

CURE CHILDHOOD CANCER, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

CURE CHILDHOOD CANCER, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditors' report	1- 2
Financial statements:	
Statements of financial position	3
Statements of activities	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 22

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CURE Childhood Cancer, Inc.

We have audited the accompanying financial statements of CURE Childhood Cancer, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

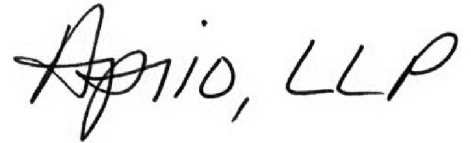
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 CURE Childhood Cancer, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

December 17, 2021

CURE CHILDHOOD CANCER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2021	2020
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,907,386	\$ 1,481,155
Contributions receivable	40,958	35,099
Employee retention credit receivable	381,215	-
Prepaid expenses	33,834	188,079
Other assets	17,362	21,129
Total current assets	2,380,755	1,725,462
Deposits	21,486	21,486
Investments, at fair value	2,571,725	1,947,156
Furniture and equipment, net	18,706	7,936
 Total assets	 \$ 4,992,672	 \$ 3,702,040
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 35,822	\$ 58,674
Deferred revenue	234,187	715,514
Grants payable	-	477,418
Total current liabilities	270,009	1,251,606
<u>Long-term liabilities:</u>		
Deferred rent	46,017	66,701
Long-term accrued expenses	69,000	-
Total long-term liabilities	115,017	66,701
Total liabilities	385,026	1,318,307
 <u>Net assets:</u>		
Without donor restrictions		
Undesignated	1,957,852	244,082
Board designated	2,607,670	2,104,317
With donor restrictions	42,124	35,334
Total net assets	4,607,646	2,383,733
Total liabilities and net assets	\$ 4,992,672	\$ 3,702,040

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and other support:</u>			
Contributions	\$ 4,325,037	\$ 464,099	\$ 4,789,136
Fundraising events, net	2,315,516	-	2,315,516
Donated goods and services	216,451	245,979	462,430
Investment return	502,026	6,790	508,816
Other	31,453	-	31,453
Net assets released from restrictions	710,078	(710,078)	-
Total revenues and other support	8,100,561	6,790	8,107,351
<u>Expenses:</u>			
Program	5,173,271	-	5,173,271
Supporting services:			
General and administrative	496,158	-	496,158
Fundraising	214,009	-	214,009
Total expenses	5,883,438	-	5,883,438
Change in net assets	2,217,123	6,790	2,223,913
Net assets at beginning of year	2,348,399	35,334	2,383,733
Net assets at end of year	\$ 4,565,522	\$ 42,124	\$ 4,607,646

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Contributions	\$ 4,329,953	\$ 268,100	\$ 4,598,053
Fundraising events, net	1,159,402	-	1,159,402
Donated assets and services	377,736	190,540	568,276
Investment return	34,142	643	34,785
Other	51,182	-	51,182
Net assets released from restrictions	<u>458,640</u>	<u>(458,640)</u>	<u>-</u>
Total revenue and other support	<u>6,411,055</u>	<u>643</u>	<u>6,411,698</u>
<u>Expenses:</u>			
Program	6,224,475	-	6,224,475
Supporting services:			
General and administrative	495,412	-	495,412
Fundraising	<u>259,964</u>	<u>-</u>	<u>259,964</u>
Total expenses	<u>6,979,851</u>	<u>-</u>	<u>6,979,851</u>
Change in net assets	(568,796)	643	(568,153)
Net assets at beginning of year	<u>2,917,195</u>	<u>34,691</u>	<u>2,951,886</u>
Net assets at end of year	<u>\$ 2,348,399</u>	<u>\$ 35,334</u>	<u>\$ 2,383,733</u>

