553,964	-	553,964
In-kind contributions	11,700	-	11,700
Interest, dividends and realized gains	39,944	-	39,944
Unrealized 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	101,385	(101,385)	-
Total support and revenue	<u>1,384,594</u>	<u>(42,331)</u>	<u>1,342,263</u>
Expenses			
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>
Change in net assets	292,541	(42,331)	250,210
Net assets at beginning of period	<u>1,337,319</u>	<u>120,104</u>	<u>1,457,423</u>
Net assets at end of period	<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 Activities

For the year ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 548,207	\$ 38,469	\$ 586,676
Grants	62,350	30,000	92,350
Special events (less costs of direct benefits to donors of \$153,087)	445,797	-	445,797
In-kind contributions	11,700	-	11,700
Interest, dividends and realized gains	27,801	-	27,801
Unrealized loss on investments	(6,457)	-	(6,457)
	<u>1,089,398</u>	<u>68,469</u>	<u>1,157,867</u>
Net assets released from restrictions	<u>40,122</u>	<u>(40,122)</u>	<u>-</u>
Total support and revenue	<u>1,129,520</u>	<u>28,347</u>	<u>1,157,867</u>
Expenses			
Program expenses	613,483	-	613,483
Management	84,564	-	84,564
Fundraising	150,280	-	150,280
Total expenses	<u>848,327</u>	<u>-</u>	<u>848,327</u>
Change in net assets	281,193	28,347	309,540
Net assets at beginning of period	1,056,126	91,757	1,147,883
Net assets at end of period	<u>\$ 1,337,319</u>	<u>\$ 120,104</u>	<u>\$ 1,457,423</u>

See Notes to Financial Statements

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

	<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**Statement of Functional Expenses****For the year ended June 30, 2018**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Specific assistance to individuals	\$ 92,848	\$ -	\$ -	\$ 92,848
Personnel costs	83,824	46,244	115,669	245,737
Personnel costs - Children's Hospital of Richmond, Note 13	245,364	-	-	245,364
Educational programs and support	109,073	7,279	1,593	117,945
Rent and occupancy	52,919	2,452	2,452	57,823
Other	5,798	3,168	16,509	25,475
Accounting and professional fees	-	16,696	-	16,696
Supplies	2,954	2,688	1,173	6,815
In-kind expense	11,700	-	-	11,700
Printing and postage	-	-	6,646	6,646
Insurance	-	4,759	493	5,252
Website and internet	-	637	3,588	4,225
Community awareness and marketing	5,802	-	1,981	7,783
Depreciation	3,201	176	176	3,553
Bank fees	-	465	-	465
Total	<u>\$ 613,483</u>	<u>\$ 84,564</u>	<u>\$ 150,280</u>	<u>\$ 848,327</u>

See Notes to Financial Statements

ASK Childhood Cancer Foundation

Statements of Cash Flows

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 250,210	\$ 309,540
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,032	3,553
Unrealized gain (loss) on investments	(55,058)	6,457
Change in operating assets and liabilities:		
Short-term investments	(3)	-
Contributions receivable	7,332	21,653
Accounts receivable	(14,725)	11,512
Prepaid expenses	(11,250)	6,124
Other current assets	(1,226)	-
Accounts payable	11,590	8,802
Accrued expenses	16,996	(19,459)
Deferred income	8,764	(1,500)
Net cash provided by operating activities	<u>214,662</u>	<u>346,682</u>
Cash flows from investing activities		
Purchases of investments	(1,154,257)	(525,707)
Proceeds from sale of investments	1,111,773	147,919
Purchases of property and equipment	(5,965)	-
Net cash used in investing activities	<u>(48,449)</u>	<u>(377,788)</u>
Net change in cash and cash equivalents	166,213	(31,106)
Cash and cash equivalents at beginning of year	409,307	440,413
Cash and cash equivalents at end of year	<u>\$ 575,520</u>	<u>\$ 409,307</u>

See Notes to Financial Statements

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

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, 2019 and 2018

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>2019</u>	<u>2018</u>
ASK Walk	8%	9%
Mustaches 4-kids, Donut Run, Tad Dupriest Events	12%	12%
Annual Gala	29%	25%

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, 2019 and 2018 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, 2019 and 2018, management determined an allowance for uncollectible receivables was not necessary.

Donated assets:

Donated materials and qualified services are included in contributions at fair market value as of the date of donation. 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 2019 and 2018 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, 2019 and 2018

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

Grants and contributions:

Grants 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 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 \$18,724 and \$13,040, respectively.

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, 2019. Fiscal years ending on or after 2016 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.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

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

Reclassifications:

In preparing these financial statements, certain prior year amounts have been reclassified to conform to the current year presentation. There were no changes to previously reported total net assets or change in net assets associated with the reclassifications.

Recently issued accounting standards:

In August 2016, the Financial Accounting Standards Board (FASB) issued an accounting standards update (ASU) that required changes to the net asset classification and additional information about a not-for-profit entity's liquidity, financial performance and cash flows. This change is intended to enhance the usefulness of a not-for-profit's financial statements. The Foundation has adjusted for these changes in the presentation of the accompanying financial statements.

