

Children's Oncology Services, Inc.

Financial Statements and Independent Auditors' Report

December 31, 2024 and 2023

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Children's Oncology Services, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

(Continued)

To the Board of Directors
Children's Oncology Services, Inc.

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

MILLER, COOPER & CO., LTD.

A handwritten signature in cursive script that reads "Miller, Cooper & Co., Ltd.".

Certified Public Accountants

Deerfield, Illinois
September 24, 2025

FINANCIAL STATEMENTS

Children's Oncology Services, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,341,311	\$ 1,616,646
Contributions receivable	258,818	32,383
Employee Retention Credit receivable (Note L)	56,000	56,000
Prepaid expenses	155,968	168,247
Security deposit	1,493	1,493
Investments, at fair value	4,072,658	4,025,435
Property and equipment, net	24,914	25,788
Right-of-use asset, operating lease	267,706	359,638
	<u>\$ 6,178,868</u>	<u>\$ 6,285,630</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 154,166	\$ 134,216
Accrued wages	232,000	208,841
Deferred revenue	38,096	18,585
Lease liability, operating lease	289,388	381,449
Total liabilities	<u>713,650</u>	<u>743,091</u>
NET ASSETS		
Without donor restrictions		
Board-designated	1,500,000	1,500,000
Undesignated	3,717,718	3,930,156
Total without donor restrictions	5,217,718	5,430,156
With donor restrictions	247,500	112,383
Total net assets	<u>5,465,218</u>	<u>5,542,539</u>
	<u>\$ 6,178,868</u>	<u>\$ 6,285,630</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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 1,670,293	\$ 247,500	\$ 1,917,793
Contributed services	356,290	-	356,290
Gross special events revenue	2,029,185	-	2,029,185
Less direct expenses	(637,351)	-	(637,351)
Net special events revenue	1,391,834	-	1,391,834
Investment return, net	613,902	-	613,902
Net assets released from restrictions	112,383	(112,383)	-
Total support and revenues	4,144,702	135,117	4,279,819
Expenses			
Program services	3,640,734	-	3,640,734
Support services:			
Fundraising	599,927	-	599,927
Management and general	116,479	-	116,479
Total support services	716,406	-	716,406
Total expenses	4,357,140	-	4,357,140
CHANGE IN NET ASSETS	(212,438)	135,117	(77,321)
Net assets, beginning of year	5,430,156	112,383	5,542,539
Net assets, end of year	\$ 5,217,718	\$ 247,500	\$ 5,465,218

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 1,868,993	\$ 112,383	\$ 1,981,376
Contributed services	297,442	-	297,442
Gross special events revenue	2,043,254	-	2,043,254
Less direct expenses	(539,796)	-	(539,796)
Net special events revenue	1,503,458	-	1,503,458
Investment return, net	516,142	-	516,142
Net assets released from restrictions	253,202	(253,202)	-
Total support and revenues	4,439,237	(140,819)	4,298,418
Expenses			
Program services	3,406,167	-	3,406,167
Support services:			
Fundraising	564,785	-	564,785
Management and general	104,758	-	104,758
Total support services	669,543	-	669,543
Total expenses	4,075,710	-	4,075,710
CHANGE IN NET ASSETS	363,527	(140,819)	222,708
Net assets, beginning of year	5,066,629	253,202	5,319,831
Net assets, end of year	\$ 5,430,156	\$ 112,383	\$ 5,542,539

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, 2024

	Support Services				
	Program Services	Fundraising	Management and General	Total	Total Expenses
Salaries and benefits	\$ 1,156,665	\$ 491,028	\$ 51,424	\$ 542,452	\$ 1,699,117
Camp related	1,931,096	-	-	-	1,931,096
Special event expenses	-	637,351	-	637,351	637,351
Depreciation	4,026	1,709	179	1,888	5,914
Contributed services	356,290	-	-	-	356,290
Information technology and related fees	-	44,643	-	44,643	44,643
Insurance	45,321	-	-	-	45,321
Occupancy and office related	89,593	38,034	3,983	42,017	131,610
Professional fees	-	-	58,326	58,326	58,326
Other	57,743	24,513	2,567	27,080	84,823
	<u>3,640,734</u>	<u>1,237,278</u>	<u>116,479</u>	<u>1,353,757</u>	<u>4,994,491</u>
Less expenses included with revenues on the statement of activities					
Special event expenses	<u>-</u>	<u>(637,351)</u>	<u>-</u>	<u>(637,351)</u>	<u>(637,351)</u>
	<u>\$ 3,640,734</u>	<u>\$ 599,927</u>	<u>\$ 116,479</u>	<u>\$ 716,406</u>	<u>\$ 4,357,140</u>

