

**CURE CHILDHOOD CANCER, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30 2023 AND 2022**

CURE CHILDHOOD CANCER, INC.

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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CURE Childhood Cancer, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CURE Childhood Cancer, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note B to the financial statements, as of July 1, 2022, CURE Childhood Cancer, Inc. adopted Accounting Standards Update (ASU) No. 2016-02 "Leases" (ASC Topic 842). Our opinion is not modified with respect to that matter.

### **Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CURE Childhood Cancer, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

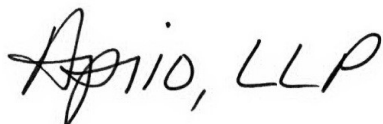
## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that auditing conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CURE Childhood Cancer, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CURE Childhood Cancer, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.



Atlanta, Georgia

December 5, 2023

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

	2023	2022
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash	\$ 772,018	\$ 2,393,706
Cash, restricted	1,650,000	-
Contributions receivable	11,365	17,609
Employee retention credit receivable	14,072	14,072
Prepaid expenses	229,088	245,179
Other assets	14,264	13,788
Total current assets	2,690,807	2,684,354
Deposits	41,223	41,223
Investments, at fair value	3,065,276	1,371,640
Operating right of use asset, net	1,847,889	-
Furniture and equipment, net	108,156	15,434
Total assets	\$ 7,753,351	\$ 4,112,651
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 164,152	\$ 52,658
Deferred revenue	185,447	261,265
Grants payable	1,650,000	-
Current portion of lease liability	143,689	-
Total current liabilities	2,143,288	313,923
<u>Long-term liabilities:</u>		
Operating lease liability, net of current portion	1,736,560	-
Deferred rent	-	20,240
Long-term accrued expenses	163,335	121,000
Total long-term liabilities	1,899,895	141,240
Total liabilities	4,043,183	455,163
<u>Net assets:</u>		
Without donor restrictions		
Undesignated	232,482	699,439
Board designated	3,433,008	2,915,925
With donor restrictions	44,678	42,124
Total net assets	3,710,168	3,657,488
Total liabilities and net assets	\$ 7,753,351	\$ 4,112,651

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and other support:</u>			
Contributions	\$ 5,272,960	\$ 96,538	\$ 5,369,498
Fundraising events, net	3,742,338	-	3,742,338
Donated goods	515,706	476,029	991,735
Investment return	259,261	2,554	261,815
Other	81,160	-	81,160
Net assets released from restrictions	572,567	(572,567)	-
Total revenues and other support	10,443,992	2,554	10,446,546
<u>Expenses:</u>			
Program	9,075,153	-	9,075,153
Supporting services:			
General and administrative	953,778	-	953,778
Fundraising	364,935	-	364,935
Total expenses	10,393,866	-	10,393,866
Change in net assets	50,126	2,554	52,680
Net assets at beginning of year	3,615,364	42,124	3,657,488
Net assets at end of year	\$ 3,665,490	\$ 44,678	\$ 3,710,168

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Contributions	\$ 4,337,995	\$ 248,959	\$ 4,586,954
Fundraising events, net	2,931,446	-	2,931,446
Donated goods	351,874	320,589	672,463
Investment return	(411,605)	-	(411,605)
Other	58,969	-	58,969
Net assets released from restrictions	<u>569,548</u>	<u>(569,548)</u>	<u>-</u>
Total revenue and other support	<u>7,838,227</u>	<u>-</u>	<u>7,838,227</u>
<u>Expenses:</u>			
Program	7,829,481	-	7,829,481
Supporting services:			
General and administrative	690,448	-	690,448
Fundraising	<u>268,456</u>	<u>-</u>	<u>268,456</u>
Total expenses	<u>8,788,385</u>	<u>-</u>	<u>8,788,385</u>
Change in net assets	(950,158)	-	(950,158)
Net assets at beginning of year	<u>4,565,522</u>	<u>42,124</u>	<u>4,607,646</u>
Net assets at end of year	<u>\$ 3,615,364</u>	<u>\$ 42,124</u>	<u>\$ 3,657,488</u>

