

Children's Oncology Services, Inc.

**Financial Statements and
Independent Auditors' Report**

December 31, 2019

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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 December 31, 2019, the related statements of activities, functional expenses and cash flows for the period October 1, 2018 through December 31, 2019, 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 Organization'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 December 31, 2019 and the changes in its net assets and its cash flows for the fifteen months period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit for the period ended December 31, 2019 was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of activities for the period ended December 31, 2019 on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements for the period ended December 31, 2019 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole for the period ended December 31, 2019.

(Continued)

Report on Supplementary Information (Continued)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Children's Oncology Services, Inc. as of and for the year ended September 30, 2018 (not presented herein), and have issued our report thereon dated May 15, 2019, which contained a unmodified opinion on those financial statements. The statement of activities supplemental information on page 24, for the year ended September 30, 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The statement of activities for the year ended September 30, 2018 supplemental information on page 24, have been subjected to the auditing procedures applied in the audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of activities for the year ended September 30, 2018 supplemental information on page 24 is fairly stated in all material respects in relation to the financial statements as a whole for the year ended September 30, 2018.

Emphasis of Matter

As discussed in Note B-12 to the financial statements, the Organization adopted Accounting Standards Update 2016-14, Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities* during the fifteen months ended December 31, 2019. Our opinion is not modified with respect to this matter.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
August 27, 2020

FINANCIAL STATEMENTS

Children's Oncology Services, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

Cash and cash equivalents	\$ 1,722,502
Contributions receivable, net	41,050
Prepaid expenses	83,546
Security deposit	1,493
Investments, at fair value	3,877,137
Property and equipment, net	<u>53,077</u>
	<u>\$ 5,778,805</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 117,243
Deferred revenue	14,933
Deferred rent	<u>3,243</u>
Total liabilities	<u>135,419</u>

NET ASSETS

Without donor restrictions	
Board-designated	1,500,000
Undesignated	<u>3,740,707</u>
Total without donor restrictions	5,240,707
With donor restrictions	<u>402,679</u>
Total net assets	<u>5,643,386</u>
	<u>\$ 5,778,805</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF ACTIVITIES
For the period October 1, 2018 through December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 3,450,855	\$ 333,992	\$ 3,784,847
Contributed services and gifts in-kind	293,843	-	293,843
Gross special events revenue	1,713,280	-	1,713,280
Less cost of direct benefit to donors	(696,043)	-	(696,043)
Net special events revenue	1,017,237	-	1,017,237
Investment income	449,015	-	449,015
Net assets released from restrictions	656,422	(656,422)	-
Total revenues	5,867,372	(322,430)	5,544,942
Expenses			
Program	2,841,565	-	2,841,565
Support services:			
Fundraising	422,245	-	422,245
General and administrative	119,691	-	119,691
Total support services	541,936	-	541,936
Total expenses	3,383,501	-	3,383,501
CHANGE IN NET ASSETS	2,483,871	(322,430)	2,161,441
Net assets, October 1, 2018	2,756,836	725,109	3,481,945
Net assets, December 31, 2019	\$ 5,240,707	\$ 402,679	\$ 5,643,386

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the period October 1, 2018 through December 31, 2019

