

SOLVING KIDS' CANCER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**(With Summarized, Comparative Totals for the
Year Ended December 31, 2021)**



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SOLVING KIDS' CANCER, INC.

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Solving Kids' Cancer, Inc. ("Organization") which comprise the statement of financial position as of December 31, 2022, 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.

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, 2022, 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.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Solving Kids' Cancer, Inc. as of December 31, 2021 were audited by Sobel & Co., LLC whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated September 7, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Solving Kids' Cancer, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Solving Kids' Cancer, Inc.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen

Livingston, New Jersey
October 11, 2023

SOLVING KIDS' CANCER, INC.**STATEMENTS OF FINANCIAL POSITION****(With Summarized, Comparative Totals for the Year Ended December 31, 2021)**

	December 31,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,347,709	\$ 2,694,380
Pledges and contributions receivable	93,245	69,307
Prepaid expenses	5,804	7,027
Security deposits	1,468	3,585
Operating lease right-of-use (ROU) asset	147,253	-
Total Assets	<u>\$ 2,595,479</u>	<u>\$ 2,774,299</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,926	\$ 15,861
Operating lease liability	147,253	-
Total Liabilities	<u>152,179</u>	<u>15,861</u>
NET ASSETS:		
Without donor restrictions		
Board-designated	90,310	-
Undesignated	636,530	868,512
Total Net Assets without Donor Restrictions	<u>726,840</u>	<u>868,512</u>
With donor restrictions	1,716,460	1,889,926
Total Net Assets	<u>2,443,300</u>	<u>2,758,438</u>
Total Liabilities and Net Assets	<u>\$ 2,595,479</u>	<u>\$ 2,774,299</u>

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

SOLVING KIDS' CANCER, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

(With Summarized, Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
CONTRIBUTIONS AND OTHER SUPPORT:				
Individual contributions	\$ 206,560	\$ 3,796	\$ 210,356	\$ 176,460
Corporate contributions	46,933	-	46,933	27,810
Foundation contributions	263,967	77,312	341,279	308,981
Government grants	-	-	-	76,960
Total contributions	517,460	81,108	598,568	590,211
Special events contributions	371,877	-	371,877	101,438
Special events revenue	56,200	-	56,200	-
Less: Costs of direct benefits to donors	(158,041)	-	(158,041)	(22,029)
Special events, net	270,036	-	270,036	79,409
Interest income	25,663	-	25,663	7,113
Total contributions and other support	813,159	81,108	894,267	676,733
Net assets released from restrictions	254,574	(254,574)	-	-
Total Contributions and Other Support	1,067,733	(173,466)	894,267	676,733
EXPENSES:				
Program services	832,355	-	832,355	828,883
Management and general	135,786	-	135,786	110,339
Fundraising	241,264	-	241,264	230,052
Total Expenses	1,209,405	-	1,209,405	1,169,274
CHANGES IN NET ASSETS	(141,672)	(173,466)	(315,138)	(492,541)
NET ASSETS:				
Beginning of year	868,512	1,889,926	2,758,438	3,250,979
End of year	\$ 726,840	\$ 1,716,460	\$ 2,443,300	\$ 2,758,438

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

SOLVING KIDS' CANCER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

(With Summarized, Comparative Totals for the Year Ended December 31, 2021)

	Program Services	Support Services		Total Program and Support Services	2021 Total
		Management and General	Fundraising		
Salaries	\$ 177,560	\$ 109,479	\$ 106,119	\$ 393,158	\$ 381,718
Employee benefits	28,515	3,127	9,700	41,342	38,488
Payroll taxes	18,151	1,110	9,951	29,212	28,285
Total salaries and related expenses	224,226	113,716	125,770	463,712	448,491
Grant programs	536,079	-	-	536,079	503,884
Professional fees	32,171	10,288	87,588	130,047	133,422
Advertising	4,156	1,330	3,128	8,614	2,666
Rent	13,531	4,328	10,183	28,042	54,114
Travel and training	4,624	665	1,565	6,854	2,676
Meals and entertainment	824	203	661	1,688	515
Merchant and bank fees	3,798	1,215	2,857	7,870	1,075
Insurance	2,832	905	2,130	5,867	6,053
Office expense	1,272	309	727	2,308	1,288
Telephone	831	266	626	1,723	3,545
Computer expense	1,769	566	1,332	3,667	3,540
Miscellaneous	1,401	447	1,054	2,902	1,380
Dues and subscriptions	4,841	1,548	3,643	10,032	6,625
Total before depreciation	832,355	135,786	241,264	1,209,405	1,169,274
Depreciation	-	-	-	-	-
Total Functional Expenses	\$ 832,355	\$ 135,786	\$ 241,264	\$ 1,209,405	\$ 1,169,274

