

**CURESEARCH FOR CHILDREN'S CANCER
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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Independent Auditor's Report

To the Board of Directors
CureSearch for Children's Cancer

Opinion

We have audited the accompanying financial statements of CureSearch for Children's Cancer (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 CureSearch for Children's Cancer as of December 31, 2021 and 2020, 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 CureSearch for Children's Cancer 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 these 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 CureSearch for Children's Cancer's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

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 CureSearch for Children's Cancer'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 CureSearch for Children's Cancer'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.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
May 25, 2022

CURESEARCH FOR CHILDREN'S CANCER
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,696,856	\$ 769,157
Contributions receivable, current portion	832,045	1,384,709
Investments, current portion	3,976,620	3,155,278
Prepaid expenses	56,921	83,995
Accrued interest	13,175	13,663
Total Current Assets	<u>6,575,617</u>	<u>5,406,802</u>
Other Assets		
Investments, long-term portion	1,500,000	1,500,000
Contributions receivable, long-term portion	-0-	333,333
Deposits	-0-	10,386
Total Other Assets	<u>1,500,000</u>	<u>1,843,719</u>
Total Assets	<u><u>\$ 8,075,617</u></u>	<u><u>\$ 7,250,521</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 209,900	\$ 173,448
Deferred revenue	231,781	495,092
Total Current Liabilities	<u>441,681</u>	<u>668,540</u>
Non-Current Liabilities		
Deferred revenue, non-current	<u>-0-</u>	<u>277,800</u>
Total Liabilities	<u>441,681</u>	<u>946,340</u>
Commitments (Notes 8, 9 and 10)		
Net Assets		
Without donor restrictions	2,887,229	1,233,605
With donor restrictions	4,746,707	5,070,576
Total Net Assets	<u>7,633,936</u>	<u>6,304,181</u>
Total Liabilities and Net Assets	<u><u>\$ 8,075,617</u></u>	<u><u>\$ 7,250,521</u></u>

The accompanying notes are an integral part of these financial statements.

CURESEARCH FOR CHILDREN'S CANCER
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,942,234	\$ 582,686	\$ 2,524,920
Institutional grants and gifts	-0-	314,185	314,185
Special events, net	1,655,680	798,008	2,453,688
Net investment return	(44,497)	299,258	254,761
Government grants	555,600	-0-	555,600
Other revenue	41,401	-0-	41,401
Net assets released from restrictions:			
Satisfaction of program restrictions	2,315,116	(2,315,116)	-0-
Satisfaction of time restrictions	2,890	(2,890)	-0-
Total Support and Revenue	<u>6,468,424</u>	<u>(323,869)</u>	<u>6,144,555</u>
Expenses			
Program services	<u>3,533,912</u>	<u>-0-</u>	<u>3,533,912</u>
Support services			
Fundraising	740,857	-0-	740,857
Management and general	540,031	-0-	540,031
Total Support Services	<u>1,280,888</u>	<u>-0-</u>	<u>1,280,888</u>
Total Expenses	<u>4,814,800</u>	<u>-0-</u>	<u>4,814,800</u>
Change in Net Assets	1,653,624	(323,869)	1,329,755
Net Assets at Beginning of Year	1,233,605	5,070,576	6,304,181
Net Assets at End of Year	<u>\$ 2,887,229</u>	<u>\$ 4,746,707</u>	<u>\$ 7,633,936</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,178,024	\$ 1,657,591	\$ 2,835,615
Institutional grants and gifts	-0-	162,195	162,195
Special events, net	1,062,914	417,227	1,480,141
Net investment return	125,300	342,457	467,757
Government grants	-0-	-0-	-0-
Other revenue	11,262	-0-	11,262
Net assets released from restrictions:			
Satisfaction of program restrictions	1,568,406	(1,568,406)	-0-
Satisfaction of time restrictions	12,422	(12,422)	-0-
Total Support and Revenue	3,958,328	998,642	4,956,970
Expenses			
Program services	2,990,838	-0-	2,990,838
Support services			
Fundraising	687,414	-0-	687,414
Management and general	526,851	-0-	526,851
Total Support Services	1,214,265	-0-	1,214,265
Total Expenses	4,205,103	-0-	4,205,103
Change in Net Assets	(246,775)	998,642	751,867
Net Assets at Beginning of Year	1,480,380	4,071,934	5,552,314
Net Assets at End of Year	\$ 1,233,605	\$ 5,070,576	\$ 6,304,181

The accompanying notes are an integral part of these financial statements.

