

SOLVING KIDS' CANCER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

SOLVING KIDS' CANCER, INC.

DECEMBER 31, 2019 AND 2018

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Solving Kids' Cancer, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Solving Kids' Cancer, Inc. ("Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

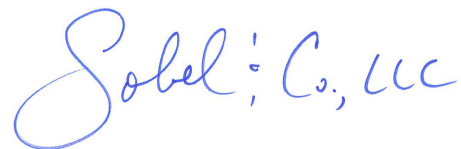
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solving Kids' Cancer, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers, and Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2, during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized, Comparative Information

We have previously audited the Organization's December 31, 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report, dated September 12, 2019. In our opinion, the summarized, comparative information presented herein, as of and for the year ended December 31, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Livingston, New Jersey
October 7, 2020

SOLVING KIDS' CANCER, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,017,343	\$ 2,875,549
Pledges and contributions receivable	25,000	40,596
Prepaid expenses	22,914	22,373
Security deposits	3,585	3,585
Fixed assets, net	1,101	3,835
	<hr/>	<hr/>
Total Assets	\$ 3,069,943	\$ 2,945,938
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 19,426	\$ 2,349
	<hr/>	<hr/>
NET ASSETS:		
Without donor restrictions	1,155,670	1,214,106
With donor restrictions	1,894,847	1,729,483
Total Net Assets	3,050,517	2,943,589
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 3,069,943	\$ 2,945,938
	<hr/> <hr/>	<hr/> <hr/>

SOLVING KIDS' CANCER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019
(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
CONTRIBUTIONS AND OTHER SUPPORT:				
Individual contributions	\$ 94,790	\$ 290,415	\$ 385,205	\$ 423,193
Corporate contributions	8,521	6,167	14,688	221,406
Foundation contributions	220,121	200,010	420,131	389,728
Total contributions	<u>323,432</u>	<u>496,592</u>	<u>820,024</u>	<u>1,034,327</u>
Special events contributions	113,240	233,210	346,450	383,811
Special events revenue	470,586	-	470,586	226,861
Less: Costs of direct benefits to donors	(207,154)	-	(207,154)	(181,718)
Special events, net	<u>376,672</u>	<u>233,210</u>	<u>609,882</u>	<u>428,954</u>
Interest income	57,798	-	57,798	11,326
Total contributions and other support	<u>757,902</u>	<u>729,802</u>	<u>1,487,704</u>	<u>1,474,607</u>
Net assets released from restrictions	564,438	(564,438)	-	-
Total Contributions and Other Support	<u>1,322,340</u>	<u>165,364</u>	<u>1,487,704</u>	<u>1,474,607</u>
EXPENSES:				
Program services	1,127,707	-	1,127,707	981,284
Management and general	74,943	-	74,943	59,056
Fundraising	178,126	-	178,126	186,286
Total Expenses	<u>1,380,776</u>	<u>-</u>	<u>1,380,776</u>	<u>1,226,626</u>
	(58,436)	165,364	106,928	247,981
NET ASSETS:				
Beginning of year	<u>1,214,106</u>	<u>1,729,483</u>	<u>2,943,589</u>	<u>2,695,608</u>
End of year	<u>\$ 1,155,670</u>	<u>\$ 1,894,847</u>	<u>\$ 3,050,517</u>	<u>\$ 2,943,589</u>

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

SOLVING KIDS' CANCER, INC.**STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	Program Services	Support Services		Total Program and Support Services	2018 Total
		Management and General	Fundraising		
Salaries	\$ 181,000	\$ 36,943	\$ 112,275	\$ 330,218	\$ 347,414
Employee benefits	22,272	1,173	3,719	27,164	25,718
Payroll taxes	16,857	819	8,299	25,975	24,925
Total salaries and related expenses	220,129	38,935	124,293	383,357	398,057
Grant programs	674,384	-	-	674,384	530,333
Film expenses	121,522	5,055	5,923	132,500	40,000
Professional fees	38,532	11,794	18,977	69,303	138,506
Advertising	3,495	1,070	6,315	10,880	3,689
Rent	30,507	9,338	10,937	50,782	48,364
Travel and training	9,962	150	998	11,110	8,920
Meals and entertainment	1,565	151	779	2,495	1,812
Merchant and bank fees	9,535	2,918	3,420	15,873	22,018
Insurance	2,945	901	1,056	4,902	6,049
Office expense	4,604	1,410	1,651	7,665	7,999
Telephone	2,108	645	756	3,509	3,438
Computer expense	1,864	570	669	3,103	2,976
Miscellaneous	3,560	1,089	1,277	5,926	5,845
Dues and subscriptions	1,353	414	486	2,253	3,759
Total before depreciation	1,126,065	74,440	177,537	1,378,042	1,221,765
Depreciation	1,642	503	589	2,734	4,861
Total Functional Expenses	\$ 1,127,707	\$ 74,943	\$ 178,126	\$ 1,380,776	\$ 1,226,626