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					General and Administrative	Fundraising	Total
	Research	Fellowships	Education	Patient and Family Support	Total			
Grants	\$ 2,348,071	\$ 175,651	\$ -	\$ -	\$ 2,523,722	\$ -	\$ -	\$ 2,523,722
Salaries and related expenses	-	-	842,779	745,078	1,587,857	223,322	156,884	1,968,063
Patient and family support	10,074	-	-	543,163	553,237	-	-	553,237
Fundraising events	-	-	-	-	-	-	652,598	652,598
Rent	-	-	61,472	71,717	133,189	20,490	17,076	170,755
Marketing and advertising	-	-	60,761	-	60,761	-	-	60,761
Professional fees	-	-	26,353	-	26,353	59,510	6,588	92,451
Donated goods and services	-	-	-	96,738	96,738	-	695	97,433
Software and technology	-	-	11,619	13,555	25,174	82,986	3,227	111,387
Community education	-	-	77,211	-	77,211	817	22,908	100,936
Bank charges	-	-	-	-	-	88,799	-	88,799
Office expense	-	-	17,539	20,462	38,001	11,241	4,872	54,114
Other	-	-	27,765	6,752	34,517	8,811	1,608	44,936
Newsletter	-	-	15,328	-	15,328	-	-	15,328
Depreciation and amortization	-	-	546	637	1,183	182	151	1,516
Subtotal	2,358,145	175,651	1,141,373	1,498,102	5,173,271	496,158	866,607	6,536,036
Less: Fundraising event expenses netted against revenue in the statement of activities	-	-	-	-	-	-	(652,598)	(652,598)
Total expenses	<u>\$ 2,358,145</u>	<u>\$ 175,651</u>	<u>\$ 1,141,373</u>	<u>\$ 1,498,102</u>	<u>\$ 5,173,271</u>	<u>\$ 496,158</u>	<u>\$ 214,009</u>	<u>\$ 5,883,438</u>

See independent auditors' report accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					General and Administrative	Fundraising	Total
	Research	Fellowships	Education	Patient and Family Support	Total			
Grants	\$ 3,156,068	\$ 400,942	\$ -	\$ -	\$ 3,557,010	\$ -	\$ -	\$ 3,557,010
Salaries and related expenses	-	-	768,366	682,895	1,451,261	210,183	184,861	1,846,305
Patient and family support	-	-	-	551,180	551,180	-	-	551,180
Fundraising events	-	-	-	-	-	-	510,177	510,177
Rent	-	-	60,640	70,746	131,386	20,213	16,844	168,443
Marketing and advertising	-	-	149,210	-	149,210	-	-	149,210
Professional fees	-	-	56,300	-	56,300	57,180	14,075	127,555
Donated goods and services	-	-	-	108,513	108,513	-	13,635	122,148
Software and technology	-	-	11,668	13,612	25,280	83,245	3,241	111,766
Community education	-	-	79,333	-	79,333	384	20,548	100,265
Bank charges	-	-	-	-	-	93,652	-	93,652
Office expenses	-	-	17,917	20,903	38,820	20,441	4,977	64,238
Other	-	-	34,853	6,641	41,494	9,871	1,581	52,946
Newsletter	-	-	33,111	-	33,111	-	-	33,111
Depreciation and amortization	-	-	728	849	1,577	243	202	2,022
Subtotal	3,156,068	400,942	1,212,126	1,455,339	6,224,475	495,412	770,141	7,490,028
Less: Fundraising event expenses netted against revenue in the statement of activities	-	-	-	-	-	-	(510,177)	(510,177)
Total expenses	<u>\$ 3,156,068</u>	<u>\$ 400,942</u>	<u>\$ 1,212,126</u>	<u>\$ 1,455,339</u>	<u>\$ 6,224,475</u>	<u>\$ 495,412</u>	<u>\$ 259,964</u>	<u>\$ 6,979,851</u>