CURESEARCH FOR CHILDREN'S CANCER
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021				
	Program Services	Fundraising	Management and General	Cost of Direct Benefit to Donors	Total
Personnel expenses					
Salaries	\$ 972,765	\$ 415,471	\$ 266,364	\$ -0-	\$ 1,654,600
Payroll taxes	66,363	28,344	18,172	-0-	112,879
Pension	16,373	6,993	4,483	-0-	27,849
Other fringe benefits	64,215	27,427	17,584	-0-	109,226
Other personnel expenses	13,594	1,535	984	-0-	16,113
Total personnel expenses	1,133,310	479,770	307,587	-0-	1,920,667
Programmatic initiatives	2,146,975	-0-	-0-	-0-	2,146,975
Special events	-0-	44,754	-0-	153,556	198,310
Software maintenance	71,206	30,413	19,498	-0-	121,117
Bank and merchant fees	-0-	79,098	6,862	-0-	85,960
Public relations	41,678	12,699	17,492	-0-	71,869
Professional fees, other	49,106	11,364	7,285	-0-	67,755
Accounting	-0-	-0-	54,699	-0-	54,699
Legal	-0-	-0-	50,650	-0-	50,650
Insurance	29,433	12,571	8,059	-0-	50,063
Travel expenses	1,197	42,032	2,953	-0-	46,182
Meetings and conferences	-0-	2,100	36,500	-0-	38,600
Dues and subscriptions	22,195	9,480	6,078	-0-	37,753
Telecommunications	12,815	5,473	3,509	-0-	21,797
Information technology	9,497	4,056	2,600	-0-	16,153
Facility expenses	8,113	3,465	2,221	-0-	13,799
Registrations, permits and insurance	-0-	-0-	11,685	-0-	11,685
Printing and postage	6,760	2,887	1,851	-0-	11,498
Office supplies	1,627	695	445	-0-	2,767
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	57	-0-	57
Total Expenses	3,533,912	740,857	540,031	153,556	4,968,356
Less: Cost of direct benefit to donors	-0-	-0-	-0-	(153,556)	(153,556)
Total expenses reported in the statements of activities	\$ 3,533,912	\$ 740,857	\$ 540,031	\$ -0-	\$ 4,814,800

	2020				
	Program Services	Fundraising	Management and General	Cost of Direct Benefit to Donors	Total
Personnel expenses					
Salaries	\$ 942,417	\$ 411,725	\$ 266,448	\$ -0-	\$ 1,620,590
Payroll taxes	62,873	27,468	17,776	-0-	108,117
Pension	15,278	6,675	4,320	-0-	26,273
Other fringe benefits	57,805	25,254	16,343	-0-	99,402
Other personnel expenses	2,530	1,105	740	-0-	4,375
Total personnel expenses	1,080,903	472,227	305,627	-0-	1,858,757
Programmatic initiatives	1,628,115	-0-	-0-	-0-	1,628,115
Special events	-0-	32,061	-0-	38,989	71,050
Software maintenance	71,684	31,317	20,267	-0-	123,268
Bank and merchant fees	-0-	48,885	7,746	-0-	56,631
Public relations	54,042	4,999	1,860	-0-	60,901
Professional fees, other	46,035	10,282	6,654	-0-	62,971
Accounting	-0-	-0-	74,823	-0-	74,823
Legal	-0-	-0-	51,525	-0-	51,525
Insurance	30,206	13,197	8,540	-0-	51,943
Travel expenses	3,508	41,212	7,403	-0-	52,123
Meetings and conferences	275	-0-	9,100	-0-	9,375
Dues and subscriptions	9,321	4,072	2,635	-0-	16,028
Telecommunications	14,951	6,532	4,227	-0-	25,710
Information technology	7,467	3,262	2,111	-0-	12,840
Facility expenses	33,529	14,648	9,479	-0-	57,656
Registrations, permits and insurance	-0-	-0-	11,800	-0-	11,800
Printing and postage	9,194	4,017	2,600	-0-	15,811
Office supplies	1,442	631	407	-0-	2,480
Repairs and maintenance	166	72	47	-0-	285
Miscellaneous	-0-	-0-	-0-	-0-	-0-
Total Expenses	2,990,838	687,414	526,851	38,989	4,244,092
Less: Cost of direct benefit to donors	-0-	-0-	-0-	(38,989)	(38,989)
Total expenses reported in the statements of activities	\$ 2,990,838	\$ 687,414	\$ 526,851	\$ -0-	\$ 4,205,103

