

Children's Oncology Services, Inc.

**Financial Statements and
Independent Auditors' Report**

September 30, 2018 and 2017

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 22

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Oncology Services, Inc.
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Oncology Services, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2018, 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.

Auditors' 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.

(Continued)

Auditors' Responsibility (Continued)

We believe 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 Children's Oncology Services, Inc. as of September 30, 2018 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 Chicago Oncology Services, Inc. as of and the for the year ended September 30, 2017, were audited by other auditors whose report dated March 23, 2018 expressed an unmodified opinion on those statements.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
May 15, 2019

FINANCIAL STATEMENTS

Children's Oncology Services, Inc.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 230,338	\$ 973,448
Contributions receivable, net	79,824	148,767
Prepaid expenses	56,965	71,527
Security deposit	1,493	1,493
Investments	3,329,531	3,167,169
Property and equipment, net	<u>2,469</u>	<u>3,719</u>
	<u>\$ 3,700,620</u>	<u>\$ 4,366,123</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 115,774	\$ 107,763
Accrued wages	96,500	89,700
Deferred rent	<u>6,401</u>	<u>8,041</u>
Total liabilities	<u>218,675</u>	<u>205,504</u>
NET ASSETS		
Unrestricted		
Board-designated	1,500,000	1,500,000
Undesignated	<u>1,256,836</u>	<u>1,261,152</u>
Total unrestricted	<u>2,756,836</u>	<u>2,761,152</u>
Temporarily restricted	<u>725,109</u>	<u>1,399,467</u>
Total net assets	<u>3,481,945</u>	<u>4,160,619</u>
	<u>\$ 3,700,620</u>	<u>\$ 4,366,123</u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.
STATEMENTS OF ACTIVITIES
For the years ended September 30, 2018 and 2017

Miller Cooper & Co., Ltd.

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Contributions	\$ 740,588	\$ 425,535	\$ 1,166,123	\$ 858,496	\$ 290,426	\$ 1,148,922
Contributed services and gifts in-kind	203,637	-	203,637	4,400	-	4,400
Gross special events revenue	624,225	-	624,225	757,928	-	757,928
Less cost of direct benefit to donors	<u>(357,144)</u>	-	<u>(357,144)</u>	<u>(307,163)</u>	-	<u>(307,163)</u>
Net special events revenue	267,081	-	267,081	450,765	-	450,765
Program service fees	2,808	-	2,808	9,990	-	9,990
Investment income	377,352	-	377,352	361,268	-	361,268
Net assets released from restrictions	<u>1,099,893</u>	<u>(1,099,893)</u>	<u>-</u>	<u>424,494</u>	<u>(424,494)</u>	<u>-</u>
Total revenues	<u>2,691,359</u>	<u>(674,358)</u>	<u>2,017,001</u>	<u>2,109,413</u>	<u>(134,068)</u>	<u>1,975,345</u>
Expenses						
Program	2,233,252	-	2,233,252	1,560,884	-	1,560,884
Support services:						
Fundraising	310,017	-	310,017	258,810	-	258,810
General and administrative	<u>152,406</u>	-	<u>152,406</u>	<u>205,950</u>	-	<u>205,950</u>
Total support services	<u>462,423</u>	<u>-</u>	<u>462,423</u>	<u>464,760</u>	<u>-</u>	<u>464,760</u>
Total expenses	<u>2,695,675</u>	<u>-</u>	<u>2,695,675</u>	<u>2,025,644</u>	<u>-</u>	<u>2,025,644</u>
CHANGE IN NET ASSETS	(4,316)	(674,358)	(678,674)	83,769	(134,068)	(50,299)
Net assets, beginning of year	<u>2,761,152</u>	<u>1,399,467</u>	<u>4,160,619</u>	<u>2,677,383</u>	<u>1,533,535</u>	<u>4,210,918</u>
Net assets, end of year	<u>\$ 2,756,836</u>	<u>\$ 725,109</u>	<u>\$ 3,481,945</u>	<u>\$ 2,761,152</u>	<u>\$ 1,399,467</u>	<u>\$ 4,160,619</u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2018

