

**KIDS CANCER ALLIANCE, INC. -
LOUISVILLE, KENTUCKY**

FINANCIAL STATEMENTS

**YEARS ENDED
DECEMBER 31, 2024 AND 2023**

KIDS CANCER ALLIANCE, INC.

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Independent Auditor's Report

Board of Directors
Kids Cancer Alliance, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of **Kids Cancer Alliance, Inc.** (a nonprofit Organization), which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Kids Cancer Alliance, Inc.** 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

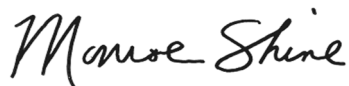
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 **Kids Cancer Alliance, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Kids Cancer Alliance, Inc.'s** ability to continue as a going concern for a reasonable period of time.

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



Louisville, Kentucky
March 17, 2025

KIDS CANCER ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Cash	\$ 766,719	\$ 610,795
Investments	1,722,461	1,449,617
Grants receivable	28,500	25,250
Promises to give, net	77,302	42,781
Accounts receivable	6,000	500
Prepaid expenses	54,768	34,572
Operating lease right-of-use asset	629,808	13,876
Furniture and equipment, net	17,598	20,791
	<u><u>\$ 3,303,156</u></u>	<u><u>\$ 2,198,182</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ -	\$ 20,999
Accrued expenses	65,785	53,276
Operating lease liability	684,362	13,876
Total Liabilities	<u><u>750,147</u></u>	<u><u>88,151</u></u>

Net Assets

Without donor restrictions:		
Undesignated	1,821,439	1,603,225
Board designated for endowment	346,829	299,283
Total without donor restrictions	<u><u>2,168,268</u></u>	<u><u>1,902,508</u></u>
With donor restrictions:		
Restricted by time or purpose	100,116	32,000
Restricted in perpetuity	284,625	175,523
Total with donor restrictions	<u><u>384,741</u></u>	<u><u>207,523</u></u>
Total Net Assets	<u><u>2,553,009</u></u>	<u><u>2,110,031</u></u>
	<u><u>\$ 3,303,156</u></u>	<u><u>\$ 2,198,182</u></u>

See notes to financial statements.

KIDS CANCER ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor	With Donor Restrictions	Totals	Without Donor	With Donor Restrictions	Totals
REVENUES AND SUPPORT						
Contributions	\$ 564,069	\$ 209,218	\$ 773,287	\$ 466,110	\$ 107,781	\$ 573,891
Special event revenue	1,318,937	-	1,318,937	1,114,375	-	1,114,375
Less: Costs of direct benefits to donors	(281,750)	-	(281,750)	(281,421)	-	(281,421)
Net investment return	189,242	-	189,242	178,576	-	178,576
Loss on disposal of fixed assets	(4,252)	-	(4,252)	(589)	-	(589)
Net assets released from restrictions	32,000	(32,000)	-	29,855	(29,855)	-
Total Revenues and Support	1,818,246	177,218	1,995,464	1,506,906	77,926	1,584,832
EXPENSES						
Program services	1,071,091	-	1,071,091	922,823	-	922,823
Management and general	239,837	-	239,837	188,132	-	188,132
Fundraising	241,558	-	241,558	194,285	-	194,285
Total Expenses	1,552,486	-	1,552,486	1,305,240	-	1,305,240
Change in Net Assets	265,760	177,218	442,978	201,666	77,926	279,592
Net Assets at Beginning of Year	1,902,508	207,523	2,110,031	1,700,842	129,597	1,830,439
Net Assets at End of Year	\$ 2,168,268	\$ 384,741	\$ 2,553,009	\$ 1,902,508	\$ 207,523	\$ 2,110,031

See notes to financial statements.