The accompanying notes are an integral part of these financial statements.

CURESEARCH FOR CHILDREN'S CANCER
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,329,755	\$ 751,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gains on investments	(188,749)	(396,110)
Donated stock contributions	(16,152)	(10,223)
Changes in operating assets and liabilities:		
Contributions receivable	885,997	(328,678)
Prepaid expenses	27,074	(58,699)
Accrued interest	488	1,194
Accounts payable and accrued expenses	36,452	(9,157)
Deferred revenue, current and non-current	(541,111)	169,986
Net Cash Provided by Operating Activities	<u>1,533,754</u>	<u>120,180</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	1,519,737	520,888
Purchases of investments	(2,152,330)	(103,952)
Net proceeds from sale of donated stock	16,152	10,223
Change in deposits	10,386	(1,500)
Net Cash Provided by (Used in) Investing Activities	<u>(606,055)</u>	<u>425,659</u>
Net Increase in Cash and Cash Equivalents	927,699	545,839
Cash and Cash Equivalents at Beginning of Year	<u>769,157</u>	<u>223,318</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,696,856</u></u>	<u><u>\$ 769,157</u></u>

The accompanying notes are an integral part of these financial statements.

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Organization and Summary of Significant Accounting Policies

CureSearch for Children's Cancer (CureSearch) is a non-profit organization, incorporated under the laws of the state of California in 1987. The organization has been determined to be exempt from federal income taxes by Internal Revenue Service (IRS), pursuant to the provisions of the Internal Revenue Code (IRC) section 501(c)(3). CureSearch was previously known as the National Childhood Cancer Foundation.

CureSearch's mission is to fund and monitor targeted, innovative pediatric cancer research that achieves measurable results in an expedited timeframe. CureSearch supports research grants at all stages of the research continuum - basic science through Young Investigator Awards, translational research through Acceleration Initiative Awards, and clinical trials through Catapult Awards. CureSearch provides educational resources to parents and caregivers, including easy-to-understand information on diagnosis and treatment, educational videos, and an app to ease the caregiver process. CureSearch raises funds through individuals, corporations, private foundations, and special events.

The accounting and reporting policies of CureSearch conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: CureSearch classifies certain investments which are readily convertible to cash and which have a maturity of three months or less when purchased as cash equivalents. Cash and cash equivalents designated and held for investment purposes are included in investments and are not considered cash and cash equivalents for cash flow purposes.

Contributions Receivable: Unconditional promises to give are recorded as contributions receivable and recognized as revenue in the period received. A provision is made for uncollectible contributions based on anticipated collection losses. Estimated losses are generally determined from historical collection experience and a review of outstanding contributions receivable. Contributions receivable are written off by management when, in its determination, all appropriate collection efforts have been taken. Management has determined that all contributions receivable at December 31, 2021 and 2020 are fully collectible and therefore, has not recorded an allowance for doubtful accounts.