See independent auditors' report accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 2,223,913	\$ (568,153)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,516	1,369
Amortization	-	653
Gain from forgiveness of PPP loan	(369,032)	(276,175)
Realized gain on sales of investments	(31,962)	(41,499)
Unrealized (gain) loss on investments	(446,990)	44,846
Donated stock	(95,818)	(273,475)
Change in:		
Contributions receivable	(5,859)	38,814
Employee retention credit receivable	(381,215)	-
Prepaid expenses	154,245	(99,354)
Other assets	3,767	5,836
Accounts payable and accrued expenses	46,148	(189,514)
Deferred revenue	(424,502)	480,410
Grants payable	(477,418)	477,418
Deferred rent	<u>(20,684)</u>	<u>(15,742)</u>
Net cash provided (used) by operating activities	<u>176,109</u>	<u>(414,566)</u>
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	373,707	976,776
Purchase of investments and reinvested income	(423,506)	(648,360)
Purchase of furniture and equipment	<u>(12,286)</u>	<u>(4,283)</u>
Net cash provided by investing activities	<u>(62,085)</u>	<u>324,133</u>
<u>Financing activities:</u>		
Proceeds from PPP loan	<u>312,207</u>	<u>333,000</u>
Net increase in cash	426,231	242,567
Cash and cash equivalents at beginning of year	<u>1,481,155</u>	<u>1,238,588</u>
Cash and cash equivalents at end of year	<u>\$ 1,907,386</u>	<u>\$ 1,481,155</u>

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note A

Description of Operations

CURE Childhood Cancer, Inc. (CURE) is a nonprofit organization dedicated to conquering childhood cancer through funding targeted research and through support of patients and their families. CURE was incorporated on November 26, 1975, under the laws of the state of Georgia. CURE is located in Georgia; substantially serves Georgia; and, is substantially supported through grants and contributions. Program activities include the following:

Research:

CURE is focused on supporting childhood cancer experts, locally and nationally, who are working daily to discover the ultimate solution. While most organizations are focused on treatment, facilities, education or a program related to what today's knowledge and medicine can offer, CURE is focused on expanding the platform of research to uncover new treatments that speed healing, are less invasive and less damaging, and that can eradicate the cancer itself. CURE has close co-operative relationships with many international and national groups involved in childhood cancer including The National Institute of Health, The National Cancer Institute, and The Children's Oncology Group.

Fellowships:

As the future for children with cancer rests on the doctors and researchers who are being trained today, CURE fully funds two pediatric oncology fellows and building towards endowing a third at the Emory University School of Medicine. CURE believes it is crucial to have new teams of skilled researchers prepared to carry on the search for the cure.

Education:

CURE is committed to furthering education on issues surrounding childhood cancer. CURE publishes The CURE Report three times each year and a monthly electronic newsletter. CURE has a robust education program directed to survivorship and wellness of families and directed to educating the public about childhood cancer, research and the needs of families.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note A

Description of Operations (Continued)

Patient and Family Support:

CURE supports children with cancer and their families as well as the frontline caregivers whose compassionate care and skill are instrumental to a child's health and healing.

- *Early Outreach* assists families with a new diagnosis in facing their fear and anxiety by providing practical information, encouragement, and other items useful to families throughout their journey.
- *Critical Needs Care* is dedicated to addressing the most critical and urgent needs of childhood cancer patients and their families.
- *Family Emergency Funds* provide emergency financial assistance.
- *Open Arms* delivers meals to both the Egleston and Scottish Rite campuses of the AFLAC Cancer Center at Children's Healthcare of Atlanta (CHOA) and Children's Memorial Hospital of Savannah (CMH).
- *Bereavement Care* provides essential bereavement support to families who have lost a child to cancer.
- *Partners in Caring* counseling program provides professional counseling services to families at minimal to no cost.
- *Caring for the Caregiver* is aimed at addressing the emotional strain felt by the frontline caregivers of children with cancer and their families at the two campuses of CHOA and CMH.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note B

Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. CURE is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CURE. These net assets may be used at the discretion of CURE's management and the Board of Directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash Equivalents:

CURE considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk:

CURE maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such balances, at times, may exceed FDIC limits. CURE has not experienced any such losses and does not believe that it is exposed to any significant risk on its cash and cash equivalents.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note B

Summary of Significant Accounting Policies (Continued)

Contributions Receivable:

Contributions receivable are recognized when a donor makes an unconditional promise to give to CURE. Conditional promises are not recorded as support until the conditions are substantially met. When a restriction has been met or expires, net assets with donor restriction are reclassified to net assets without donor restriction. Contributions receivable that are expected to be received in future years are recorded at the present value of expected future receipts. As of June 30, 2021 and 2020, all contributions receivable are due in less than one year and therefore no discount to present value was considered necessary.