KIDS CANCER ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Camp Programs</u>	<u>Weekend Retreats</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 58,389	\$ 26,355	\$ 100,741	\$ 185,485	\$ 105,460	\$ 126,719	\$ 417,664
Employee benefits	12,198	5,506	21,045	38,749	22,031	26,472	87,252
Payroll taxes	3,998	1,804	6,898	12,700	7,221	8,676	28,597
Advertising	4,703	2,123	8,114	14,940	8,494	10,205	33,639
Conferences and professional development	1,109	501	14,005	15,615	2,003	2,406	20,024
Financial assistance	-	-	255,505	255,505	-	-	255,505
Office expense	11,753	5,305	20,278	37,336	21,228	25,509	84,073
Supplies and giveaways	77,378	12,941	-	90,319	-	-	90,319
Telephone	1,506	680	2,599	4,785	2,720	3,269	10,774
Postage and printing	928	419	2,727	4,074	1,677	2,015	7,766
Information technology	19,171	171	655	19,997	686	825	21,508
Occupancy	11,492	5,187	19,827	36,506	20,756	24,941	82,203
Camp facility rent	50,168	42,553	-	92,721	-	-	92,721
Insurance	7,306	819	3,131	11,256	3,278	3,940	18,474
Professional services	-	-	-	-	38,760	-	38,760
Travel	7,095	-	4,299	11,394	307	360	12,061
Entertainment	-	-	54,466	54,466	-	-	54,466
Meals	58,520	46,265	62,034	166,819	1,847	2,172	170,838
Depreciation	703	317	1,212	2,232	1,269	1,525	5,026
Miscellaneous	1,163	525	14,504	16,192	2,100	2,524	20,816
Special event direct expenses	-	-	-	-	-	281,750	281,750
Total Expenses	327,580	151,471	592,040	1,071,091	239,837	523,308	1,834,236
Less: special event direct expenses	-	-	-	-	-	(281,750)	(281,750)
Total Functional Expenses	\$ 327,580	\$ 151,471	\$ 592,040	\$ 1,071,091	\$ 239,837	\$ 241,558	\$ 1,552,486

See notes to financial statements.

KIDS CANCER ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Camp Programs</u>	<u>Weekend Retreats</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 63,684	\$ 30,672	\$ 99,817	\$ 194,173	\$ 96,615	\$ 119,814	\$ 410,602
Employee benefits	11,001	5,298	17,243	33,542	16,690	20,698	70,930
Payroll taxes	4,988	2,403	7,819	15,210	7,568	9,384	32,162
Advertising	5,800	2,793	9,090	17,683	8,799	10,912	37,394
Conferences and professional development	328	158	8,074	8,560	497	616	9,673
Financial assistance	-	-	273,259	273,259	-	-	273,259
Office expense	354	171	555	1,080	537	666	2,283
Supplies and giveaways	51,470	16,253	-	67,723	-	-	67,723
Telephone	1,044	503	1,636	3,183	1,583	1,963	6,729
Postage and printing	620	299	2,327	3,246	941	1,167	5,354
Information technology	11,781	181	589	12,551	570	706	13,827
Occupancy	8,790	4,233	13,776	26,799	13,334	16,537	56,670
Camp facility rent	39,032	70,032	-	109,064	-	-	109,064
Insurance	8,128	611	1,989	10,728	1,925	2,388	15,041
Professional services	-	-	-	-	31,660	-	31,660
Travel	7,072	-	2,583	9,655	477	592	10,724
Entertainment	-	-	26,980	26,980	-	-	26,980
Meals	34,062	8,729	40,582	83,373	2,921	3,622	89,916
Depreciation	788	379	1,235	2,402	1,195	1,482	5,079
Miscellaneous	6,602	2,295	14,715	23,612	2,820	3,738	30,170
Special event direct expenses	-	-	-	-	-	281,421	281,421
Total Expenses	255,544	145,010	522,269	922,823	188,132	475,706	1,586,661
Less: special event direct expenses	-	-	-	-	-	(281,421)	(281,421)
Total Functional Expenses	\$ 255,544	\$ 145,010	\$ 522,269	\$ 922,823	\$ 188,132	\$ 194,285	\$ 1,305,240

See notes to financial statements.