Investments: Investments with readily determinable fair values are reported at fair value in the statements of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. Fair value is defined 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. Realized and unrealized gains and losses on investments are reported in the statements of activities as part of net investment return.

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: CureSearch derives revenue primarily from grants, contributions, special events and net investment return. Special event and investment income are recognized as revenue when earned. Unconditional contributions are recognized in the year the contributions are pledged and/or received. Conditional grants are earned and recognized as revenue in proportion to the related expenditures incurred or when all conditions of the grant have been substantially met. Grants and contributions earned but not yet received are recorded as contributions receivable. Grant proceeds received in advance and not yet earned are recorded as deferred revenue.

Contributions: Contributions received are recorded without donor restrictions or with donor restriction support depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates such as time and effort or other criteria.

Advertising: Advertising costs are charged to operations when incurred. CureSearch had no significant direct-response advertising. Advertising expense for the years ended December 31, 2021 and 2020 totaled \$28,861 and \$4,239, respectively, which is included in public relations on the statements of functional expenses.

Income Taxes: CureSearch is exempt from federal and state income taxes under IRC §501(c)(3). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. CureSearch had no unrelated business income for the year ended December 31, 2021 and 2020.

CureSearch's federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events: In preparing these financial statements, CureSearch has evaluated events and transactions for potential recognition or disclosure through May 25, 2022, the date the financial statements were available to be issued. During the period from January 1, 2022 through May 25, 2022, CureSearch did not have any material recognizable subsequent events.

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	2021	2020
Cash and cash equivalents	\$ 1,696,856	\$ 769,157
Contributions receivable	832,045	1,384,709
Investments, current portion	3,976,620	3,155,278
Less: Net assets with donor restrictions - specific purpose	(3,245,029)	(3,567,686)
Financial Assets Available for General Expenditure	<u>\$ 3,260,492</u>	<u>\$ 1,741,458</u>

As part of CureSearch's liquidity management plan, CureSearch invests cash in excess of daily requirements in short-term investments and money market funds.

Note 3: Investments

A summary of the investment portfolio is as follows at December 31, 2021 and 2020:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Corporate bonds	\$ 2,123,613	\$ 2,084,008	\$ 1,632,580	\$ 1,511,126
Exchange traded funds, equity	1,903,268	812,938	1,863,009	805,618
Exchange traded funds, fixed income	659,705	676,383	453,009	401,079
Money market funds	425,628	425,628	388,881	388,881
U.S. government obligations	364,406	358,721	317,799	298,551
Total investments	5,476,620	<u>\$ 4,357,678</u>	4,655,278	<u>\$ 3,405,255</u>
Investments classified as long-term:				
Endowment funds	<u>1,500,000</u>		<u>1,500,000</u>	
Investments, current portion	<u>\$ 3,976,620</u>		<u>\$ 3,155,278</u>	

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 3: Investments (Continued)

Net investment return for the year ended December 31, 2021 and 2020 consisted of the following:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 52,682	\$ 35,721	\$ 88,403	\$ 58,322	\$ 34,212	\$ 92,534
Net gains (losses) on investments	(87,370)	276,119	188,749	77,356	318,754	396,110
Investment expenses	(9,809)	(12,582)	(22,391)	(10,378)	(10,509)	(20,887)
Net Investment Return	\$ (44,497)	\$ 299,258	\$ 254,761	\$ 125,300	\$ 342,457	\$ 467,757

Note 4: Fair Value Measurement

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that 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 are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- 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.

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 4: Fair Value Measurement (Continued)

The valuation techniques used by CureSearch include the following:

Money Market Funds and Cash and Cash Equivalents: Valued at original cost, which equals fair value.

Exchange-Traded Funds: Valued at the last sales price reported in the active market in which the individual fund is traded.

Corporate Bonds and US Government Obligations: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes and issuer spreads.