Investments:

Investments are carried at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restriction, unless their use is restricted by explicit donor stipulations, or by law. Investment income and gains and losses on investments whose use is restricted by explicit donor stipulation, or by law, but whose restrictions expire in the same reporting period as earned, are reported as investment income without donor restriction.

Investments consist of equity securities and are reported at their fair values in the statements of financial position. All equity securities held by CURE are considered to be available-for-sale securities. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurements:

CURE applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note B

Summary of Significant Accounting Policies (Continued)

The three general valuation techniques that may be used to measure fair value are described below:

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

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Revenue Recognition from Exchange Transactions:

CURE Childhood Cancer, Inc. earns revenue through exchange transactions from fundraising events. These events represent a single performance obligation and can be sold on a standalone basis. These revenues are recognized in the accounting period during which the event is held. Fundraising event revenues are recognized when the event occurs. CURE determines that a point in time approach would be the most appropriate measure of recognition because the performance obligation is delivered at once.

Revenue Recognition from Contributions:

Contributions are recognized when the donor makes a pledge to CURE that is, in substance, unconditional. Conditional contributions are not recorded until the measurable performance barriers have been met and the right of return no longer applies. Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CURE uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. No allowance was considered necessary as of June 30, 2021 and 2020.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note B

Summary of Significant Accounting Policies (Continued)

Furniture and Equipment:

Furniture and equipment are stated at cost for purchased assets or fair value on the date of donation for donated assets and amounted to \$41,661 and \$29,375 as of June 30, 2021 and 2020, respectively. CURE reviews all expenditures greater than \$1,000 for capitalization. Assets received by donation generally follow the same capitalization policy. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which has been determined to be between 5 and 7 years. As of June 30, 2021 and 2020, accumulated depreciation totaled \$22,955 and \$21,439, respectively.

Impairment of Long-Lived Assets:

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

Grant Expenses:

Grant expenses are recognized when a payment is made to a grantee, or in the period the grantee is notified of the award, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Functional Expenses:

Program services are the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission for which CURE exists. Management and general activities are activities that are not identifiable with a single program, fundraising activity, or membership development activity but that are indispensable to the conduct of those activities and to CURE's existence. Fundraising activities are activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time.

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and services benefited. Allocated costs include salaries and software based on time and effort, depreciation and occupancy based on square footage, and office fees based on usage.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note B

Summary of Significant Accounting Policies (Continued)

Donated Goods and Services:

Donated goods and services are reflected as revenue in the accompanying statement of activities at their estimated fair values at the date of receipt. No amounts have been reflected in the statement of activities for donated volunteer services because they do not meet the criteria for revenue recognition. During the years ended June 30, 2021 and 2020, donated goods and services totaled \$462,430 and \$568,276, respectively, which includes amounts pertaining to special events of \$245,979 and \$190,540, respectively.

Advertising and Marketing:

Advertising and marketing costs are expensed as incurred. For the year ended June 30, 2021 and 2020, advertising expense totaled \$60,761 and \$149,210, respectively.