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Total	General and Administrative	Fundraising	Total
	Research	Fellowships	Education	Patient and Family Support				
Grants	\$ 4,812,696	\$ 192,304	\$ -	\$ -	\$ 5,005,000	\$ -	\$ -	\$ 5,005,000
Salaries and related expenses	5,700	-	1,156,415	1,048,666	2,210,781	268,318	263,908	2,743,007
Fundraising events	-	-	-	-	-	-	1,276,110	1,276,110
Patient and family support	23,632	-	-	1,052,057	1,075,689	-	-	1,075,689
Marketing and advertising	-	-	-	-	-	353,883	-	353,883
Community education	-	-	245,675	-	245,675	1,189	32,171	279,035
Rent	-	-	88,405	83,985	172,390	24,311	24,311	221,012
Donated goods	-	-	-	160,732	160,732	-	22,819	183,551
Software and technology	-	-	24,628	25,924	50,552	67,202	7,129	124,883
Office expense	-	-	39,251	41,316	80,567	32,498	11,362	124,427
Bank charges	-	-	-	-	-	112,660	-	112,660
Professional fees	-	-	11,617	-	11,617	73,395	-	85,012
Other	16,500	-	29,609	7,263	53,372	19,084	1,997	74,453
Depreciation	-	-	4,276	4,502	8,778	1,238	1,238	11,254
Subtotal	4,858,528	192,304	1,599,876	2,424,445	9,075,153	953,778	1,641,045	11,669,976
Less: Fundraising event expenses netted against revenue in the statement of activities	-	-	-	-	-	-	(1,276,110)	(1,276,110)
Total expenses	<u>\$ 4,858,528</u>	<u>\$ 192,304</u>	<u>\$ 1,599,876</u>	<u>\$ 2,424,445</u>	<u>\$ 9,075,153</u>	<u>\$ 953,778</u>	<u>\$ 364,935</u>	<u>\$ 10,393,866</u>

See independent auditors' report accompanying notes



CURE CHILDHOOD CANCER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Total	General and		Total
	Research	Fellowships	Education	Patient and Family Support		Administrative	Fundraising	
Grants	\$ 4,410,303	\$ 361,304	\$ -	\$ -	\$ 4,771,607	\$ -	\$ -	\$ 4,771,607
Salaries and related expenses	3,000	-	966,745	840,630	1,810,375	279,288	199,560	2,289,223
Patient and family support	28,812	-	-	684,640	713,452	-	-	713,452
Fundraising events	-	-	-	-	-	-	672,596	672,596
Donated good	-	-	-	170,951	170,951	-	19,324	190,275
Rent	-	-	62,235	72,608	134,843	20,745	17,288	172,876
Community education	-	-	131,966	-	131,966	1,487	19,923	153,376
Professional fees	-	-	13,263	-	13,263	111,254	1,900	126,417
Bank charges	-	-	-	-	-	104,701	-	104,701
Marketing and advertising	-	-	-	-	-	103,533	-	103,533
Software and technology	-	-	14,598	17,033	31,631	36,404	4,055	72,090
Office expenses	-	-	17,995	20,994	38,989	20,045	4,999	64,033
Other	(12,133)	-	17,446	4,538	9,851	12,598	1,081	23,530
Depreciation	-	-	1,178	1,375	2,553	393	326	3,272
Subtotal	4,429,982	361,304	1,225,426	1,812,769	7,829,481	690,448	941,052	9,460,981
Less: Fundraising event expenses netted against revenue in the statement of activities	-	-	-	-	-	-	(672,596)	(672,596)
Total expenses	<u>\$ 4,429,982</u>	<u>\$ 361,304</u>	<u>\$ 1,225,426</u>	<u>\$ 1,812,769</u>	<u>\$ 7,829,481</u>	<u>\$ 690,448</u>	<u>\$ 268,456</u>	<u>\$ 8,788,385</u>