In May 2014, the FASB issued an ASU that replaces all existing revenue recognition guidance in current GAAP. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard achieves this through a five step process. The ASU is effective for annual reporting periods beginning after December 15, 2018 (the Foundation's June 30, 2020 financial statements) and is not expected to have a significant impact on the Foundation's future financial statements.

In February 2016, the FASB issued an ASU that requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under GAAP. The new lease guidance is effective for fiscal years beginning after December 15, 2020 (the Foundation's June 30, 2021 financial statements).

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.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

Note 2. Fair Value Measurements, Continued

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

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>2019</u>	<u>2018</u>
Balance – July 1	\$ 45,104	\$ 66,757
New pledges	37,772	18,469
Pledge payments	(28,891)	(40,122)
Write-offs	(16,213)	-
Balance – June 30	<u>\$ 37,772</u>	<u>\$ 45,104</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, 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>

	<u>As of June 30, 2018</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Short-term investments	\$ 1,176	\$ 1,000	\$ 176
Certificates of deposit and liquid investments	210,479	210,492	(13)
Bonds	301,048	315,032	(13,984)
Marketable equity securities	<u>508,395</u>	<u>478,890</u>	<u>29,505</u>
Total long-term investments	<u>1,019,922</u>	<u>1,004,414</u>	<u>15,508</u>
Total	<u>\$ 1,021,098</u>	<u>\$ 1,005,414</u>	<u>\$ 15,684</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, 2019 and 2018

Note 5. Property and Equipment

Property and equipment are as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Computers and equipment	\$ 18,757	\$ 18,757
Computer software	22,478	22,478
Furniture and fixtures	38,348	32,383
Leasehold improvements	<u>48,238</u>	<u>48,238</u>
	127,821	121,856
Accumulated depreciation	<u>(123,888)</u>	<u>(121,856)</u>
	<u>\$ 3,933</u>	<u>\$ -</u>

Depreciation expense totaled \$2,032 and \$3,553 for the years ended June 30, 2019 and 2018, 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, 2020. 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, 2019 or 2018.

Note 7. Donor Restricted Net Assets

Donor restricted net assets are as follows at June 30:

	<u>2019</u>	<u>2018</u>
<i>Temporarily restricted:</i>		
Time restricted – contributions receivable	\$ -	\$ 45,104
Salary funding – Children’s Hospital	25,000	30,000
Educator conferences	12,773	-
Survivorship and educator support	15,000	-
Video collection	-	20,000
<i>Permanently restricted:</i>		
Endowment – see Note 9	<u>25,000</u>	<u>25,000</u>
Total donor restricted net assets	<u>\$ 77,773</u>	<u>\$ 120,104</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>2019</u>	<u>2018</u>
Time restricted – contributions receivable	\$ 45,104	\$ 40,122
Salary funding – Children’s Hospital	30,000	-
Educator conferences	6,281	-
Video collection	<u>20,000</u>	<u>-</u>
Total released net assets	<u>\$ 101,385</u>	<u>\$ 40,122</u>

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

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 year ended June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Permanently endowed net assets, beginning of year	\$ 25,000	\$ 25,000
Investment return, net	2,125	523
Contributions	-	-
Amounts appropriated for expenditure	<u>(2,125)</u>	<u>(523)</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, 2020. 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, 2019	\$ 1,788,056
Less amounts not available to be used within one year due to illiquidity:	
Prepaid expenses	(20,638)
Property and equipment, net	(3,933)
Deposits	<u>(2,987)</u>
	<u>(27,558)</u>

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

Note 10. Management of Liquidity, Continued

Less amounts not available to be used through June 30, 2020 due to donor-imposed restrictions:

Purpose restrictions	
Salary funding – Children’s Hospital	(25,000)
Educator conferences	(12,773)
Survivorship and educator support	(15,000)
Permanent endowment	<u>(25,000)</u>

Financial assets available to meet cash needs for general expenditures through June 30, 2020: \$ 1,682,725

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 over approximately \$1.7 million of financial assets available on June 30, 2019 to meet cash needs for general expenditures through June 30, 2020. 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 2020 activities, are adequate to cover expected general operating expenses which are budgeted at approximately \$100,000 per month in the year ending June 30, 2020.

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 \$6,970 and \$4,685 for the year ended June 30, 2019 and 2018, respectively.

Note 12. Operating Leases

The Foundation leases office space under an operating lease agreement. Lease payments amounted to approximately \$54,300 and \$49,200 in 2019 and 2018, 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.

ASK Childhood Cancer Foundation

Notes to Financial Statements

June 30, 2019 and 2018

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 annually through 2021 and \$399 in 2022.

Note 13. Related Party Transactions

For the years ended June 30, 2019 and 2018, 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 \$249,000 and \$245,000, respectively. One member of the Foundation's Board of Directors in fiscal year 2018 was employed by the Children's Hospital of Richmond. There were no amounts due to or from the Children's Hospital of Richmond at June 30, 2019 or 2018. During 2019 and 2018, 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 2019 and 2018 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 2020 at a cost of \$66,750 per quarter (total of approximately \$267,000). 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. Subsequent Events

The Foundation has evaluated subsequent events through January 23, 2020, the date which the financial statements were available to be issued.