Income Taxes:

CURE is a nonprofit organization and qualifies under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization for both federal and state income tax purposes. Accordingly, CURE has provided for no income taxes in the accompanying financial statements. CURE applies the guidance on accounting for uncertain tax provisions in FASB ASC 740, *Income Taxes*. There were no unrecognized tax benefits or related liabilities at June 30, 2021 and 2020. CURE is no longer subject to income tax examinations for tax years prior to 2017.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements in order to make prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net assets or changes in net assets.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note C

Investments

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage pools	\$ 175,791	\$ 155,415
Money market funds	3,504	2,399
Exchange traded funds	1,246,554	926,556
Bond mutual funds	478,478	351,975
Equity mutual funds	<u>667,398</u>	<u>510,811</u>
Total investments	2,571,725	1,947,156
Cash	<u>78,070</u>	<u>192,495</u>
Total investment portfolio	<u>\$ 2,649,795</u>	<u>\$ 2,139,651</u>

In accordance with the ASC 820, CURE's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. CURE's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

During the year ended June 30, 2021 and 2020, CURE received and recognized \$95,818 and \$273,475 in stock donations and were included in donated goods and services on the statement of activities.

The components of investment return are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 50,800	\$ 56,879
Realized gains	31,962	41,499
Unrealized gains (losses)	446,990	(44,846)
Less: investment expenses	<u>(20,936)</u>	<u>(18,747)</u>
	<u>\$ 508,816</u>	<u>\$ 34,785</u>

Note D

Endowment

CURE's endowment includes one donor-restricted endowment fund and a quasi-endowment fund designated by the Board of Directors to function similarly to an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function similarly to an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note D

Endowment (Continued)

Interpretation of Relevant Law:

The state of Georgia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2008. CURE has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent the explicit donor stipulations to the contrary. Accordingly, the classification of permanently restricted net assets includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CURE in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CURE considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of CURE and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of CURE.
7. The investment policies of CURE.

Return Objectives and Risk Parameters:

CURE has adopted investment and spending policies for endowment assets that strive to expand the purchasing power of the endowment fund while providing for distributions based on its spending policy. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that approximate the stated spending objectives plus the consumer price index assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount with the primary objective for the Fund being preservation and growth of principal.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note D
Endowment (Continued)

Spending Policy:

CURE has a policy of distributing annually 5% of the endowment fund's previous 12 month average balance. However, the Board of Directors have the right in any given year to spend any amount in excess or below this stated amount, as they deem appropriate. The Board of Directors has set a minimum balance for the endowment fund at \$1,000,000. The endowment fund can be reduced below this threshold only with approval from both the Finance Committee and the Executive Committee.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, CURE relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CURE targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The composition of and changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 2,068,138	\$ 34,691	\$ 2,102,829
Withdrawals	(890)	-	(890)
Investment income	100,662	643	101,305
Investment fees	(18,747)	-	(18,747)
Net depreciation	<u>(44,846)</u>	<u>-</u>	<u>(44,846)</u>
Endowment net assets, June 30, 2020	\$ 2,104,317	\$ 35,334	\$ 2,139,651
Withdrawals	(4,270)	-	(4,270)
Investment income	81,569	6,790	88,359
Investment fees	(20,936)	-	(20,936)
Net appreciation	<u>446,990</u>	<u>-</u>	<u>446,990</u>
Endowment net assets, June 30, 2021	<u>\$ 2,607,670</u>	<u>\$ 42,124</u>	<u>\$ 2,649,794</u>

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note E

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Research	\$ 24,324	\$ 17,534
Meli Arant Memorial Research Fund	17,800	17,800
	\$ 42,124	\$ 35,334

In 1988 the Meli Arant Memorial Research Fund (The Fund) was established to honor the memory of Raymel Eugenia (Meli) Arant. The Fund was established as a perpetual fund and is maintained in the amount of cumulative gifts made to the Fund. Income shall be used to support leukemia research and such other related purposes deemed appropriate.

Note F

Operating Leases

CURE leases office space and certain office equipment under noncancelable leases.

Future minimum lease payments required under these operating leases as of June 30, 2021, are as follows:

Year Ending June 30	Amount
2022	\$ 195,095
2023	131,441
2024	2,780
	\$ 329,316

For the years ended June 30, 2021 and 2020, rent expense was \$170,755 and \$168,443, respectively.