See independent auditors' report accompanying notes

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

	2023	2022
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 52,680	\$ (950,158)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	11,254	3,272
Amortization of right of use asset	32,360	-
Realized (gain) loss on sales of investments	(111,068)	121,260
Unrealized (gain) loss on investments	(98,917)	378,055
Donated stock	(124,410)	(86,361)
Change in:		
Contributions receivable	6,244	23,349
Employee retention credit receivable	-	367,143
Prepaid expenses	16,091	(211,345)
Other assets	(476)	3,574
Accounts payable and accrued expenses	153,827	68,836
Grants payable	1,650,000	-
Deferred revenue	(75,818)	27,078
Deferred rent	(20,240)	(25,777)
Net cash provided (used) by operating activities	1,491,527	(281,074)
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	11,651,542	8,349,508
Purchase of investments and reinvested income	(13,010,781)	(7,562,377)
Purchase of furniture and equipment	(103,976)	-
Receipt of security deposit	-	(19,737)
Net cash provided by (used in) investing activities	(1,463,215)	767,394
Net increase in cash	28,312	486,320
Cash and restricted cash at beginning of year	2,393,706	1,907,386
Cash and restricted cash at end of year	\$ 2,422,018	\$ 2,393,706

Non-cash investing and financing activities:

As of June 30, 2023, \$1,847,889 of additions to right of use assets are included in the lease liability.

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note A**

**Description of Operations**

CURE Childhood Cancer, Inc. (CURE) is a nonprofit organization dedicated to conquering childhood cancer through funding targeted research while supporting 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 three pediatric oncology fellows 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 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, 2023 AND 2022

**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, 2023 AND 2022

**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.

Restricted Cash:

Restricted cash represents cash that is restricted for specific purposes. Certain cash amounts are restricted by the board to pay for grants payable in the following fiscal year. As of June 30, 2023 and 2022, \$1,650,000 and \$0, respectively, are shown as restricted cash on the statement of financial position.

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.

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note B**

**Summary of Significant Accounting Policies (Continued)**

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.

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.

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note B**

**Summary of Significant Accounting Policies (Continued)**

Leases:

CURE adopted ASC 842 – Leases effective July 1, 2022, with all the available practical expedients, prospectively at the beginning of the period of adoption. There was no retained earnings impact on the adoption of ASC 842. CURE recognizes and measures its leases in accordance with ASC 842 Leases. CURE determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. CURE recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or CURE's incremental borrowing rate, or a risk-free rate determined using a period comparable with that of the lease term. CURE elects to use the risk-free rate as the discount rate.

CURE has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that CURE is reasonably certain to exercise. CURE recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, CURE accounts for both components as a single lease component.

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.

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note B**

**Summary of Significant Accounting Policies (Continued)**

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. 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, 2023 and 2022, all contributions receivable are due in less than one year and therefore no discount to present value was considered necessary. As of June 30, 2023 and 2022, CURE has no conditional promises to give outstanding.

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, 2023 and 2022.

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 \$145,637 and \$41,661 as of June 30, 2023 and 2022, 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, 2023 and 2022, accumulated depreciation totaled \$37,481 and \$26,227, 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, 2023 and 2022.



CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note B**

**Summary of Significant Accounting Policies (Continued)**

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.

Donated Goods:

Donated goods 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, 2023 and 2022, CURE received in-kind stock donations. It is CURE's policy to liquidate all stock donations to cash upon receipt, and thus these funds are included in proceeds from sale of investments on the statement of cash flows. During the years ended June 30, 2023 and 2022, donated goods totaled \$991,735 and \$672,463, respectively, which includes amounts pertaining to special events of \$476,029 and \$320,589, respectively.

Advertising and Marketing:

Advertising and marketing costs are expensed as incurred. For the year ended June 30, 2023 and 2022, advertising expense totaled \$353,883 and \$103,533, respectively.