	<u>Support Services</u>				
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Total Expenses</u>
Salaries and wages	\$ 691,349	\$ 250,489	\$ 60,117	\$ 310,606	\$ 1,001,955
Payroll taxes	42,826	15,517	3,724	19,241	62,067
Employee benefits	51,128	18,525	4,446	22,971	74,099
Bank and credit card fees	-	10,220	-	10,220	10,220
Camp supplies and other expenses	359,873	-	-	-	359,873
Cost of direct benefit to donors	-	696,043	-	696,043	696,043
Credit card processing fees	-	39,389	-	39,389	39,389
Data processing	-	33,476	-	33,476	33,476
Depreciation	1,512	548	132	680	2,192
Donated services	293,843	-	-	-	293,843
Equipment and storage facility	6,746	-	-	-	6,746
Insurance	86,414	-	-	-	86,414
Marketing and promotional items	-	28,903	-	28,903	28,903
Meetings	38,110	-	-	-	38,110
Miscellaneous	1,891	-	3,401	3,401	5,292
Occupancy	53,154	19,259	4,622	23,881	77,035
Office supplies	8,072	2,925	702	3,627	11,699
Printing	-	817	-	817	817
Professional fees	-	-	42,024	42,024	42,024
Program meals and activities	100,142	-	-	-	100,142
Room and board	909,579	-	-	-	909,579
Transportation	177,100	-	-	-	177,100
Technology	13,816	-	-	-	13,816
Telephone, internet and other communications	6,010	2,177	523	2,700	8,710
	<u>2,841,565</u>	<u>1,118,288</u>	<u>119,691</u>	<u>1,237,979</u>	<u>4,079,544</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	<u>-</u>	<u>(696,043)</u>	<u>-</u>	<u>(696,043)</u>	<u>(696,043)</u>
	<u>\$ 2,841,565</u>	<u>\$ 422,245</u>	<u>\$ 119,691</u>	<u>\$ 541,936</u>	<u>\$ 3,383,501</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF CASH FLOWS
For the period October 1, 2018 through December 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 2,161,441
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Stock donations	(1,068,353)
Realized and unrealized gains on investments, net	(331,965)
Depreciation	2,192
(Increase) decrease in assets	
Contributions receivable	38,774
Prepaid expenses	(26,581)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	1,469
Accrued wages	(96,500)
Deferred revenue	14,933
Deferred rent	(3,158)
Net cash provided by operating activities	<u>692,252</u>
Cash flows from investing activities	
Purchases of property and equipment	(52,800)
Proceeds from sales of investments	<u>852,712</u>
Net cash provided by investing activities	<u>799,912</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,492,164
Cash and cash equivalents, October 1, 2018	<u>230,338</u>
Cash and cash equivalents, December 31, 2019	<u>\$ 1,722,502</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

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.

During the period, the Organization changed their year end from September 30 to December 31.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

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 the Organization. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve. Net assets without donor restrictions designated and undesignated may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Children's Oncology Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. Contributions Receivable

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

4. Investments

Investments are initially 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.

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near-term would affect investment balances and the amounts reported in the financial statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Property and 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 three 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.

6. Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restriction or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

7. Contributed Services and Gifts In-Kind

In-kind contributions are recorded at their estimated fair value as both revenue and expense in the statement of activities. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization records the estimated fair value of contributed services which meet these criteria. The Organization received donated professional services estimated at \$273,804 for the fifteen months ended December 31, 2019.

Children's Oncology Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Contributed Services and Gifts In-Kind (Continued)

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.

8. Functional Allocation of Expenses

The cost of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, costs associated with a specific program or supporting service are charged directly to that program or supporting service. Costs that benefit more than one program have been allocated among program and supporting services based on time and effort.

9. Revenue Recognition and Deferred Revenue

The Organization records deferred revenue at the time payment is received for a future event. Once the event occurs, revenue is recognized.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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:

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.

Children's Oncology Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fair Value Measurements (Continued)

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 at December 31, 2019.

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

The carrying value on the statement of financial position of cash equivalents, contributions receivable, and accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Accounting Standard Adopted in the Current Year

Not-For-Profit Financial Statement Presentation

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958) (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. The Organization adopted ASU 2016-14 during the fifteen months ended December 31, 2019 and adjusted the presentation for the accompanying financial statements accordingly.

Adoption of ASU 2016-14 resulted in the following changes to the Organization's financial statements:

- Unrestricted and temporarily restricted net assets have been renamed net assets without and with donor restrictions, respectively. As of December 31, 2019, the Organization does not have any permanently restricted net assets which would have been combined in the net asset with donor restrictions classification.
- The financial statements include a new disclosure about liquidity and availability of resources as of December 31, 2019 (Note C).
- The Organization has always presented expenses by both function and natural classification, which is now required under ASU 2016-14. In accordance with ASU 2016-14, additional disclosures were added regarding specific methodologies used to allocate costs among program and support functions (Note B-8). The cost of direct benefit to donors, which is included with revenues on the statement of activities, is presented as an expense in the statement of functional expenses.

