

Children's Oncology Services, Inc.

**Financial Statements and
Independent Auditors' Report**

December 31, 2020 and 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 statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the year and fifteen months then ended, respectively, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2020 and 2019 and the changes in its net assets and its cash flows for the year and fifteen month period then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
September 20, 2021

FINANCIAL STATEMENTS

Children's Oncology Services, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,747,572	\$ 1,722,502
Contributions receivable, net	32,500	41,050
Prepaid expenses	38,611	83,546
Security deposit	1,493	1,493
Investments, at fair value	4,074,128	3,877,137
Property and equipment, net	<u>68,606</u>	<u>53,077</u>
	<u>\$ 5,962,910</u>	<u>\$ 5,778,805</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 49,543	\$ 117,243
Accrued wages	118,766	-
Deferred revenue	-	14,933
Deferred rent	7,341	3,243
Note payable, Paycheck Protection Program	<u>131,085</u>	<u>-</u>
Total liabilities	<u>306,735</u>	<u>135,419</u>
NET ASSETS		
Without donor restrictions		
Board-designated	1,500,000	1,500,000
Undesignated	<u>3,698,331</u>	<u>3,740,707</u>
Total without donor restrictions	5,198,331	5,240,707
With donor restrictions	<u>457,844</u>	<u>402,679</u>
Total net assets	<u>5,656,175</u>	<u>5,643,386</u>
	<u>\$ 5,962,910</u>	<u>\$ 5,778,805</u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 845,399	\$ 334,000	\$ 1,179,399
Gross special events revenue	1,021,946	-	1,021,946
Less direct operating expenses	(235,522)	-	(235,522)
Net special events revenue	786,424	-	786,424
Investment income	494,929	-	494,929
Net assets released from restrictions	278,835	(278,835)	-
Total revenues	2,405,587	55,165	2,460,752
Expenses			
Program	2,013,433	-	2,013,433
Support services:			
Fundraising	361,915	-	361,915
Management and general	72,615	-	72,615
Total support services	434,530	-	434,530
Total expenses	2,447,963	-	2,447,963
CHANGE IN NET ASSETS	(42,376)	55,165	12,789
Net assets, beginning of year	5,240,707	402,679	5,643,386
Net assets, end of year	\$ 5,198,331	\$ 457,844	\$ 5,656,175

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF ACTIVITIES
Fifteen Months ended 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 direct operating expenses	(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
Management and general	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 year ended December 31, 2020

	Support Services				Total Expenses
	Program Services	Fundraising	Management and General	Total	
Salaries and benefits	\$ 745,356	\$ 241,453	\$ 62,988	\$ 304,441	\$ 1,049,797
Camp related	1,066,305	-	-	-	1,066,305
Special event expenses	-	235,522	-	235,522	235,522
Depreciation	13,537	4,385	1,144	5,529	19,066
Information technology and related fees	-	33,293	-	33,293	33,293
Insurance	65,995	-	-	-	65,995
Occupancy and office related	82,948	26,870	7,010	33,880	116,828
Professional fees	-	47,564	-	47,564	47,564
Other	39,292	8,350	1,473	9,823	49,115
	<u>2,013,433</u>	<u>597,437</u>	<u>72,615</u>	<u>670,052</u>	<u>2,683,485</u>
Less expenses included with revenues on the statement of activities					
Special event expenses	-	(235,522)	-	(235,522)	(235,522)
	<u>\$ 2,013,433</u>	<u>\$ 361,915</u>	<u>\$ 72,615</u>	<u>\$ 434,530</u>	<u>\$ 2,447,963</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Fifteen Months ended December 31, 2019

	Support Services				Total Expenses
	Program Services	Fundraising	Management and General	Total	
Salaries and benefits	\$ 785,303	\$ 284,530	\$ 68,287	\$ 352,817	\$ 1,138,120
Camp related	1,567,257	-	-	-	1,567,257
Special event expenses	-	696,043	-	696,043	696,043
Depreciation	1,512	548	132	680	2,192
Donated services	293,843	-	-	-	293,843
Information technology and related fees	-	83,085	-	83,085	83,085
Insurance	86,414	-	-	-	86,414
Occupancy and office related	67,236	24,361	5,847	30,208	97,444
Professional fees	-	-	42,024	42,024	42,024
Other	40,000	29,721	3,401	33,122	73,122
	<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					
Special event expenses	-	(696,043)	-	(696,043)	(696,043)
	<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.