KIDS CANCER ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 442,978	\$ 279,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,026	5,079
Discount on promises to give	5,898	(554)
Contributions restricted for investment in perpetual endowment	(74,581)	(30,000)
Amortization of operating lease right-of-use asset	59,712	54,632
Loss on disposal of fixed assets	4,252	589
Realized and unrealized gains on investments	(160,206)	(180,504)
(Increase) decrease in assets:		
Accounts receivable	(5,500)	4,800
Grants receivable	(3,250)	(25,250)
Promises to give	(40,419)	5,000
Prepaid expenses	(20,196)	(17,717)
Increase (decrease) in liabilities:		
Accounts payable	(20,999)	20,999
Accrued expenses	12,509	(16,285)
Operating lease liability	(5,158)	(54,632)
Net Cash Provided By Operating Activities	<u>200,066</u>	<u>45,749</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(6,625)	(6,200)
Purchase of investments	(844,141)	(831,498)
Proceeds on sale of investments	731,503	500,194
Proceeds received on sale of property and equipment	540	-
Net Cash Used In Investing Activities	<u>(118,723)</u>	<u>(337,504)</u>
FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in perpetual endowment	74,581	30,000
Net Cash Provided By Financing Activities	<u>74,581</u>	<u>30,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	155,924	(261,755)
Cash at beginning of year	<u>610,795</u>	<u>872,550</u>
Cash at End of Year	<u><u>\$ 766,719</u></u>	<u><u>\$ 610,795</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Amounts included in the measurement of lease liabilities	\$ 26,739	\$ 55,230
SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES:		
Lease assets obtained in exchange for lease obligations	\$ 675,685	\$ -

See notes to financial statements.

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kids Cancer Alliance, Inc. (KCA) is a not-for-profit Organization with the mission to enhance the quality of life for children with cancer and their families through recreational and support programs. Kids Cancer Alliance offers overnight camps, retreats, in-hospital and financial assistance programs to children with cancer and their families.

KCA's funding is from individual, corporate and foundation contributions and special events.

Basis of Accounting

KCA prepares its financial statements under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of not-for-profit Organizations. Under this guidance, KCA is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. These two net asset categories can be further broken down into subcategories. A description of the net asset subcategories follows:

Net Assets without Donor Restrictions - Undesignated: net assets that are not subject to donor restrictions and may be expended for any purpose in performing the primary objectives of KCA. These net assets may be used at the discretion of KCA's management and the Board of Directors.

Net Assets without Donor Restrictions - Board Designated: net assets without donor restrictions designated for an endowment fund by the Board of Directors. Although the Board could release or revise the designations in the future, there is no intent to do so.

Net Assets with Donor Restrictions - Restricted by Time or Purpose: net assets subject to stipulations imposed by donors, and grantors.

Net Assets with Donor Restrictions - Restricted in Perpetuity: net assets with donor restrictions in which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Certain prior year accounts have been reclassified to conform with current year presentations.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(1 – continued)

Cash

Cash consists solely of cash on deposit. Cash held temporarily by a custodian for investment purposes is included in investments and is not considered to be cash equivalents.

Concentration of Credit Risk

KCA maintains its cash balances in financial institutions located in Louisville, Kentucky that are insured by the Federal Deposit Insurance Corporation. At various times during the year, the cash balances may exceed amounts federally insured. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2024 and 2023, KCA's uninsured cash balances totaled \$515,896 and \$369,605, respectively.

Grants Receivable

Grants receivable represent amounts owed by various agencies pursuant to grant agreements. The valuation of receivables is based upon an analysis of contractual agreements, collection history, current conditions, and reasonable and supportable forecasts. When accounts are deemed uncollectible, they are written off. Management does not consider an allowance to be necessary.