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

SOLVING KIDS' CANCER, INC.
STATEMENTS OF CASH FLOWS

	Year Ended	
	December 31,	
	2019	2018
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 106,928	\$ 247,981
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,734	4,861
Changes in certain assets and liabilities:		
Pledges and contributions receivable	15,596	(3,876)
Prepaid expenses	(541)	4,404
Accounts payable and accrued expenses	17,077	(14,832)
Net Cash Provided by Operating Activities	<u>141,794</u>	<u>238,538</u>
 <u>INVESTING ACTIVITIES:</u>		
Purchase of equipment	-	(3,300)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	141,794	235,238
 CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>2,875,549</u>	<u>2,640,311</u>
End of year	<u>\$ 3,017,343</u>	<u>\$ 2,875,549</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 - NATURE OF ACTIVITIES:

Solving Kids' Cancer, Inc. ("Organization") is a not-for-profit corporation based in New York, New York. The Organization finds, funds and advocates for breakthrough treatment options to cure children with the most fatal pediatric cancers through a patient-centric approach. The Organization works to improve survival of the deadliest childhood cancers by accelerating the delivery of breakthrough treatments through clinical research, influencing research priorities and empowering families. The Organization extends their reach globally by driving international collaborations to foster the development of innovative clinical trials that bring more effective treatments to children in the U.S., Europe and beyond.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Summarized, Comparative Information:

The financial statements include certain prior-year summarized, comparative information in total, but not by net asset class or by functional area. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Financial Statement Presentation:

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

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

For financial statement purposes, money market funds with an original maturity of three months or less are considered to be cash equivalents.

Pledges and Contributions Receivable:

Pledges and contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible receivables to operations when determined to be uncollectible based on historical trends. As of December 31, 2019 and 2018, an allowance for uncollectible receivables was deemed not necessary.

Property and Equipment:

Purchased office equipment is capitalized at cost. The costs of additions and betterments are capitalized when they exceed \$1,000 and have a useful life over 3-7 years. Donated assets are capitalized at the fair value at time of receipt. During the years ended December 31, 2019 and 2018, no assets were donated. Property and equipment are depreciated using the straight-line method over their estimated useful lives. In the absence of donor-imposed restrictions on the use of the asset, gifts or long-lived assets are reported as unrestricted support.

Contributions and Revenue Recognition:

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization's fiscal year using the modified retrospective approach.

As part of the adoption of the pronouncement, the Organization elected the following transition practical expedients: to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions and Revenue Recognition: (Continued)

The adoption of the pronouncement did not result in a change to beginning net assets as of January 1, 2019, however, various amounts were reclassified to conform to the new pronouncement.

The Organization derives a significant portion of its revenue from a special event. The direct benefit to donors of the special event is recognized as revenue in the financial statements. The direct benefit to donors is an amount that reflects the consideration the Organization expects to be entitled to in exchange for the event. For the performance obligation relating to the direct benefit to donors, control transfers to the client at a point in time when the event takes place. There are no significant financing components or variable considerations provided to clients.

The Organization adopted the FASB, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during the year ended December 31, 2019. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions.

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as without donor restriction and with donor restriction support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated Goods and Services:

The Organization can receive donated goods and services that create or enhance nonfinancial assets and allow the Organization to fulfill its mission. Donations of tangible assets are recognized at fair market value when received. Donated services are recognized if the services received either create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donations of goods or services at December 31, 2019 and 2018.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the consolidated financial statements.

Advertising:

Advertising is expensed as incurred.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2019 and 2018. At December 31, 2019 and 2018, there are no significant income tax uncertainties.

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The new standard is effective for annual periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

Subsequent Events:

The Organization has evaluated its subsequent events, as noted in Note 11, and transactions occurring after December 31, 2019 through October 7, 2020, the date the financial statements were available to be issued.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 3,017,343	\$ 2,875,549
Pledges and contributions receivable	25,000	40,596
Total financial assets	<u>3,042,343</u>	<u>2,916,145</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,894,847)	(1,729,483)
Estimated releases	390,000	300,000
	<u>(1,504,847)</u>	<u>(1,429,483)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,537,496</u>	<u>\$ 1,486,662</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash and cash equivalents are invested in money market accounts.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment are comprised of the following:

	Useful Life	December 31,	
		2019	2018
Computers and equipment	3 years	\$ 5,160	\$ 5,160
Video documentation	3-7 years	63,479	63,479
Web development	3 years	160,913	160,913
Total gross property and equipment		<u>229,552</u>	<u>229,552</u>
Less: Accumulated depreciation		228,451	225,717
Property and Equipment, Net		<u>\$ 1,101</u>	<u>\$ 3,835</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 - GRANT PROGRAMS:

The Organization aids in the development of therapies to make survivorship possible for kids with the deadliest childhood cancers.