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

SOLVING KIDS' CANCER, INC.
STATEMENTS OF CASH FLOWS
(With Summarized, Comparative Totals for the Year Ended December 31, 2021)

	Year Ended December 31,	
	2022	2021
CASH FLOWS (USED FOR) PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (315,138)	\$ (492,541)
Changes in certain assets and liabilities:		
Pledges and contributions receivable	(23,938)	(69,307)
Prepaid expenses	1,223	(699)
Security deposits	2,117	-
Accounts payable and accrued expenses	(10,935)	314
Net Cash (Used For) Operating Activities	<u>(346,671)</u>	<u>(562,233)</u>
 NET (DECREASE) IN CASH AND CASH EQUIVALENTS	 (346,671)	 (562,233)
 CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>2,694,380</u>	<u>3,256,613</u>
 End of year	 <u>\$ 2,347,709</u>	 <u>\$ 2,694,380</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2021, 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, 2022 AND 2021

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

Cash and Cash Equivalents:

For financial statement purposes, money market funds are considered to be cash equivalents.

Contributions Receivable:

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, 2022 and 2021, an allowance for uncollectible receivables was deemed not necessary.

Contributions and Revenue Recognition:

The Organization derives a portion of its revenue from special events. 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.

Contributions are recognized as revenue when the contributions are received or unconditionally pledged to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or the time of availability. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. It is the policy of the Organization to present restricted contributions, whose restrictions are satisfied in the same reporting period as unrestricted contributions, in the statement of activities and changes in net assets.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived.

Leases:

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of-use (ROU) asset and operating lease liability on the statement of financial position.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Leases (Continued):

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the individual lease contracts do not provide an implicit rate, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Donated Goods and Services:

The Organization may 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, 2022 and 2021.

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 financial statements.

Advertising:

Advertising is expensed as incurred.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 2022 and 2021. At December 31, 2022 and 2021, there are no significant income tax uncertainties.

Adoption of New Accounting Standards:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on April 1, 2022 a lease liability of \$156,568, which represents the present value of the remaining operating lease obligations of \$176,178, discounted using the Organization's risk free discount rate comparable to corresponding lease terms and a right-of-use asset of \$156,568. There were no existing material leases as of January 1, 2022.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Adoption of New Accounting Standards: (Continued)

The standard had a material impact on the statement of financial positions but did not have a material impact on the statement of activities and changes in net assets, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2022 through October 11, 2023, the date the financial statements were available to be issued.

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,	
	2022	2021
Cash and cash equivalents	\$ 2,347,709	\$ 2,694,380
Pledges and contributions receivable	93,245	69,307
Total financial assets	<u>2,440,954</u>	<u>2,763,687</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(1,716,460)	(1,889,926)
Board-designated net assets	(90,310)	-
Estimated releases	127,000	188,000
	<u>(1,679,770)</u>	<u>(1,701,926)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 761,184</u>	<u>\$ 1,061,761</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. Board-designated assets are also available for general expenditures upon board approval.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 - GRANT PROGRAMS:

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

At December 31, 2022, the Organization funded or was (refunded) based on contractual provisions for the following programs:

1. <i>University Hospital Southampton</i>		
Ph. I Clin Trial - triplet combination therapy: anti-GD2 antibody + nivolumab + mIBG targeted radiotherapy for high-risk neuroblastoma	\$	50,000
2. <i>Children's Hospital of Philadelphia - Return of Unused Funds</i>		
Feasibility grant to develop a transatlantic frontline clinical trial in US and EU for ALK-driven neuroblastoma		(2,207)
3. <i>Children's Hospital of Philadelphia</i>		
Ph III Clin Trial - integration of Lorlatinib into frontline High-Risk neuroblastoma treatment protocol in a COG/SIOPEN transatlantic collaboration (TITAN)		325,000
4. <i>Repurposing, LLC</i>		
Development of ETMR Brain Tumor curated web resources for families		15,650
5. <i>Boston Children's Hospital</i>		
International research collaboration to identify prognosis biomarkers of poor survival to establish ultra-high risk consensus for bespoke treatment		46,941
6. <i>National Cancer Institute</i>		
Therapeutic development of CAR T-cell immunotherapy targeting GPC2 for ETMR and Medulloblastoma		100,000
7. <i>Solving Kids' Cancer UK</i>		
Neuroblastoma Parent/Researcher Global Symposium - bringing families and researchers together to impact neuroblastoma		695
	<u>\$</u>	<u>536,079</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 - GRANT PROGRAMS: (Continued)

At December 31, 2021, the Organization funded or was (refunded) based on contractual provisions for the following programs:

1. <i>Boston Children's Hospital</i>		
International research collaboration to identify prognosis biomarkers of poor survival to establish ultra-high risk consensus for bespoke treatment	\$	21,756
2. <i>Wayne State University - Return of Unused Funds</i>		
Activated T-Cells with GD2 Bispecific Antibody		(28,947)
3. <i>Conquer Cancer ASCO Foundation</i>		
The cureMedullo Young Investigator Award - ASCO		50,000
4. <i>University Hospital Southampton</i>		
Ph. I Clin Trial - triplet combination therapy: anti-GD2 antibody + nivolumab + mIBG targeted radiotherapy for high-risk neuroblastoma		225,000
5. <i>Children's Hospital of Philadelphia</i>		
Ph III Clin Trial - integration of Lorlatinib into frontline High-Risk neuroblastoma treatment protocol in a COG/SIOPEN transatlantic collaboration (TITAN)		162,500
6. <i>Children's Hospital of Philadelphia</i>		
Solving Indolent Neuroblastoma - biomarker signature identification and clinical trial		73,575
	\$	<u>503,884</u>

NOTE 5 - LEASES:

The Organization leases office space for various terms under a long-term, non-cancelable lease agreement. The lease expires in 2032. In the normal course of business, it is expected that the lease will be replaced by a similar lease. Additionally, the agreements generally require the Organization to pay operating expenses, insurance, and repairs.

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 - LEASES: (Continued)

As of December 31, 2022, the following table provides quantitative information concerning the Organization's lease which began on April 1, 2022:

	<u>2022</u>
Operating lease cost:	<u>\$ 13,213</u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 13,213
Right of use assets obtained in exchange for new operating lease liabilities	\$156,568
Weighted-average remaining lease term - operating leases	9.2 years
Weighted-average discount rate - operating leases	2.39%

The Organization classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	
2023	\$ 17,618
2024	17,618
2025	17,618
2026	17,618
2027	17,618
Thereafter	<u>74,876</u>
Total lease payments	162,966
Less: imputed interest	<u>(15,713)</u>
Present Value of Lease Liabilities	<u>\$ 147,253</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 - LEASES – ASC 840:

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization conducts all of its operations from a leased facility under an operating lease. The lease expired on March 31, 2022. The Organization entered into a shared lease agreement with two other organizations beginning on April 1, 2022 and expiring on March 31, 2032. Total rent expense for the years ended December 31, 2022 and 2021, is \$28,042 and \$54,114, respectively.