Promises to Give

Promises to give are recognized when the donor makes a promise to give to KCA that is, in substance, unconditional. Promises to give becoming due in the next year are recorded at net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments in marketable securities with readily determinable fair values are measured at fair market value in the statements of financial condition. The unrealized gains or losses on investments are included in the change in net assets. Gains and losses on the marketable securities are determined based upon the specific securities sold.

Furniture and Equipment

KCA capitalizes all expenditures for furniture and equipment in excess of \$5,000. Furniture and equipment is recorded at cost or the fair market value at date of donation and depreciated over the useful lives of the related assets using the straight-line method.

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(1 – continued)

Revenue Recognition

KCA recognizes revenue from grants and other 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 a right of return, are not recognized until the conditions on which they depend have been substantially met.

KCA's non-contribution revenue, which is most commonly associated with fundraising events, contain a single delivery element and revenue is recognized at a single point in time when control transfers to the customer. Revenue is recognized for exchange transactions when the customers receive the services provided.

In-kind Materials, Equipment and Services

In-kind materials, equipment and certain services are reflected as contributions and assets or expense in the accompanying statements at their estimated fair values on the date of contribution. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. KCA did not receive any in-kind donations for the years ended December 31, 2024 and 2023.

Advertising Costs

KCA uses advertising and marketing to promote its programs among the audiences it serves. Advertising and marketing costs are expensed as incurred and were \$33,639 and \$37,394 for the years ended December 31, 2024 and 2023, respectively.

Income Tax Status

KCA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

KCA has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of December 31, 2024, KCA has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. KCA files federal form 990. KCA is not currently being examined and management believes its tax-exempt status would be upheld under examination.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of KCA.

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(2) BENEFICIAL INTEREST IN TRUST

During 2022, KCA was notified that a provision of a donor's last will and testament named the organization as a beneficiary of a trust holding the remaining balance of their estate. The trust is not in the possession nor under the control of KCA and is held and administered by an outside agent.

KCA received distributions in the amount of \$8,712 for the years ended December 31, 2024 and 2023, respectively. A final accounting of the estate has not occurred, and final amounts are unknown.

(3) LIQUIDITY

The following table reflects KCA's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific purpose. The board designations could be drawn upon if the board approves that action.

	<u>2024</u>	<u>2023</u>
Cash	\$ 766,719	\$ 610,795
Investments	1,722,461	1,449,617
Grants receivable	28,500	25,250
Promises to give, net	77,302	42,781
Accounts receivable	6,000	500
	<u>2,600,982</u>	<u>2,128,943</u>
Less:		
Those unavailable for general expenditure within one year:		
Board designated investments	(346,829)	(299,283)
Net assets with donor restrictions	(100,116)	(32,000)
Endowment investments restricted in perpetuity	<u>(284,625)</u>	<u>(175,523)</u>
	<u><u>\$ 1,869,412</u></u>	<u><u>\$ 1,622,137</u></u>

In addition to financial assets available to meet general expenditures over the year, KCA operates with a balanced budget and anticipates covering its general expenditures by collecting revenue through ongoing development and fundraising strategies.

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(4) PROMISES TO GIVE

Two promises to give were received during the year ended December 31, 2024, to establish two named endowment funds. One promise to give was received during the year ended December 31, 2023, to establish a named endowment fund. The balance of these promises is included in the financial statements as promises to give and revenue of the appropriate net asset category. Payments due after one year are recorded after discounting to the present value of future cash flows. The pledges have been discounted at the United States Treasury Bill Rate at the date the promises to give were made.

At December 31, 2024, promises to give consist of the following and are expected to be realized in the following periods:

Amounts due in:

2025	\$ 28,209
2026	28,209
2027	13,000
2028	8,000
2029	<u>8,000</u>
Total	85,418
Less unamortized discount	<u>(8,116)</u>
Net promises to give	<u><u>\$ 77,302</u></u>

No allowance for uncollectible promises to give is considered necessary based on management's assessment.