Children's Oncology Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Significant Accounting Standards Applicable in Future Years

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 December 31, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2018-08 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, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods.

ASU 2014-09 is effective for the Organization's December 31, 2020 financial statements and thereafter. Management is currently evaluating the effect that ASU 2014-09 will have on the Organization's financial statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. 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 of not for profit organizations issued for fiscal years beginning after December 15, 2020, and should be applied using a modified retrospective approach.

ASU 2016-02 is effective for the Organization's December 31, 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 - AVAILABILITY AND LIQUIDITY

The following table represents the Organization's financial assets as of December 31, 2019 available for general expenditures within one year of the balance sheet date:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,722,502
Contributions receivable, net (Note D)	41,050
Investments	<u>3,877,137</u>
Total financial assets	5,640,689
Less amounts not available to be used within one year:	
Net assets with donor restrictions (Note H)	<u>402,679</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,238,010</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

The Organization earns investment income each year and historically, earnings have been sufficient to meet annual cash needs for general and administrative expenditures. Based on the timeframe and/or requirements of donor restrictions in place as of December 31, 2019, all net assets with donor restrictions are anticipated to meet the criteria to be released from restriction or be used for the required purpose within the twelve months following December 31, 2019.

The ETF investments are considered to be liquid as they can be sold as needed. As described in Note H, the Organization has net assets with donor restrictions related to various camps and programs. Therefore, the amounts are deducted from financial assets available to meet general expenditures over the next twelve months.

The Organization has an investment policy that has been approved by its board of directors which sets certain parameters for investments by limiting concentrations of risk and allowing for sufficient liquidity.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give. The Organization's receivables approximate \$41,000 at December 31, 2019 and are expected to be collected in one year. Management deems all receivables to be fully collectible.

NOTE E - INVESTMENTS

Investments as of December 31, 2019 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange traded funds	\$ <u>2,810,790</u>	\$ <u>3,877,137</u>	\$ <u>1,066,347</u>

The following schedule summarizes investment income for the fifteen months ended December 31, 2019:

Interest income	\$ 12,040
Dividend income	105,010
Net realized and unrealized gains	<u>331,965</u>
	<u>\$ 449,015</u>

As of December 31, 2019, all investments were considered level one investments.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2019 consists of:

Computer and office equipment	\$	25,883
Furniture		3,021
Software		<u>47,912</u>
		76,816
Less: accumulated depreciation		<u>23,739</u>
Net property and equipment	\$	<u>53,077</u>

Depreciation expense was \$2,192 for the fifteen months ended December 31, 2019.

NOTE G - BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated \$1,500,000 of net assets without donor restrictions for long-term investment. Amounts can only be used for the specific purposes imposed by the Board of Directors, which has the sole ability to remove or change the specific use of these funds and undesignated funds for expenditure.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purpose as of December 31, 2019:

Passage of time	\$	20,000
Specific purpose - camp programs		
Seabees program		25,119
Summer/Winter Camp Chicago Campers		<u>357,560</u>
	\$	<u>402,679</u>

Children's Oncology Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the period October 1, 2018 through December 31, 2019

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from net assets with donor restrictions were as follows during the fifteen months ended December 31, 2019:

Summer camp	\$ 233,500
Family camp	25,000
Brain Tumor Family camp	18,492
Seabees program	57,567
Day camp	7,500
Winter camp	50,000
Fundraiser event	8,523
Summer/Winter Camp Chicago Campers	<u>255,840</u>
	<u>\$ 656,422</u>

NOTE I - LEASE COMMITMENTS

The Organization has an operating lease for the office space in Chicago, Illinois. The lease requires the Organization to pay minimum escalating monthly rents, ranging from \$4,178 to \$4,433, plus additional costs including maintenance, insurance, and utilities, as defined in the agreement, and expires on June 30, 2020.

As of December 31, 2019, a deferred rent liability was recognized in the amount of \$3,243, 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 \$465 per quarter which expires in March 2022.