	Support Services				Total Expenses
	Program Services	Fundraising	Management and General	Total	
Salaries and wages	\$ 419,394	\$ 148,131	\$ 44,891	\$ 193,022	\$ 612,416
Payroll taxes	24,078	8,505	2,578	11,083	35,161
Employee benefits	28,163	9,948	3,015	12,963	41,126
Bank and credit card fees	-	4,073	-	4,073	4,073
Camp supplies and other expenses	221,340	-	-	-	221,340
Credit card processing fees	-	19,176	-	19,176	19,176
Data processing	-	68,105	-	68,105	68,105
Depreciation	750	250	250	500	1,250
Donated services	203,637	-	-	-	203,637
Equipment and storage facility	5,343	-	-	-	5,343
Insurance	52,818	2,920	7,745	10,665	63,483
Marketing and promotional items	-	33,032	-	33,032	33,032
Meetings	30,487	-	-	-	30,487
Miscellaneous	-	-	315	315	315
Moving expenses	1,350	-	-	-	1,350
Occupancy	34,301	11,434	11,434	22,868	57,169
Office supplies	-	-	4,793	4,793	4,793
Printing	-	-	10	10	10
Professional fees	-	-	62,237	62,237	62,237
Program meals and activities	44,683	-	-	-	44,683
Room and board	619,678	-	-	-	619,678
Contribution	400,000	-	-	-	400,000
Scholarships	263	-	-	-	263
Transportation	125,410	-	10,695	10,695	136,105
Technology	8,220	-	-	-	8,220
Telephone, internet and other communications	13,337	4,443	4,443	8,886	22,223
	<u>\$ 2,233,252</u>	<u>\$ 310,017</u>	<u>\$ 152,406</u>	<u>\$ 462,423</u>	<u>\$ 2,695,675</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2017

	Support Services				Total Expenses
	Program Services	Fundraising	Management and General	Total	
Salaries and wages	\$ 374,828	\$ 129,142	\$ 79,329	\$ 208,471	\$ 583,299
Payroll taxes	21,132	7,281	4,472	11,753	32,885
Employee benefits	27,810	5,459	4,958	10,417	38,227
Bank and credit card fees	-	2,602	-	2,602	2,602
Camp supplies and other expenses	177,173	-	-	-	177,173
Credit card processing fees	-	17,051	-	17,051	17,051
Data processing	12,311	42,373	-	42,373	54,684
Depreciation	750	250	250	500	1,250
Donated services	-	-	4,400	4,400	4,400
Equipment and storage facility rental	10,408	-	-	-	10,408
Insurance	59,851	3,325	8,750	12,075	71,926
Marketing and promotional items	-	38,821	-	38,821	38,821
Meetings	24,516	-	-	-	24,516
Miscellaneous	3,130	-	-	-	3,130
Moving expenses	2,300	-	-	-	2,300
Occupancy	33,082	11,028	11,028	22,056	55,138
Office supplies	577	192	2,752	2,944	3,521
Printing	2,891	-	8,674	8,674	11,565
Professional fees	16,000	-	73,863	73,863	89,863
Program meals and activities	85,812	-	-	-	85,812
Room and board	558,865	-	-	-	558,865
Scholarships	594	-	-	-	594
Transportation	129,005	-	6,188	6,188	135,193
Technology	7,531	-	-	-	7,531
Telephone, internet and other communications	12,318	1,286	1,286	2,572	14,890
	<u>\$ 1,560,884</u>	<u>\$ 258,810</u>	<u>\$ 205,950</u>	<u>\$ 464,760</u>	<u>\$ 2,025,644</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (678,674)	\$ (50,299)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Stock donations	(6,258)	(3,486)
Proceeds from sales of donated stocks	6,264	3,448
Realized gain (loss) on sale of donated stock	(6)	38
Unrealized gain on investment	(298,444)	(298,301)
Depreciation	1,250	1,250
(Increase) decrease in assets		
Contributions receivable	68,943	(49,842)
Prepaid expenses	14,562	6,210
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	8,011	29,628
Accrued wages	6,800	30,200
Deferred rent	(1,640)	8,041
Net cash used by operating activities	<u>(879,192)</u>	<u>(323,113)</u>
Cash flows from investing activities		
Purchases of investments	(53,557)	-
Proceeds from sales of investments	189,639	-
Net cash provided by investing activities	<u>136,082</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(743,110)	(323,113)
Cash and cash equivalents, beginning of year	<u>973,448</u>	<u>1,296,561</u>
Cash and cash equivalents, end of year	<u>\$ 230,338</u>	<u>\$ 973,448</u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

Children's Oncology Services, Inc. (the Organization) was organized as a not-for-profit corporation in 1998. Its purpose is to provide positive, safe and fun camping and other experiences for children and adolescents diagnosed with cancer, while benefiting volunteers and families affected by childhood cancer.