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2020
and Fifteen Months ended December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 12,789	\$ 2,161,441
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Stock donations	(11,240)	(1,068,353)
Realized and unrealized gains on investments, net	(426,689)	(331,965)
Depreciation	19,066	2,192
(Increase) decrease in assets		
Contributions receivable	8,550	38,774
Prepaid expenses	44,935	(26,581)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(67,700)	1,469
Accrued wages	118,766	(96,500)
Deferred revenue	(14,933)	14,933
Deferred rent	4,098	(3,158)
Net cash provided by (used in) operating activities	<u>(312,358)</u>	<u>692,252</u>
Cash flows from investing activities		
Purchases of property and equipment	(34,595)	(52,800)
Purchases of investments	(504,731)	-
Proceeds from sales of investments	745,669	852,712
Net cash provided by investing activities	<u>206,343</u>	<u>799,912</u>
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	131,085	-
Net cash provided by financing activities	<u>131,085</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,070	1,492,164
Cash and cash equivalents, beginning of year	<u>1,722,502</u>	<u>230,338</u>
Cash and cash equivalents, end of year	\$ <u><u>1,747,572</u></u>	\$ <u><u>1,722,502</u></u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 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.

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.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement 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

December 31, 2020 and 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. Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of 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 restrictions or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Revenue Recognition (Continued)

Special events revenue is comprised of an exchange element based on the direct benefits provided, and a contribution element for the difference between the total cash received and the exchange element. The Organization recognizes the exchange portion of special events revenue at a point in time when substantially all benefits have been provided, and the contribution element when the cash is received. Amounts received in advance are deferred to the applicable period. The following schedule summarizes the Organization's components of special events revenue for the year and fifteen months ended December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Contribution revenue	\$ 928,931	\$ 1,467,684
Exchange transaction revenue	<u>93,015</u>	<u>245,596</u>
Gross special events revenue	<u>\$ 1,021,946</u>	<u>\$ 1,713,280</u>

The only revenue streams accounted for under Topic 606 are the exchange portion of special events revenue.

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 did not receive donated professional services during the year ended December 31, 2020. The Organization received donated professional services estimated at \$293,843 for the fifteen months ended December 31, 2019.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 activities. 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. 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.

10. 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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. 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.

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, 2020.

Exchange traded funds (ETFs): 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

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fair Value Measurements (Continued)

The carrying amounts of financial instruments, including cash equivalents, contributions receivable, accounts payable and accrued expenses, accrued wages, note payable, Payroll Protection Program, approximate fair value due to the short maturity of these instruments.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the notes to the financial statements.

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.

12. Accounting Standards Adopted in the Current Year

Revenue Recognition

The Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Adoption of this standard, using the modified retrospective approach, did not result in a change in the timing or amount of revenue recognized, and therefore the adoption of this standard did not have a material impact on the financial position (at December 31, 2020 or January 1, 2020), results of operations, or business practices of the Organization. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Accounting Standards Adopted in the Current Year (Continued)

Contributions Received and Contributions Made

The Organization adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Adoption of this standard did not result in a change in the timing or amount of revenue recognized, and therefore the adoption of this standard did not have a material impact on the financial position, results of operations, or business practices of the Organization.

13. Significant Accounting Standard Applicable in a Future Year

The Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, (Topic 842) (ASU 2016-02) in February 2016. Under ASU 2016-02, lessees will be required 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 this new guidance, lessor accounting is largely unchanged. ASU 2016-02 was to be effective for annual financial statements of not for profit organizations issued for fiscal years beginning after December 15, 2019, however the implementation date has been deferred. The new guidance is now effective for annual financial statements of not for profit organizations issued for fiscal years beginning after December 15, 2021. Management is currently evaluating the effect that ASU 2016-02 will have on the Organization's financial statements, and will implement ASU 2016-02 in the Organization's December 31, 2022 financial statements using a modified retrospective approach.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE C - AVAILABILITY AND LIQUIDITY

As of December 31, 2020 and 2019, the following table represents the Organization's financial assets available for general expenditures over the next twelve months:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,747,572	\$ 1,722,502
Contributions receivable, net (Note D)	32,500	41,050
Investments	<u>4,074,128</u>	<u>3,877,137</u>
Total financial assets	5,854,200	5,640,689
Less amounts not available to be used within one year:		
Net assets with donor restrictions (Note I)	<u>457,844</u>	<u>402,679</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,396,356</u>	<u>\$ 5,238,010</u>

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, 2020, 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, 2020.

The ETF investments are considered to be liquid as they can be sold as needed. As described in Note I, 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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give. The Organization's receivables approximate \$33,000 and \$41,000 at December 31, 2020, and 2019, respectively, 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, 2020 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange traded funds	\$ <u>2,731,690</u>	\$ <u>4,074,128</u>	\$ <u>1,342,438</u>

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 year and fifteen months ended December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 1,008	\$ 12,040
Dividend income	67,232	105,010
Net realized and unrealized gains	<u>426,689</u>	<u>331,965</u>
	\$ <u>494,929</u>	\$ <u>449,015</u>

As of December 31, 2020 and 2019, all investments were considered level one investments.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 25,883	\$ 25,883
Furniture	23,977	3,021
Software	<u>61,551</u>	<u>47,912</u>
	111,411	76,816
Less: accumulated depreciation	<u>42,805</u>	<u>23,739</u>
Property and equipment, net	<u>\$ 68,606</u>	<u>\$ 53,077</u>

Depreciation expense was \$19,066 and \$2,192 for the year and fifteen months ended December 31, 2020 and 2019, respectively.