Note G

Related Party Transactions

During the years ended June 30, 2021 and 2020, CURE received contributions in the approximate amount of \$411,000 and \$346,000, respectively, from board members, their related entities, or from donor advised funds directed by them.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note H

Retirement Plan

CURE sponsors a SIMPLE IRA Plan for its employees. During the years ended June 30, 2021 and 2020, matching contributions approximated \$36,000 and \$42,000, respectively.

Note I

Liquidity and Availability of Resources

CURE's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2021	2020
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	\$ 1,907,386	\$ 1,481,155
Contributions receivable	40,958	35,099
Employee retention credit receivable	381,215	-
Investments	2,571,725	1,947,156
Total financial assets	4,901,284	3,463,410
Less: donor-restricted endowment	(42,124)	(35,334)
Less: board-designated endowment	(2,607,670)	(2,104,317)
Total financial assets available for general expenditure within one year	\$ 2,251,490	\$ 1,323,759

Liquidity Management:

CURE monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition, financial assets available for general expenditure within one year CURE operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues through contributions and fundraising events.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note J

Uncertainty Related to Current Economic Conditions

CURE's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect CURE's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

CURE depends on contributions and grants for its public support. The ability of certain contributors and grantors to give may be dependent upon current and future overall economic conditions. CURE is also dependent on the performance of its investment portfolio to continue to provide cash flow to support CURE's program services. The ability to generate earnings may be dependent upon current and future overall economic conditions.

While CURE's board of directors believes that CURE has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

Note K

Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Act (the "CARES Act") was enacted. The CARES Act provided relief to small businesses through the creation of the Paycheck Protection Program ("PPP"). On May 4, 2020, CURE obtained a PPP loan in the amount of \$333,000, all of which may be forgivable if certain criteria are met. The loan bears interest at a fixed rate of 1% per annum and matures on May 4, 2022.

CURE has determined that it will incur sufficient qualifying expenses to receive forgiveness of the full amount of the loan. In accordance with ASC 958-605, the funds received may therefore be treated as a refundable advance and conditional grant income may be recognized over time as qualifying expenses are incurred. As of June 30, 2020, qualifying expenses had been incurred to merit forgiveness in the amount of \$276,175. Accordingly, conditional grant income of \$276,175 was recognized and is included in contributions on the statement of activities for the year ended June 30, 2020, the balance of the associated refundable advance is \$56,825.

On February 4, 2021, CURE obtained a PPP loan round two in the amount of \$312,207, all of which may be forgivable if certain criteria are met. The loan bears interest at a fixed rate of 1% per annum and matures on February 4, 2026, with monthly principal and interest payments deferred for 10 months following the end of the covered period, as defined.

As of June 30, 2021, qualifying expenses had been incurred to merit forgiveness in the amount of \$312,207 and \$56,825 related to PPP round two and round one, respectively. Accordingly, conditional grant income of \$369,032 was recognized and is included in contributions on the statement of activities for the year ended June 30, 2021.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note L

Employee Retention Credit

On December 27, 2020, the Consolidated Appropriations Act, 2021 ("CAA") was signed in to law in order to provide additional COVID-19 related relief. One factor the CAA affected was the ability for companies to retroactively obtain the employee retention tax credit ("ERC"). During 2020, if a company's business was fully or partially suspended by a COVID-19 government order or if gross receipts were less than 50% compared to the same quarter in 2019, the company may be entitled to retroactive benefits. The eligibility requirement during 2021 includes gross receipts decline of 20% compared to the same quarter in 2019. The Organization determined that it has eligibility and applied for a retroactive application of the ERC, and accordingly, has an income of approximately \$381,215 at June 30, 2021.

Note M

Subsequent Events

Subsequent to June 30, 2021, CURE awarded a grant in the approximate amount of \$176,000.

CURE evaluated subsequent events through December 17, 2021, when these financial statements were available to be issued. Aside from the grant awarded referenced in the preceding paragraph, CURE is not aware of any significant events that occurred subsequent to the statement of financial position date, but prior to the issuance of this report, that would have a material impact on the financial statements.