The Organization's support comes primarily from corporate, foundation and individual donor contributions as well as various fund-raising activities. Two fund-raising events provided 25% and 24% of total revenues for the year ended September 30, 2018 and 2017, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the organization have been prepared in accordance with accounting principles generally accepted in the United State of America ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Unrestricted net assets may otherwise be designated for specific purposes by action of the Board of Directors or may otherwise be limited to contractual agreements with outside parties.

Temporarily Restricted Net Assets

Net assets whose use by the Organization is subject to donor imposed stipulations that may or will be met either by actions of the Organization, pursuant to those stipulations and/or that expire by the passage of time.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Basis of Accounting (Continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. There are no permanently restricted net assets as of September 30, 2018 and

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

2. Cash and Cash Equivalents

Cash includes amounts on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase to be cash equivalents.

3. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment income in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

4. Fair Value Measurements

The Organization measures fair value using a framework that provides a fair value hierarchy which 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy framework are described below:

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fair Value Measurements (Continued)

Level 1

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

Level 2

Inputs to the valuation methodology include the following:

- * Quoted prices for similar assets or liabilities 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;
- * 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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Organization's financial instruments measured at fair value. There have been no changes in the methodologies used as of September 30, 2018 and 2017.

Exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at undiscounted net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

6. Property & Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from five to ten years. The Organization's policy is to capitalize items acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

8. Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and would need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization received donated professional services estimated at \$203,637 and \$4,400 for the years ended September 30, 2018 and 2017, respectively. In 2018 management developed a method to track and estimate professional medical services provided by medical professionals at camp sites. Those amounts are included in contributed services in 2018.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, fundraising and operations. These donated services have not been reflected in the financial statements as they do not meet the criteria for recognition under US GAAP.

9. Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statements of activities. Expenses are charged directly to programs, management and general, or fundraising categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management, primarily allocation on the basis of predetermined ratios. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Income Taxes

The Organization has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purposes, under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3). As an exempt organization, the Organization is subject to federal and state income taxes on income determined to be unrelated business taxable income, if any. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

11. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

12. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Significant Accounting Standards Applicable in Future Years

Presentation of Financial Statements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 is intended to reduce complexity by changing the way all not-for-profits classify net assets and prepare financial statements, which will result in more consistent and transparent financial reporting and disclosures for not-for-profits. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. The amendments in ASU 2016-14 should be applied retrospectively in the year the ASU is first applied.

ASU 2016-14 is effective for the Organization's September 30, 2019 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-14 will have on the Organization's financial statements.

Revenue Recognition

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety.

The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Significant Accounting Standards Applicable in Future Years (Continued)

Revenue Recognition (Continued)

ASU 2014-09 is effective for the Organization's September 30, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2014-09 will have on the Organization's financial statements.

Contributions Received and Contributions Made

The FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) in June 2018. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made. The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. The amendments also provide more guidance on determining whether a contribution is conditional.

ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018 for transactions in which the Organization serves as the resource recipient. ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2019 for transactions in which the Organization serves as the resource provider.

ASU 2018-08 is effective for the Organization's September 30, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Significant Accounting Standards Applicable in Future Years (Continued)

Leases

The FASB issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02), in February 2016. ASU 2016-02 will require lessees to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. ASU 2016-02 is effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and should be applied using a modified retrospective approach.

ASU 2016-02 is effective for the Organization's September 30, 2021 financial statements and thereafter. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements.