In determining the appropriate levels, CureSearch performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy, as of December 31, 2021:

	Total	Level 1	Level 2	Level 3
<u>December 31, 2021</u>				
Corporate bonds	\$ 2,123,613	\$ -0-	\$ 2,123,613	\$ -0-
Exchange traded funds, equity	1,903,268	1,903,268	-0-	-0-
Exchange traded funds, fixed income	659,705	659,705	-0-	-0-
Money market funds	425,628	425,628	-0-	-0-
U.S. government obligations	364,406	-0-	364,406	-0-
	<u>\$ 5,476,620</u>	<u>\$ 2,988,601</u>	<u>\$ 2,488,019</u>	<u>\$ -0-</u>

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2020:

	Total	Level 1	Level 2	Level 3
<u>December 31, 2020</u>				
Exchange traded funds, equity	\$ 1,863,009	\$ 1,863,009	\$ -0-	\$ -0-
Corporate bonds	1,632,580	-0-	1,632,580	-0-
Exchange traded funds, fixed income	453,009	453,009	-0-	-0-
Money market funds	388,881	388,881	-0-	-0-
U.S. government obligations	317,799	-0-	317,799	-0-
	<u>\$ 4,655,278</u>	<u>\$ 2,704,899</u>	<u>\$ 1,950,379</u>	<u>\$ -0-</u>

CURESEARCH FOR CHILDREN'S CANCER
Notes to Financial Statements
December 31, 2021 and 2020

Note 5: Government Grants

CureSearch applied for and received funds in the amount of \$277,800 under the Paycheck Protection Program (PPP) which was created by the U.S. Federal Government as a result of the coronavirus pandemic. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during a period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (April 20, 2020). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The original loan document required monthly principal installments plus interest over an eighteen-month period commencing on November 20, 2020 with a maturity date of April 20, 2022. However, the beginning date of the repayment of principal period was extended until 10 months after the end of the period of eight-weeks to 24-weeks. As of December 31, 2020, this was recorded as deferred revenue, non-current on the statements of financial position. CureSearch applied for and received 100% forgiveness of the PPP loan on August 20, 2021, and therefore, this forgiveness has been recognized as government grant revenue during the year ended December 31, 2021.

In February 2021, CureSearch once again applied for and received additional funds in the amount of \$277,800 under the Small Business Administration's (SBA) PPP. The proceeds were considered a forgivable loan, assuming certain qualified expenses, primarily payroll related expenses, were incurred during either a period of eight-weeks to 24-weeks, commencing on the date of the loan agreement (February 9, 2021). Any portion of this loan that did not qualify for forgiveness was subject to an interest rate of 1%. The loan document required monthly principal installments plus interest commencing one month after the earlier of: the date the SBA officially forgave a portion of the loan; the date the SBA denied forgiveness; or ten months after the end of the 24-week period. The loan had a maturity date of February 9, 2026. CureSearch applied for and received 100% forgiveness of the PPP loan on November 24, 2021, and therefore, this forgiveness has been recognized as government grant revenue during the year ended December 31, 2021.

Note 6: Short-Term Bank Borrowings

CureSearch had a revolving line of credit with a bank in the amount of \$300,000, which matured on May 22, 2021 and was not renewed by management. The line of credit bore interest at a variable rate, computed on a Base Loan Rate established by the bank less 1% (Initial interest rate of 4.5%), and was secured by all assets of CureSearch. At December 31, 2021 and 2020, there were no outstanding borrowings on the line of credit.