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020, the Organization entered into a Paycheck Protection Program (PPP) loan agreement that totaled \$131,085, bore interest at 1.00%, was set to mature in May 2022, was not collateralized, and was eligible for forgiveness subject to provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Organization applied for forgiveness during 2020. Subsequent to year end, the loan was forgiven by the Small Business Administration (SBA) and the Organization was legally released from repaying the loan.

As part of the PPP, the Organization is required to retain all records relating to the loan for six years from the date the loan was forgiven and permit authorized representatives of the SBA to access such records upon request. Although forgiveness of the loan has been granted, the SBA may undertake a review at any time at the SBA's discretion.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE H - 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 undesignate funds for expenditure.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purpose as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Passage of time	\$ 20,000	\$ 20,000
Specific purpose - camp programs		
Summer camp	100,000	-
Seabees program	25,119	25,119
Summer/Winter Camp Chicago Campers	<u>312,725</u>	<u>357,560</u>
	<u>\$ 457,844</u>	<u>\$ 402,679</u>

Net assets released from net assets with donor restrictions were as follows during the year and fifteen months ended December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Passage of time	\$ 20,000	\$ -
Summer camp	110,000	233,500
Family camp / sibling camp	85,000	25,000
Brain Tumor Family camp	9,000	18,492
Seabees program	-	57,567
Dude Ranch program	10,000	-
Day camp	-	7,500
Winter camp	-	50,000
Fundraiser event	-	8,523
Summer/Winter Camp Chicago Campers	<u>44,835</u>	<u>255,840</u>
	<u>\$ 278,835</u>	<u>\$ 656,422</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE J - 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 originally expired on June 30, 2020.

During 2020, the Organization amended their lease agreement. Beginning April 1, 2020, the amended lease 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. Additionally, the lease includes rent abatements to be awarded during April of each lease year, upon meeting certain stipulations as defined in the lease agreement. The Organization received their first April rent abatement during 2020. The lease expires on October 31, 2027.

As of December 31, 2020 and 2019, a deferred rent liability was recognized in the amount of \$7,341 and \$3,243, 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 \$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:

2021	\$	91,591
2022		92,437
2023		94,271
2024		96,628
2025		99,044
Thereafter		<u>186,531</u>
	\$	<u><u>660,502</u></u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE J - LEASE COMMITMENTS (Continued)

Rent expense for the office lease, which is included in occupancy expenses in the statements of functional expenses, was \$81,031 and \$62,492 for the year and fifteen months ended December 31, 2020 and 2019, respectively. Equipment and storage facility rental expense was \$1,862 and \$6,746 for the year and fifteen months ended December 31, 2020 and 2019, respectively

NOTE K - RELATED PARTY TRANSACTIONS

During the year and fifteen months ended December 31, 2020 and 2019, the Organization received approximately \$63,500 and \$2,000, respectively, in donations from related parties.

NOTE L - RISKS AND UNCERTAINTIES

1. 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.

2. Concentration of Funding Source

Approximately 34%, or \$2,093,500 of the Organization's contribution revenue for the fifteen-months ended December 31, 2019 was derived from contributions received from a single donor. No similar significant contributions occurred during the year ended December 31, 2020.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE L - RISKS AND UNCERTAINTIES (Continued)

3. COVID-19 Pandemic

The indirect and direct impacts of the current COVID-19 outbreak on the Organization's investments, operations, donors, volunteers, and camper families are currently unknown, as is the duration and severity of any impacts that the Organization may experience. In light of the pandemic the Organization suspended certain programs and in-person events, etc. However, many of these programs moved to a virtual environment. The Organization continues to stay in constant communication with their campers and donors, and continues to closely monitor the investment portfolio and its liquidity, and is actively working to minimize the impact of any declines which may result. Management is currently unable to quantify the effects that this situation will have on its operations, cash flows and financial position; however, they may be significant. No adjustments relating to the effects of COVID-19 have been recorded in these financial statements.

NOTE M - RECLASSIFICATIONS

Certain reclassifications have been made to the 2019 statement of functional expenses to conform with the 2020 presentation. These reclassifications have no effect on net assets or the change in net assets in the financial statements.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2021, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than noted in Note G, have occurred that would require additional disclosure in the financial statements.