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, 2023

	Support Services				
	Program Services	Fundraising	Management and General	Total	Total Expenses
Salaries and benefits	\$ 1,063,742	\$ 433,448	\$ 47,632	\$ 481,080	\$ 1,544,822
Camp related	1,836,864	-	-	-	1,836,864
Special event expenses	-	539,796	-	539,796	539,796
Depreciation	4,592	1,871	207	2,078	6,670
Contributed services	297,442	-	-	-	297,442
Information technology and related fees	-	69,014	-	69,014	69,014
Insurance	55,171	-	-	-	55,171
Occupancy and office related	93,693	38,178	4,194	42,372	136,065
Professional fees	-	-	50,276	50,276	50,276
Other	54,663	22,274	2,449	24,723	79,386
	<u>3,406,167</u>	<u>1,104,581</u>	<u>104,758</u>	<u>1,209,339</u>	<u>4,615,506</u>
Less expenses included with revenues on the statement of activities					
Special event expenses	<u>-</u>	<u>(539,796)</u>	<u>-</u>	<u>(539,796)</u>	<u>(539,796)</u>
	<u>\$ 3,406,167</u>	<u>\$ 564,785</u>	<u>\$ 104,758</u>	<u>\$ 669,543</u>	<u>\$ 4,075,710</u>

The accompanying notes are an integral part of this statement.

Children's Oncology Services, Inc.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (77,321)	\$ 222,708
Adjustments to reconcile change in net assets to net cash used in and provided by operating activities		
Stock donations	(88,474)	(60,223)
Proceeds from sales of donated stock	88,409	60,249
Realized and unrealized (gain)/loss on investments, net	(529,979)	(429,806)
Depreciation	5,914	6,670
Noncash component of operating lease expense	91,932	90,696
(Increase) decrease in assets		
Contributions receivable	(226,435)	99,061
Prepaid expenses	12,279	(92,749)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	19,950	13,318
Accrued wages	23,159	46,207
Deferred revenue	19,511	18,585
Lease liability, operating lease	(92,061)	(88,467)
Net cash used in operating activities	<u>(753,116)</u>	<u>(113,751)</u>
Cash flows from investing activities		
Purchases of investments	-	(594,324)
Purchases of property and equipment	(5,040)	(9,440)
Proceeds from sales of investments	<u>482,821</u>	<u>1,205,083</u>
Net cash provided by investing activities	<u>477,781</u>	<u>601,319</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(275,335)	487,568
Cash and cash equivalents, beginning of year	<u>1,616,646</u>	<u>1,129,078</u>
Cash and cash equivalents, end of year	<u>\$ 1,341,311</u>	<u>\$ 1,616,646</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	<u>\$ 96,628</u>	<u>\$ 94,271</u>

The accompanying notes are an integral part of these statements.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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, 2024 and 2023

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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external expenses.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Revenue Recognition (Continued)

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.

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. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. The exchange portion of amounts received in advance is deferred to the applicable period. The following schedule summarizes the Organization's components of special events revenue for the years ended December 31, 2024 and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Contribution revenue	\$ 1,829,825	\$ 1,732,292
Exchange transaction revenue	<u>199,360</u>	<u>310,962</u>
Gross special events revenue	<u>\$ 2,029,185</u>	<u>\$ 2,043,254</u>

Contract liabilities, or deferred revenue as classified on the statements of financial position, represent amounts collected from donors for which services are to be provided in a future period.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Revenue Recognition (Continued)

Contract liabilities approximating \$38,000, \$19,000 and \$0 as of December 31, 2024, December 31, 2023, and January 1, 2023 respectively, are included in deferred revenue on the accompanying statements of financial position.

7. Contributed Services

Contributed services are recorded at their estimated fair value as both revenue and expense in the statements 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.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, fundraising and operations. These contributed 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 statements 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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fair Value Measurements (Continued)

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, 2024 and 2023.

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

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

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fair Value Measurements (Continued)

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. Leases

The Organization follows the guidance under Accounting Standards Codification (ASC) 842, *Leases*, (ASC 842) which requires lessees to recognize, at the 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. The Organization has made an accounting policy election to only apply the standard to lease agreements with terms that are greater than twelve months. ASC 842 distinguishes leases as either a finance lease or an operating lease, which affects how the leases are measured and presented in the statements of activities and statements of cash flows.