NOTE C - CONCENTRATION OF CREDIT RISK

From time to time, the Organization's cash and cash equivalents balances at financial institutions exceed Federal Deposit Insurance ("FDIC") insurance limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the fair value of investments will occur in the near term and materially affect the amounts reported in the financial statements.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of September 30, 2018 and 2017 represent unconditional promises to give and consist of amounts expected to be received as follows:

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE D - CONTRIBUTIONS RECEIVABLE (Continued)

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 79,824	\$ 139,105
Between one to five years	<u>-</u>	<u>10,000</u>
	79,824	149,105
Less: unamortized discount	<u>-</u>	<u>(338)</u>
Net contributions receivable	<u>\$ 79,824</u>	<u>\$ 148,767</u>

NOTE E - INVESTMENTS

Investments as of September 30, 2018 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange traded funds	\$ <u>2,610,238</u>	\$ <u>3,329,531</u>	\$ <u>719,293</u>

Investments as of September 30, 2017 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange traded funds	\$ <u>2,678,702</u>	\$ <u>3,167,169</u>	\$ <u>488,467</u>

The following schedule summarizes investment income for the years ended September 30 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 2,357	\$ 548
Dividend income	63,977	62,457
Net realized gain (loss)	12,574	(38)
Net unrealized gain (loss)	<u>298,444</u>	<u>298,301</u>
	<u>\$ 377,352</u>	<u>\$ 361,268</u>

As of September 30, 2018 and 2017, all investments were considered level one investments.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment as of September 30, 2018 and 2017 consists of:

	<u>2018</u>	<u>2017</u>
Computer and office equipment	\$ 24,016	\$ 24,016
Less accumulated depreciation	<u>21,547</u>	<u>20,297</u>
	<u>\$ 2,469</u>	<u>\$ 3,719</u>

Depreciation expense was \$1,250 for the years ended September 30, 2018 and 2017.

NOTE G - BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated \$1,500,000 of unrestricted net assets for long-term investment.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of net assets temporarily restricted for specific purposes as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Camp programs		
Summer camp	\$ 10,000	\$ 39,662
Sibling camp	-	45,000
Family camp	-	19,495
Brain tumor family camp	-	23,680
Seabees program	82,686	108,540
Day camp	500	-
Winter camp	10,000	-
Fundraiser	8,523	-
Summer/Winter Camp Chicago Campers	<u>613,400</u>	<u>899,000</u>
	725,109	1,135,377
Conference Point Center building campaign	<u>-</u>	<u>264,090</u>
	<u>\$ 725,109</u>	<u>\$ 1,399,467</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - CONTRIBUTION TO CONFERENCE POINT CENTER

In order to support the Organization's growing annual enrollment numbers and ensure that adequate space is available for future campers, the Organization partnered with Conference Point Center, a not for profit organization, located in Williams Bay, Wisconsin (the Center) through the Organization's Legacy Building Campaign. To support the construction of the Center's new youth and family lodge, the Organization contributed \$400,000 to the Center in 2018. The Center offers 27 large bedrooms with space for 90-100 campers, more handicap accessible bathrooms, an elevator, and a permanent space that the medical team uses to treat campers on-site during the Organization's programs. Over the next decade, this building will serve thousands of children and family members that participate in the Organization's camp programs.

NOTE J - LEASE COMMITMENT

In June 2017, the office lease expired and the Organization entered into a new for the same office space commencing in July 2017. The Organization is responsible for all costs including maintenance, insurance, and utilities. The new rental amount is \$4,178 per month with annual increases of 3%. The lease provides for a rent abatement of two months in the first year. The lease expires on June 30, 2020.

As of September 30, 2018 and 2017, a deferred rent liability was recognized in the amount of \$6,410 and \$8,041, respectively, for the difference between the actual cash outlay for base rental expense and the straight-line rent expense computed over the term of the lease.

Additionally, the Organization has a postage machine lease for \$427 per quarter which expires in May 2019.

As of September 30, 2018, future minimum rental payments required under operating lease agreements that have initial or noncancelable lease terms in excess of one year are as follows:

Year ending September 30	
2019	\$ 53,177
2020	<u>39,901</u>
	<u>\$ 93,078</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE J - LEASE COMMITMENT (Continued)

Rent expense for the office lease, which is included in occupancy expense in the statements of functional expenses, was \$50,708 and \$48,887 in 2018 and 2017, respectively, and equipment and storage facility rental expense was \$5,343 and \$10,408 in 2018 and 2017, respectively.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 15, 2019, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require additional disclosure in the financial statements.