Future minimum rental payments required under operating lease agreements that have initial or remaining noncancelable lease terms in excess of one year as of December 31 are as follows:

2020	\$ 26,300
2021	1,862
2022	<u>465</u>
	<u>\$ 28,627</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE I - LEASE COMMITMENTS (Continued)

Rent expense for the office lease, which is included in occupancy expenses in the statement of functional expenses, was \$62,492, and equipment and storage facility rental expense was \$6,746 for the fifteen months ended December 31, 2019.

NOTE J - CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalent balances in various financial institutions. Certain accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of insured deposit limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE K - CONCENTRATION OF FUNDING SOURCE

Approximately 34% or \$2,093,500 of the Organization's contribution revenue, was derived from contributions received from a single donor for the fifteen months ended December 31, 2019.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 27, 2020, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred, other than noted below, subsequent to December 31, 2019 that would require additional disclosure in the financial statements.

The direct and indirect impacts of the current COVID-19 outbreak on the Organization's donors, vendors, operations, and financing arrangements are currently unknown, as is the duration and severity of any impacts that the Organization may experience. Management is currently unable to quantify the effects that this situation will have on its operations and financial position; however, they may be significant.

The United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring the investment portfolio and its liquidity and are actively working to minimize the impact of these declines. These financial statements do not include adjustments to fair value that have resulted from these declines.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

For the period October 1, 2018 through December 31, 2019

NOTE L - SUBSEQUENT EVENTS (Continued)

The Organization has established a Medical Advisory Committee to carefully monitor information related to COVID-19, and to guide their programmatic decisions. This committee monitors the current COVID-19 situation closely, following the recommendations of the Centers for Disease Control and Prevention (CDC) and World Health Organization (WHO), in order to protect the safety and health of the campers, their families, and volunteers. At the time these financial statements were approved for distribution, the Organization had already transitioned five of their Spring and Summer programs from in-person to virtual. Additionally, the Organization continues to stay in constant communication with their donors, campers, families and volunteers during this time.

Subsequent to year end, the Organization renewed their operating lease agreement for the office space in Chicago, Illinois. The new lease term requires the Organization to pay minimum escalating monthly rents, ranging from \$8,012 to \$9,523, plus additional costs including maintenance, insurance, and utilities, as defined in the agreement, and expires on October 31, 2027.

SUPPLEMENTAL INFORMATION

Children's Oncology Services, Inc.

STATEMENTS OF ACTIVITIES

For the Twelve Months Ended September 30, 2019 and 2018, the Three Months Ended December 31, 2019, and the Fifteen Months Ended December 31, 2019

	Twelve Months Ended September 30, 2019	Three Months Ended December 31, 2019	Fifteen Months Ended December 31, 2019	Twelve Months Ended September 30, 2018
Support and revenues				
Contributions	\$ 3,238,878	\$ 545,969	\$ 3,784,847	\$ 1,166,123
Contributed services and gifts in-kind	268,408	25,435	293,843	203,637
Gross special events revenue	1,087,794	625,486	1,713,280	624,225
Less cost of direct benefit to donors	(374,389)	(321,654)	(696,043)	(357,144)
Net special events revenue	713,405	303,832	1,017,237	267,081
Program service fees	-	-	-	2,808
Investment income	216,835	232,180	449,015	377,352
Total revenues	4,437,526	1,107,416	5,544,942	2,017,001
Expenses				
Program	2,367,395	474,170	2,841,565	2,233,252
Support services:				
Fundraising	305,457	116,788	422,245	310,017
General and administrative	100,981	18,710	119,691	152,406
Total support services	406,438	135,498	541,936	462,423
Total expenses	2,773,833	609,668	3,383,501	2,695,675
CHANGE IN NET ASSETS				
	1,663,693	497,748	2,161,441	(678,674)
Net assets, beginning of period	3,481,945	5,145,638	3,481,945	4,160,619
Net assets, end of period	\$ 5,145,638	\$ 5,643,386	\$ 5,643,386	\$ 3,481,945