At December 31, 2019, the Organization funded the following programs:

1. <i>Children's Hospital of Philadelphia</i> International neuroblastoma frontline clinical trial initiative	\$ 52,500
2. <i>Children's Hospital of Philadelphia</i> GPC2 directed immunotherapies for neuroblastoma and other pediatric cancers	140,000
3. <i>Columbia University Medical Center</i> Feasibility of guided therapy for children with relapsed brain tumors based on organotypic slice culture (OSC) drug screening	120,000
4. <i>Boston Children's Hospital</i> Defining the cellular architecture of ETMR brain tumors through large-scale single-cell RNA-sequencing analyses	333,333
5. <i>Other Miscellaneous Programs</i> Parent Connect and Medulloblastoma Summit	<u>28,551</u>
	<u>\$ 674,384</u>

At December 31, 2018, the Organization funded the following programs:

1. <i>The Hospital for Sick Children</i> MR-High-Intensity Focused Ultrasound therapy for high-risk neuroblastoma	\$ 23,000
2. <i>University Hospital Southampton</i> A phase I study of 131-I mIBG, Nivolumab and ch14.18/CHO in relapsed/refractory neuroblastoma	150,000
3. <i>Children's Hospital of Philadelphia</i> Optimizing nanoparticle SN38 for clinical trials of pediatric solid tumors and CNS tumors	24,000
4. <i>Boston Children's Hospital</i> Defining the cellular architecture of ETMR brain tumors through large-scale single-cell RNA-sequencing analyses	<u>333,333</u>
	<u>\$ 530,333</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 - CONCENTRATIONS OF RISK:

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintained its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

The Organization conducts all of its operations from a leased facility under an operating lease. The lease expires on March 31, 2022. The Organization is also responsible for a percentage of the increase in operating costs.

Lease payments due under the above lease are as follows:

Year Ending December 31,	
2020	\$ 50,782
2021	50,782
2022	12,696
	<u>\$ 114,260</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

At December 31, 2019, net assets with donor restrictions are restricted for the following purposes:

Phase I trial of magnetic resonance-guided, high-intensity focused ultrasound for neuroblastoma	\$ 32,000
Phase I Clinical Trial - Oncolytic Virotherapy	9,092
Phase I study of 131-1 mIBG, Nivolumab and ch14.18/CHO in relapsed/refractory neuroblastoma	261,014
TLC BT Fund	37,435
MB General Clinical Research	962,076
Bibi Fund	593,230
Total Net Assets with Donor Restrictions	<u>\$ 1,894,847</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

At December 31, 2018, net assets with donor restrictions are restricted for the following purposes:

Phase I trial of magnetic resonance-guided, high-intensity focused ultrasound for neuroblastoma	\$ 32,000
Phase I Clinical Trial - Oncolytic Virotherapy	1,592
Phase I study of 131-I MIBG, Nivolumab and ch14.18/CHO in relapsed/refractory neuroblastoma	224,982
NB General Clinical Research	57,386
JACK NB Fund	36,032
TLC BT Fund	67,903
MB General Clinical Research	774,450
Bibi Fund	510,138
Parent Connect	25,000
Total Net Assets with Donor Restrictions	<u>\$ 1,729,483</u>

Net assets released from time and use restrictions, for the years ended December 31, 2019 and 2018, amounted to \$564,438 and \$642,487, respectively.

NOTE 9 - SPECIAL EVENTS:

During the year ended December 31, 2019, special events consisted of the following:

	Spring Celebration	Other Events	Total
Contributions	\$ 310,800	\$ 35,650	\$ 346,450
Revenue	470,586	-	470,586
Total gross revenue	781,386	35,650	817,036
Less: Expenses	(184,398)	(22,756)	(207,154)
Special Events, Net	<u>\$ 596,988</u>	<u>\$ 12,894</u>	<u>\$ 609,882</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 - SPECIAL EVENTS: (Continued)

During the year ended December 31, 2018, special events consisted of the following:

	Spring Celebration	Other Events	Total
Contributions	\$ 347,727	\$ 36,084	\$ 383,811
Revenue	226,861	-	226,861
Total gross revenue	574,588	36,084	610,672
Less: Expenses	(169,791)	(11,927)	(181,718)
Special Events, Net	<u>\$ 404,797</u>	<u>\$ 24,157</u>	<u>\$ 428,954</u>

NOTE 10 - FUNCTIONAL EXPENSES:

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 the Organization. Salaries, employee benefits, and payroll taxes are allocated based on time and effort of employees. Funding grants are directly charged as program expenses. The remaining functional expense lines are allocated based on a combination of time and effort and direct costs.

NOTE 11 - SUBSEQUENT EVENTS:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on our employees, volunteers, donors, consumers, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

The Organization obtained a Paycheck Protection Program loan under the CARES Act in April, 2020 for approximately \$70,000. This loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New York. The Organization may receive partial or full forgiveness of the debt if it maintains its employee count as well as salary levels during such specified period. Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred until January 2021 and are payable with interest at 1%, through 2025. The loan is uncollateralized and guaranteed by the Small Business Administration.