(5) INVESTMENTS

Fair value of investments, by classification as of December 31, 2024 and 2023, are as follows:

December 31, 2024:	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 47,937	\$ 47,937	\$ -
Exchange traded funds	312,352	392,690	80,338
Equities	433,042	624,639	191,597
Mutual funds - equities	60,604	64,590	3,986
US treasury bills	278,416	284,345	5,929
Corporate bonds	<u>303,447</u>	<u>308,260</u>	<u>4,813</u>
Total investments	<u><u>\$ 1,435,798</u></u>	<u><u>\$ 1,722,461</u></u>	<u><u>\$ 286,663</u></u>

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(5 – continued)

December 31, 2023:	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Cash and cash equivalents	\$ 51,469	\$ 51,469	\$ -
Exchange traded funds	239,777	285,052	45,275
Equities	438,482	530,371	91,889
Mutual funds - equities	56,373	60,381	4,008
US treasury bills	264,110	270,363	6,253
Corporate bonds	247,601	251,981	4,380
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Total investments	\$ 1,297,812	\$ 1,449,617	\$ 151,805
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(6) FURNITURE AND EQUIPMENT

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated useful lives on a straight-line basis. At December 31, 2024 and 2023, the cost and accumulated depreciation of such assets was as follows:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 34,821	\$ 48,440
Less accumulated depreciation	17,223	27,649
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Furniture and equipment, net	\$ 17,598	\$ 20,791
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(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Financial assistance	\$ 64,116	\$ -
Various programs	36,000	32,000
Restricted in perpetuity	284,625	175,523
	<hr/>	<hr/>
	\$ 384,741	\$ 207,523
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KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

(8) ENDOWMENTS

KCA's endowment funds consist of a board designated fund and five donor restricted funds, all of which were established to permit donors to contribute to the long-term growth of KCA and to provide an ongoing stream of income. At the discretion of the Board of Directors, all of the endowment earnings may be utilized for program and other expenses unless restricted for specific purposes by donors. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions or board designations.

Endowment Investment and Spending Policies

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) eliminated the requirement to maintain the historic dollar value of donor restricted endowments and instead focuses on donor intent and spending practices that are prudent for the uses, benefits, purposes and duration for which the endowment fund is established. KCA has elected to maintain the historical dollar amount of the endowment as net assets with donor restrictions.

UPMIFA also creates a time restriction on the portion of the endowment that is not permanently restricted and requires classification of that portion of the endowment to be net assets restricted by purpose until appropriated for expenditure.

The investment strategy of the endowment fund is to emphasize total return; that is, the aggregate return from capital appreciation and investment (dividend and interest) income. Specifically, the primary objective in the investment management of the endowment fund shall be long-term growth of capital and to emphasize the long-term growth while avoiding excessive risk.

KCA has a spending policy of appropriating annual distributions of up to 5% of its endowment's average fund balance of the previous eight quarters for expenditure. Spending from any donor restricted funds will not occur until the donor's initial pledge has been invested for a minimum of one year.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Board</u>	<u>With Donor</u>	<u>Board</u>	<u>With Donor</u>
	<u>Designated</u>	<u>Restrictions</u>	<u>Designated</u>	<u>Restrictions</u>
Net Assets, Beginning of Year	\$ 299,283	\$ 175,523	\$ 263,131	\$ 99,742
Net investment return	33,043	-	36,152	-
Contributions to endowment	17,424	115,000	-	75,227
Change in unamortized discounts				
on promises to give	-	(5,898)	-	554
Amounts appropriated for				
expenditure	(2,921)	-	-	-
Net Assets, End of Year	<u>\$ 346,829</u>	<u>\$ 284,625</u>	<u>\$ 299,283</u>	<u>\$ 175,523</u>

KIDS CANCER ALLIANCE, INC.
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(9) RETIREMENT PLAN

KCA offers a SIMPLE plan that matches up to 3% of employee contributions after meeting eligibility requirements. The amount of cost recognized was \$12,906 and \$11,097 for the years ended December 31, 2024 and 2023, respectively.