Topic 842 was effective for annual financial statements of private companies issued for fiscal years beginning after January 1, 2022 and the Organization adopted Topic 842 as of January 1, 2022, using a transition method that applied Topic 842 to reporting periods beginning on January 1, 2022. The adoption of ASC 842 resulted in recording a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of \$539,842 and \$554,896, respectively, as of January 1, 2022, which represents the present value of the remaining lease payments as of the date of adoption. The difference between the operating ROU assets and operating lease liabilities at transition represented a tenant allowance incentive that was recognized upon implementation as a reduction to the ROU asset as of January 1, 2022.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Leases (Continued)

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented in operating lease ROU assets and operating lease liabilities in the accompanying statement of financial position.

Right-of-use asset, operating lease and lease liability, operating lease are initially measured based on the present value of future lease payments over the lease term as determined at each lease's commencement date.

Operating lease cost for operating leases is recognized as lease expense using the straight-line method over the term of the lease, which includes the noncancelable period under the lease.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs, less any lease incentives received from the lessor. Real estate leases generally include a lease cost, nonlease reimbursements to the lessor of the proportionate share of common area maintenance, and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums. Lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

NOTE C - AVAILABILITY AND LIQUIDITY

As of December 31, 2024 and 2023, the following table represents the Organization's financial assets available for general expenditures over the next twelve months:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,341,311	\$ 1,616,646
Contributions receivable (Note D)	258,818	32,383
Employee Retention Credit receivable (Note L)	56,000	56,000
Security deposit	1,493	1,493
Investments (Note E)	<u>4,072,658</u>	<u>4,025,435</u>
Total financial assets	<u>5,730,280</u>	<u>5,731,957</u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE C - AVAILABILITY AND LIQUIDITY (Continued)

	<u>2024</u>	<u>2023</u>
Less amounts not available to be used within one year:		
Security deposit	\$ 1,493	\$ 1,493
Net assets with donor restrictions (Note H)	<u>247,500</u>	<u>112,383</u>
	<u>248,993</u>	<u>113,876</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,481,287</u>	<u>\$ 5,618,081</u>

The Organization earns investment return 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, 2024, 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, 2024.

The 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 were \$258,818 and \$32,383 at December 31, 2024, and 2023, respectively, and are expected to be collected in one year. Management deems all receivables to be fully collectible.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE E - INVESTMENTS, AT FAIR VALUE

Investments as of December 31, 2024 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Exchange traded funds	\$ <u>2,149,013</u>	\$ <u>4,072,658</u>	\$ <u>1,923,645</u>
	\$ <u><u>2,149,013</u></u>	\$ <u><u>4,072,658</u></u>	\$ <u><u>1,923,645</u></u>

Investments as of December 31, 2023 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Exchange traded funds	\$ <u>2,545,175</u>	\$ <u>4,025,435</u>	\$ <u>1,480,260</u>
	\$ <u><u>2,545,175</u></u>	\$ <u><u>4,025,435</u></u>	\$ <u><u>1,480,260</u></u>

The following schedule summarizes investment return for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 3,469	\$ 4,719
Dividend income	80,454	81,598
Net realized and unrealized gain	<u>529,979</u>	<u>429,825</u>
	\$ <u><u>613,902</u></u>	\$ <u><u>516,142</u></u>

As of December 31, 2024 and 2023, all investments were considered level one investments.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2024 and 2023 consists of:

	<u>2024</u>	<u>2023</u>
Computer and office equipment	\$ 25,882	\$ 25,883
Furniture	29,018	23,977
Software	<u>70,991</u>	<u>70,991</u>
	125,891	120,851
Less: accumulated depreciation	<u>100,977</u>	<u>95,063</u>
Property and equipment, net	<u><u>\$ 24,914</u></u>	<u><u>\$ 25,788</u></u>

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 the 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Passage of time	\$ 25,000	\$ 32,383
Specific purpose - camp programs		
Summer camp	132,500	80,000
Sibling camp	<u>90,000</u>	<u>-</u>
	<u><u>\$ 247,500</u></u>	<u><u>\$ 112,383</u></u>

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from net assets with donor restrictions were as follows during the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Passage of time	\$ 32,383	\$ 95,477
Summer camp	80,000	80,000
Summer/Winter Camp Chicago Campers	<u>-</u>	<u>77,725</u>
	<u>\$ 112,383</u>	<u>\$ 253,202</u>

NOTE I - CONTRIBUTED SERVICES

The Organization received contributed professional services estimated at \$356,290 and \$297,442 for the years ended December 31, 2024 and 2023, respectively. These amounts were recorded as both revenues and expenses in the Organization's statements of activities.