Minimum future lease payments due under the above leases are as follows:

Year Ending December 31,		
2022	\$	25,299
2023		15,694
2024		15,694
2025		15,694
2026		15,694
Thereafter		82,393
	<u>\$</u>	<u>170,468</u>

NOTE 7 - SPECIAL EVENTS:

During the year ended December 31, 2022, special events consisted of the following:

	Spring Celebration	Other Special Events	Total
Contributions	\$ 323,155	\$ 48,722	\$ 371,877
Revenue	53,750	2,450	56,200
Less: Expenses	(146,166)	(11,875)	(158,041)
Special Events, Net	<u>\$ 230,739</u>	<u>\$ 39,297</u>	<u>\$ 270,036</u>

During the year ended December 31, 2021, special events consisted of the following:

	Other Special Events
Contributions	\$ 101,438
Less: Expenses	(22,029)
Special Events, Net	<u>\$ 79,409</u>

SOLVING KIDS' CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	December 31,	
	2022	2021
Ph. 1 Clin Trial - High-Intensity Focused Ultrasound investigational treatment for high-risk neuroblastoma Children's Hospital of Philadelphia - Return of Unused Funds	\$ 25,105	\$ 32,046
Feasibility grant to develop a transatlantic frontline clinical trial in US and EU for ALK-driven neuroblastoma	2,207	-
Ph. 1 Clin Trial - Measles virus oncolytic immunotherapy/ virotherapy for high-risk pediatric brain tumors	9,092	9,092
Ph. 1 Clin Trial - MiNivAN: triplet combination therapy:- anti-GD2 antibody + anti-PD1 nivolumab + mIBG targeted radiotherapy for high-risk neuroblastoma	-	36,014
PR43 ETMR-One Ph I Global Frontline Clinical Trial	25,000	-
Ph III Clin Trial – integration of Lorlatinib into frontline neuroblastoma Clin Trial (TITAN)/treatment protocol in a COG (US) + SIOPEN (EU) collaboration	-	37,500
TLC Brain Tumor Fund	23,449	37,435
Ph I Pilot Study – TNF inhibition + nivolumab turning cold tumors hot in medulloblastoma	-	125,000
PR 41 Indolent/Refractory Neuroblastoma	25,000	-
Medullo General Clinical Research	1,036,359	955,738
Bibi Fund	570,248	657,101
Total Net Assets with Donor Restrictions	<u>\$ 1,716,460</u>	<u>\$ 1,889,926</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Net assets released from time and use restrictions are as follows:

	December 31,	
	2022	2021
	<u> </u>	<u> </u>
Ph. I Clin Trial – High-intensity Focused Ultrasound investigational focused ultrasound to treat unresectable tumors for high-risk neuroblastoma	\$ 32,046	\$ 467
CureMedullo Young Investigator Award – American Society of Clinical Oncology (ASCO)	-	50,000
Ph. 1 Clin Trial - MiNivAN: triplet combination therapy:- anti-GD2 antibody + anti-PD1 nivolumab + mIBG targeted radiotherapy for high-risk neuroblastoma	50,000	225,000
PR 42 NCI- Therapeutic development of CAR T-cell immunotherapy targeting GPC2 for ETMR and Medulloblastoma	75,000	-
Ph III Clin Trial – integration of Lorlatinib into frontline neuroblastoma Clin Trial (TITAN)/treatment protocol in a COG (US) + SIOPEN (EU) collaboration	37,500	100,000
Medullo General Clinical Research	44,379	-
Bibi Fund	15,649	-
Total Net Assets with Donor Restrictions	<u>\$ 254,574</u>	<u>\$ 375,467</u>

NOTE 9 - FUNCTIONAL EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction to 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 10 - BOARD-DESIGNATED NET ASSETS:

During the year ended December 31, 2022, the Organization established the Daniela Fund to fund a meaningful project. Withdrawal from this fund requires approval from the Organization's Board of Directors.

As of December 31, 2022, the Daniela Fund amounted to \$90,310.

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NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained Paycheck Protection Program (“PPP”) loans under the CARES Act in February 2021 for \$76,960. The Organization recorded the PPP funds received as conditional government grants and recognized revenue as conditions set forth by the U.S. Small Business Administration (“SBA”) were satisfied. The Organization applied for and received full forgiveness of the loans in November 2021. \$76,960 was recorded as revenue from government grants on the statement of activities and changes in net assets as of December 31, 2021.

The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.

NOTE 12 - RISKS AND UNCERTAINTIES:

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.