(10) OPERATING LEASES

KCA adopted FASB ASC 842, *Leases*, as of the effective date of adoption which was January 1, 2022. KCA elected the package of practical expedients permitted under the transition guidance, which among other things, allowed KCA to carry forward the historical lease classification. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. All nonlease components are recognized separately from the lease components.

During 2023, KCA leased office space under an operating lease with an initial term of five years that expired in April 2024. Upon the expiration of this operating lease, KCA entered into a new operating lease agreement for office space. The new lease has an initial term of 10.7 years and expires in November 2034 with no renewal option to extend the lease. There is an option to terminate the lease after the first 68 months of the lease term and another option to terminate the lease after the first 92 months from the lease commencement date. The exercise of these termination options is at the sole discretion of KCA, and only lease options that KCA believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. KCA has not recognized any of the termination options in the recognition of the right-of-use assets and lease liabilities.

The lease agreement provides for minimum lease payments, increasing 2.5% per year over the term of the lease and includes common area maintenance (“CAM”) fees. The escalating payments are included in the measurement of the lease asset and liability. The CAM fees are not included in the measurement of the lease asset and liability since they are considered a nonlease component. The lease agreement does not include any material residual value guarantees or restrictive covenants.

KCA calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term.

The components of lease expenses that are included in “Occupancy expenses” and “Camp facility rent” in the statements of functional expenses for the years ended December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 74,555	\$ 55,230
Short-term lease cost	92,721	109,064
	<hr/>	<hr/>
Total lease costs	<u><u>\$ 167,276</u></u>	<u><u>\$ 164,294</u></u>

KIDS CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
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Weighted average lease term and discount rate as of December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating leases	9.83 years	.25 years
Weighted Average Discount Rate		
Operating leases	4.33%	1.37%

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2024.

Years ending December 31:	
2025	\$ 70,733
2026	79,078
2027	81,055
2028	83,081
2029	85,158
Years thereafter	<u>450,596</u>
Total lease payments	849,701
Less: interest	<u>165,339</u>
Present value of lease liabilities	<u><u>\$ 684,362</u></u>

(11) FAIR VALUE MEASUREMENTS

KCA has adopted the provisions of ASC 820, *Fair Value Measurement*, for financial assets and financial liabilities. KCA has no nonfinancial assets or nonfinancial liabilities determined at fair value.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

KIDS CANCER ALLIANCE, INC.
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Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. The table below presents the balances of assets measured at fair value as of December 31, 2024 and 2023.

		Carrying Value			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024:					
<i>Assets Measured on a Recurring Basis</i>					
Investments:					
Cash and cash equivalents	\$	47,937	\$	-	\$ 47,937
Exchange traded funds		392,690		-	392,690
Equities		624,639		-	624,639
Mutual funds - equities		64,590		-	64,590
US treasury bills		284,345		-	284,345
Corporate bonds		-	308,260	-	308,260

		Carrying Value			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023:					
<i>Assets Measured on a Recurring Basis</i>					
Investments:					
Cash and cash equivalents	\$	51,469	\$	-	\$ 51,469
Exchange traded funds		285,052		-	285,052
Equities		530,371		-	530,371
Mutual funds - equities		60,381		-	60,381
US treasury bills		270,363		-	270,363
Corporate bonds		-	251,981	-	251,981

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Cash, Money Markets, Exchange Traded Funds, Equities, US Treasury Bills and Mutual Funds. Reported at fair value on a recurring basis. These securities are classified as Level 1 of the valuation hierarchy where quoted market prices from reputable third-party brokers are available in an active market. If quoted market prices are not available, KCA obtains fair value measurements from independent pricing services.

Corporate bonds. Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

KCA's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes KCA's valuation methodologies 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 estimate of fair value at the reporting date.

(12) **SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through March 17, 2025 the date the financial statements were available to be issued.