The Organization recognizes services as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed services include services provided by medical professionals, which are reported using the hourly bill rates that these professionals would charge for similar services and are reported as program services expenses in the statements of activities.

NOTE J - LEASE COMMITMENTS

The Organization leases office space under an operating lease arrangement through October 31, 2027 in Illinois. The lease requires escalating monthly rental payments ranging from \$8,012 to \$9,523 over the term of the lease which has a remaining weighted-average lease term of 34 and 46 months as of December 31, 2024 and 2023, respectively. Additionally, the Organization is responsible for its share of real estate taxes, common area charges, and any direct expenses as defined in the lease agreements. The lease is classified as an operating lease and reported as a right-of-use asset, operating lease, in the Organization's statements of financial position as of December 31, 2024 and 2023.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE J - LEASE COMMITMENTS (Continued)

The Organization has elected the practical expedient available to non-public business entities which allows an Organization to use the risk-free rate to discount its leases when the rate implicit in the lease is not readily determinable. The risk-free rate represents the nominal yield at the later of lease inception or the transition date applicable to U.S. Treasury instruments with a maturity of similar length to the lease term. The risk-free rate applied to the operating lease in place at the transition date was 1.37%.

Operating lease cost is recognized on a straight-line basis over the lease term. Operating lease cost for the years ended December 31, 2024 and 2023 is \$96,500.

Future undiscounted cash flows for the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2024:

Years Ending December 31:	<u>Operating leases</u>
2025	\$ 99,044
2026	101,520
2027	<u>94,535</u>
Total lease payments	295,099
Less: imputed interest	<u>5,711</u>
Total present value of lease liabilities	<u><u>\$ 289,388</u></u>

As of December 31, 2024 and 2023, the weighted average remaining lease term and the weighted-average discount rate is as follows:

	<u>2024</u>	<u>2024</u>
Weighted average remaining lease term	2.83 years	3.83 years
Weighted average discount rate	1.37%	1.37%

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE J - LEASE COMMITMENTS (Continued)

The Organization has an agreement with an entity to hold its camp programs, including its summer camp program in which payments are variable and subject to a minimum number of campers, through June 2029. Rental payments related to this agreement for all camp programs were \$532,495 and \$461,531 for the years ended December 31, 2024 and 2023, respectively. Future payments related to this agreement are not known to the Organization, as the related fee per camper is determined annually.

NOTE K - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the Organization received approximately \$338,000 and \$250,000, respectively, in donations from related parties.

NOTE L - EMPLOYEE RETENTION CREDIT

In March 2020, the CARES Act was signed into law, which includes provisions for the Employee Retention Credit ("ERC"). The provisions of the ERC were later amended by the Consolidated Appropriations Act, 2021, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act (collectively, the "Acts"). The ERC is a refundable tax credit taken against certain payroll taxes equal to a specified percentage of qualified wages paid after March 12, 2020 and before October 1, 2021 by an eligible employer, as defined in the Acts. The credit is claimed through the Organization's quarterly Form 941 payroll tax filings, or other means as prescribed by the IRS. The IRS has extended the statute of limitations on ERC claims from three to five years.

Management has determined the Organization is eligible for the ERC under the decline in gross receipts test, as defined in the Acts. The Organization has accounted for the ERC as a conditional contribution under the provisions of FASB ASU 2018-08, Not-for-Profit Entities (Topic 958-605): *Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Based on this guidance, the Organization has concluded that the amounts are known, and all conditions for qualification are substantially met in a prior year. The Organization has claimed credits totaling \$95,112. As of December 31, 2024 and 2023, the Organization has not yet received refunds from the IRS totaling \$56,000 which are included as "Employee Retention Credit receivable" on the statements of financial position. Subsequent to December 31, 2024, the outstanding balance was collected in full, including interest of \$8,429.

Children's Oncology Services, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE M - RISKS AND UNCERTAINTIES

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 N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2025, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than as noted in Note L, have occurred that would require additional disclosure in the financial statements.