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Note 7: Net Assets with Donor Restrictions

CureSearch has several restricted funds, some which may be expended but only for the purpose established by the respective donors and others which cannot be expended except for the net investment return earned on those funds. Net assets with donor restrictions were available for the following purposes as of December 31, 2021:

	2020	Current Year Activity			2021
		Contributions	Net Investment Return	Released from Restrictions	
Subject to expenditure for a specified purpose:					
Healthcare partnership	\$ 1,720,250	\$ 375,000	\$ -0-	\$ (1,754,015)	\$ 341,235
Young investigators	39,000	258,877	-0-	(213,402)	84,475
Education and resources	56,899	-0-	-0-	(25,736)	31,163
Acceleration initiative	22,765	-0-	-0-	-0-	22,765
Other research	1,728,772	1,059,324	299,258	(321,963)	2,765,391
	3,567,686	1,693,201	299,258	(2,315,116)	3,245,029
Subject to the passage of time:					
Time restrictions	2,890	1,678	-0-	(2,890)	1,678
	3,570,576	1,694,879	299,258	(2,318,006)	3,246,707
Subject to spending policy or appropriation					
Endowment - Corn Fund	1,500,000	-0-	-0-	-0-	1,500,000
	<u>\$ 5,070,576</u>	<u>\$ 1,694,879</u>	<u>\$ 299,258</u>	<u>\$ (2,318,006)</u>	<u>\$ 4,746,707</u>

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

	2019	Prior Year Activity			2020
		Contributions	Net Investment Return	Released from Restrictions	
Subject to expenditure for a specified purpose:					
Healthcare partnership	\$ 1,186,072	\$ 1,467,750	\$ -0-	\$ (933,572)	\$ 1,720,250
Education and resources	19,659	83,000	-0-	(45,760)	56,899
Young investigators	23,378	154,195	-0-	(138,573)	39,000
Acceleration initiative	22,765	-0-	-0-	-0-	22,765
Other research	1,307,638	529,178	342,457	(450,501)	1,728,772
	2,559,512	2,234,123	342,457	(1,568,406)	3,567,686
Subject to the passage of time:					
Time restrictions	12,422	2,890	-0-	(12,422)	2,890
	2,571,934	2,237,013	342,457	(1,580,828)	3,570,576
Subject to spending policy or appropriation					
Endowment - Corn Fund	1,500,000	-0-	-0-	-0-	1,500,000
	<u>\$ 4,071,934</u>	<u>\$ 2,237,013</u>	<u>\$ 342,457</u>	<u>\$ (1,580,828)</u>	<u>\$ 5,070,576</u>

Note 7: Net Assets with Donor Restrictions (Continued)

CureSearch maintains the following endowment fund:

Corn Fund: This fund was established by The Lovick P. and Elizabeth T. Corn Fund of the Bradley-Turner Foundation and the Beloco Foundation. The principal is considered permanently restricted in nature. CureSearch can use the investment income, net of expenses, to fund research by physicians/scientists on the faculty of the Section of Pediatric Hematology/Oncology at the Medical College of Georgia. Specific research programs and projects to be funded are to be determined by a Scientific Review Panel, as defined in the agreement, on an annual basis. Based on the occurrence of certain circumstances, as defined in the agreement, the awards can be made to physicians/scientists at other similar tax exempt entities. In addition, expenses incurred by CureSearch to administer this endowment fund may be reimbursed out of the investment income, up to a maximum of 5% of the current year's investment income. The accumulated income and gains (losses) are recorded as net assets with donor restrictions that are considered temporary in nature until released.

FASB issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The board of directors of CureSearch has interpreted UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, CureSearch classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by CureSearch in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CureSearch considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) other resources of CureSearch.

Investment Return Objectives, Risk Parameters and Strategies

CureSearch has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of not more than 5%, while growing the funds if possible. Therefore, CureSearch expects its endowment assets, over time, to produce an average annual rate of return that is higher than the inflation rate in order to maintain the purchasing power of the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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Note 7: Net Assets with Donor Restrictions (Continued)

Spending Policy

CureSearch has a policy of appropriating for distribution each year not more than 5% of a three-year average of the endowment fund's fair value. In establishing this policy, CureSearch considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. CureSearch's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31, 2021 and 2020, is as follows:

		With Donor Restrictions		Total Net
	Without Donor	Temporary	Permanent	Endowment
	Restriction	in Nature	in Nature	Assets
December 31, 2021				
Corn Fund	\$ -0-	\$ 1,146,370	\$ 1,500,000	\$ 2,646,370
December 31, 2020				
Corn Fund	\$ -0-	\$ 948,109	\$ 1,500,000	\$ 2,448,109