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**Note B**

**Summary of Significant Accounting Policies (Continued)**

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, 2023 and 2022. CURE is no longer subject to income tax examinations for tax years prior to 2020.

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.

**Note C**

**Reconciliation of Cash and Restricted Cash**

The following table provides a reconciliation of cash and restricted cash reported on the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 772,018	\$ 2,393,706
Cash, restricted	<u>1,650,000</u>	<u>-</u>
Total cash and restricted cash shown in the statement of cash flows	<u><u>2,422,018</u></u>	<u><u>2,393,706</u></u>

**Note D**

**Investments**

Investments consisted of the following at June 30:

	Fair Value Hierarchy Level	<u>2023</u>	<u>2022</u>
Exchange traded funds	1	\$ 1,165,314	\$ 685,958
Equity mutual funds	1	588,249	470,528
Bond mutual funds	1	530,339	206,331
Mortgage pools	2	776,896	4,710
Money market funds	1	<u>4,478</u>	<u>4,113</u>
Total investments		<u><u>\$ 3,065,276</u></u>	<u><u>\$ 1,371,640</u></u>

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**Note D**

**Investments (Continued)**

In accordance with the ASC 820, CURE's investments are considered to be Levels 1 and 2 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, 2023 and 2022, CURE received and recognized \$124,410 and \$86,361, respectively 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:

	2023	2022
Interest and dividends	\$ 79,937	\$ 114,799
Realized gains (losses)	111,068	(121,260)
Unrealized gains (losses)	98,917	(378,055)
Less: investment expenses	(28,107)	(27,089)
	\$ 261,815	\$ (411,605)

**Note E**

**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.

**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.

CURE CHILDHOOD CANCER, INC.  
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**Note E**

**Endowment (Continued)**

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.

**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.

CURE CHILDHOOD CANCER, INC.  
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**Note E**

**Endowment (Continued)**

The composition of and changes in endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 2,607,671	\$ 42,124	\$ 2,649,795
Contributions	705,738	-	705,738
Investment income	7,660	-	7,660
Investment fees	(27,089)	-	(27,089)
Net appreciation	<u>(378,055)</u>	<u>-</u>	<u>(378,055)</u>
Endowment net assets, June 30, 2022	\$ 2,915,925	\$ 42,124	\$ 2,958,049
Contributions	687,759	-	687,759
Withdrawals	(481,594)	-	(481,594)
Investment income	240,108	2,554	242,662
Investment fees	(28,107)	-	(28,107)
Net appreciation	<u>98,917</u>	<u>-</u>	<u>98,917</u>
Endowment net assets, June 30, 2023	<u>\$ 3,433,008</u>	<u>\$ 44,678</u>	<u>\$ 3,477,686</u>

**Note F**

**Net Assets With Donor Restrictions**

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

	<u>2023</u>	<u>2022</u>
Meli Arant Memorial Research Fund - Income	\$ 26,878	\$ 24,324
Meli Arant Memorial Research Fund	<u>17,800</u>	<u>17,800</u>
	<u>\$ 44,678</u>	<u>\$ 42,124</u>

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.

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**Note G**

**Donated Assets**

CURE receives in-kind contributions of goods from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. All donated goods were utilized by CURE's programs and supporting services. Donated goods are valued at their fair market value at the time of the donation. CURE recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the fiscal years ended June 30, 2023 and 2022, CURE received donated goods for their various annual events and other program activities.

During the fiscal year ended June 30, 2023, these donations were as follows:

<u>Event</u>	<u>Donated Goods</u>
Believe Ball	\$ 271,003
Catie's Gathering	224,708
Quiet Heroes	168,998
Miscellaneous Donations	168,139
Holiday Angels	71,388
Lauren's Run	36,028
Open Arms Campaign	28,652
Shell Out for a CURE	<u>22,819</u>
	<u>\$ 991,735</u>

During the fiscal year ended June 30, 2022, these donations were as follows:

<u>Event</u>	<u>Donated Goods</u>
Believe Ball	\$ 172,227
Miscellaneous Donations	138,083
Quiet Heroes	116,090
Catie's Gathering	90,075
Holiday Angels	74,800
Lauren's Run	32,272
Open Arms Campaign	29,592
Shell Out for a CURE	<u>19,324</u>
	<u>\$ 672,463</u>

CURE CHILDHOOD CANCER, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**Note H**

**Operating Leases**

CURE has obligations as a lessee for office space. During May 2022, CURE amended the lease to extend through July 31, 2030, with monthly base rent increasing annually on February 28th. This lease is classified as an operating lease. Payments due under the lease contract include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less). As of June 30, 2023, CURE has no short-term leases. As of June 30, 2022, CURE had \$172,876 in rent expense under ASC 840.

The components of the leases for the year ending June 30, 2023, are as follows:

	<u>Amount</u>
Operating lease cost	\$ 226,443
Cash paid for amounts included in the measurement of lease liabilities - operating lease	\$ 194,082
Lease liabilities arising from obtaining right of use assets	\$ 1,880,249
Weighted-average remaining lease term - operating lease	7
Weighted-average discount rate - operating lease	2.92 %

Maturities of the lease liability under the noncancelable operating leases as of June 30, 2023 are as follows:

<u>Year Ending June 30</u>	<u>Total Lease Payment</u>
2024	\$ 196,220
2025	270,295
2026	301,540
2027	310,574
2028	319,863
Thereafter	697,707
Total undiscounted lease payments	2,096,199
Less: imputed interest	(215,950)
Total lease liability	\$ 1,880,249

**Note I**

**Related Party Transactions**

During the years ended June 30, 2023 and 2022, CURE received contributions in the approximate amount of \$391,000 and \$194,000, respectively, from board members, their related entities, or from donor advised funds directed by them.

CURE CHILDHOOD CANCER, INC.  
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**Note J**

**Retirement Plan**

CURE sponsors a SIMPLE IRA Plan for its employees. During the years ended June 30, 2023 and 2022, matching contributions approximated \$43,000 and \$36,000, respectively.

**Note K**

**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:

	2023	2022
Financial assets available for general expenditure within one year:		
Cash	\$ 772,018	\$ 2,393,706
Restricted cash	1,650,000	-
Contributions receivable	11,365	17,609
Employee retention credit receivable	14,072	14,072
Investments	3,065,276	1,371,640
Total financial assets	5,512,731	3,797,027
Less: donor-restricted endowment	(44,678)	(42,124)
Less: board-designated endowment	(3,433,008)	(2,915,925)
Less: restricted cash	(1,650,000)	-
Total financial assets available for general expenditure within one year	\$ 385,045	\$ 838,978

**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.



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**Note L**

**Concentrations**

A major contributor is defined as a contributor for which CURE derives at least 10% of its revenues. For the years ended June 30, 2023 and 2022, there were no major contributors. A major grant recipient is defined as a recipient for which the CURE derives at least 10% of its expenses. For the year ended June 30, 2023, there is one major recipient making up 19% of expenses and \$275,000 is included in grants payable. For the year ended July 31, 2022, there is one major recipient making up 14% of expenses and \$0 is included in grants payable.

**Note M**

**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 included gross receipts decline of 20% compared to the same quarter in 2019. CURE determined that it had eligibility and applied for a retroactive application of the ERC. As of June 30, 2023 and 2022, \$14,072 remains receivable, and is shown on the statement of financial position.

**Note N**

**Concentration of Credit Risks Arising From Cash Deposits in Excess of Insured Limits**

CURE maintains cash at two commercial banks, these balances can at times exceed the FDIC insured deposit limit of \$250,000 per financial institution. At June 30, 2023 and 2022, CURE's cash balances held at the commercial banks exceeded the FDIC limit by approximately \$4,223,112 and \$4,437,491, respectively. CURE has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

**Note O**

**Subsequent Events**

CURE evaluated subsequent events through December 5, 2023, when these financial statements were available to be issued. 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.