Changes in endowment net assets as of and for the years ended December 31, 2021 and 2020 are as follows:

		With Donor Restrictions		Total Net
	Without Donor	Temporary	Permanent	Endowment
	Restrictions	in Nature	in Nature	Assets
Endowment net assets,				
December 31, 2019	\$ -0-	\$ 706,331	\$ 1,500,000	\$ 2,206,331
Contributions	-0-	-0-	-0-	-0-
Net investment return	-0-	341,778	-0-	341,778
Amounts appropriated for expenditure	-0-	(100,000)	-0-	(100,000)
Endowment net assets,				
December 31, 2020	-0-	948,109	1,500,000	2,448,109
Contributions	-0-	-0-	-0-	-0-
Net investment return	-0-	298,261	-0-	298,261
Amounts appropriated for expenditure	-0-	(100,000)	-0-	(100,000)
Endowment net assets,				
December 31, 2021	\$ -0-	\$ 1,146,370	\$ 1,500,000	\$ 2,646,370

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Note 8: Lease Commitments

Office Leases: In October 2019, CureSearch entered into an office service agreement which includes a shared office space in Bethesda, Maryland, which expired in October 2020. In addition to a base monthly rent payment, the agreement required that CureSearch pay additional monthly charges for various office related services and access to office equipment.

In October 2020, the operations of CureSearch went fully remote, therefore, there are no further lease commitments.

Total rent expense for the year ended December 31, 2020 was \$45,675.

Note 9: Pension Plans

Defined Contribution Benefit Plan: CureSearch sponsors an IRC 401(k) retirement plan which covers all employees. Under the terms of this plan, participating employees may elect to contribute pre-tax dollars or Roth deferrals into the plan not to exceed the maximum contribution allowable under applicable provisions of the IRC. Under this plan, CureSearch may make a discretionary matching contribution on behalf of the participants who have at least one year of service, including a minimum of 500 hours. Contributions made by CureSearch to this plan for the year ended December 31, 2021 and 2020 were \$27,849 and \$26,273, respectively.

Note 10: Grant Commitments

As of December 31, 2021, CureSearch has outstanding conditional grant commitments to be made totaling \$4,127,164. Grant payments are subject to the fulfillment of certain conditions, as defined in the respective grant agreements.

Future expected conditional grant payments for each of the years subsequent to December 31, 2021 are as follows:

Year ending December 31:	
2022	\$ 1,885,400
2023	1,186,350
2024	<u>1,055,414</u>
	<u>\$ 4,127,164</u>

Note 11: Other Matters

Cash and Cash Equivalents: CureSearch maintains its cash balances in two financial institutions. Periodically during the year, CureSearch's cash balances have exceeded federally insured limits. CureSearch has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances.

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Note 11: Other Matters (Continued)

Grant Co-Funding: CureSearch actively seeks to identify partners who will co-fund their research projects and increase the amount of money going to pediatric oncology research.

In 2017, CureSearch partnered with the Alan B. Slifka Foundation to support CureSearch's Acceleration Initiative. This program was created, developed, marketed and monitored by CureSearch. This partner committed \$300,000 over three years in direct support of this project, of which \$100,000 was paid directly to the grant recipients in each of the years 2020, 2019 and 2018. For financial reporting purposes, these commitments and the related payments are not included in the accompanying financial statements.

Investment Risk: CureSearch invests in a professionally managed portfolio that may contain corporate bonds, mutual funds, money market funds and other investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

National Health Emergency: In March 2020, the President of the United States declared a national emergency due to a viral pandemic. The declaration of the national emergency and similar declarations made by various states, and the outbreak of the virus itself, have had far reaching social, economic and financial impacts on the United States. The pandemic continues and at this time, the impact on the operations and financial status of CureSearch cannot be determined.

