

The Children's Oncology Group Foundation, Inc.

Financial Statements

December 31, 2021 and 2020

The Children's Oncology Group Foundation, Inc.

Table of Contents

December 31, 2021 and 2020

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditors' Report

To the Board of Directors of
The Children's Oncology Group Foundation, Inc.

We have audited the financial statements of The Children's Oncology Group Foundation, Inc. (the Foundation), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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 (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
November 14, 2022

The Children's Oncology Group Foundation, Inc.

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Assets		
Cash and cash equivalents	\$ 17,982,464	\$ 13,474,294
Grants and contributions receivable	4,059,970	7,440,472
Prepaid expenses	<u>794,739</u>	<u>136,065</u>
Total assets	<u>\$ 22,837,173</u>	<u>\$ 21,050,831</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,945,897	\$ 2,834,394
Deferred revenue	<u>34,250</u>	<u>-</u>
Total liabilities	<u>3,980,147</u>	<u>2,834,394</u>
Net Assets		
Without donor restrictions	2,613,548	2,538,791
With donor restrictions	<u>16,243,478</u>	<u>15,677,646</u>
Total net assets	<u>18,857,026</u>	<u>18,216,437</u>
Total liabilities and net assets	<u>\$ 22,837,173</u>	<u>\$ 21,050,831</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Activities

Year Ended December 31, 2021 With Comparative Totals for the Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Revenues, Gains and Other Support				
Grants	\$ -	\$ 7,189,256	\$ 7,189,256	\$ 7,031,013
Contributions	135,208	40,739	175,947	551,667
Conference revenue	120,751	-	120,751	65,000
Program service revenue	-	-	-	2,767
In-kind contributions	9,030	-	9,030	18,103
Bank interest	520	-	520	388
Investment income	368	-	368	16,100
Other income	1,013	-	1,013	11,789
Net assets released from restriction	6,664,163	(6,664,163)	-	-
 Total revenues, gains and other support	 6,931,053	 565,832	 7,496,885	 7,696,827
Expenses				
Program services	6,704,859	-	6,704,859	9,216,659
 Supporting services:				
Management and general	139,340	-	139,340	130,080
Fundraising	12,097	-	12,097	10,565
 Total supporting services expenses	 151,437	 -	 151,437	 140,645
 Total expenses	 6,856,296	 -	 6,856,296	 9,357,304
 Changes in net assets	 74,757	 565,832	 640,589	 (1,660,477)
Net Assets, Beginning	2,538,791	15,677,646	18,216,437	19,876,914
Net Assets, Ending	\$ 2,613,548	\$ 16,243,478	\$ 18,857,026	\$ 18,216,437

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support			
Grants	\$ 2,217,771	\$ 4,813,242	\$ 7,031,013
Contributions	246,316	305,351	551,667
Conference revenue	65,000	-	65,000
Program service revenue	2,767	-	2,767
In-kind contributions	18,103	-	18,103
Bank interest	388	-	388
Investment income	16,100	-	16,100
Other income	11,789	-	11,789
Net assets released from restriction	6,903,628	(6,903,628)	-
 Total revenues, gains and other support	 9,481,862	 (1,785,035)	 7,696,827
Expenses			
Program services	9,216,659	-	9,216,659
Supporting services:			
Management and general	130,080	-	130,080
Fundraising	10,565	-	10,565
 Total supporting services expenses	 140,645	 -	 140,645
 Total expenses	 9,357,304	 -	 9,357,304
 Changes in net assets	 124,558	 (1,785,035)	 (1,660,477)
Net Assets, Beginning	 2,414,233	 17,462,681	 19,876,914
Net Assets, Ending	 <u>\$ 2,538,791</u>	 <u>\$ 15,677,646</u>	 <u>\$ 18,216,437</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Functional Expenses

Years Ended December 31, 2021 and 2020

	2021						
	COG Site Support	Program Capacity	Other COG Research	Total Programs	Management and General	Fundraising	Total
Grant expense	\$ 4,883,181	\$ 116,500	\$ 962,532	\$ 5,962,213	\$ -	\$ -	\$ 5,962,213
Research expense	-	-	614,414	614,414	-	-	614,414
Professional fees	-	1,912	-	1,912	227,724	-	229,636
Conference	-	-	375	375	-	-	375
Other expenses	-	28,955	141	29,096	14,463	3,389	46,948
Insurance	-	-	-	-	2,710	-	2,710
Indirect cost allocation	30,825	42,700	23,324	96,849	(105,557)	8,708	-
	<u>\$ 4,914,006</u>	<u>\$ 190,067</u>	<u>\$ 1,600,786</u>	<u>\$ 6,704,859</u>	<u>\$ 139,340</u>	<u>\$ 12,097</u>	<u>\$ 6,856,296</u>
	2020						
	COG Site Support	Program Capacity	Other COG Research	Total Programs	Management and General	Fundraising	Total
Grant expense	\$ 5,495,400	\$ -	\$ 2,724,139	\$ 8,219,539	\$ -	\$ -	\$ 8,219,539
Research expense	-	-	837,214	837,214	-	-	837,214
Professional fees	-	20,248	-	20,248	220,158	-	240,406
Conference	-	125	-	125	-	-	125
Other expenses	-	38,395	-	38,395	17,809	2,632	58,836
Insurance	-	-	-	-	1,184	-	1,184
Indirect cost allocation	27,767	38,958	34,413	101,138	(109,071)	7,933	-
	<u>\$ 5,523,167</u>	<u>\$ 97,726</u>	<u>\$ 3,595,766</u>	<u>\$ 9,216,659</u>	<u>\$ 130,080</u>	<u>\$ 10,565</u>	<u>\$ 9,357,304</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 640,589	\$ (1,660,477)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Grants and contributions receivable	3,380,502	136,592
Prepaid expenses	(658,674)	378,727
Accounts payable and accrued expenses	1,111,503	1,805,130
Deferred revenue	34,250	(141,193)
	<u>4,508,170</u>	<u>518,779</u>
Net cash provided by operating activities	<u>4,508,170</u>	<u>518,779</u>
Net increase in cash and cash equivalents	4,508,170	518,779
Cash and Cash Equivalents, Beginning	<u>13,474,294</u>	<u>12,955,515</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 17,982,464</u></u>	<u><u>\$ 13,474,294</u></u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

1. Nature of Operations

The Children's Oncology Group Foundation, Inc. (the Foundation) is a not-for-profit organization incorporated in the Commonwealth of Pennsylvania in August 2011. The Foundation was formed to support the Children's Oncology Group (COG), an unincorporated entity, which is the world's largest organization devoted exclusively to childhood and adolescent cancer research. The Foundation enables COG's leadership, comprised of a team of doctors, nurses, laboratory scientists and other allied professionals, to direct the resources raised for childhood cancer research to the areas of highest need and opportunity. The board of the Foundation is comprised of members of the executive committee of COG. The Foundation allows philanthropic funds from individual supporters and organizations to go directly to COG and other organizations to fund their much-needed research. In an era of rapid scientific discovery, this direct link allows COG researchers to respond quickly to new discoveries with great potential to benefit children with cancer. The Foundation's 2021 and 2020 grant expense consists of sub-grants made primarily to one organization that disperses the funds on behalf of the Foundation to COG member sites.

These activities are primarily supported by grants and contributions from foundations, corporations and individuals.

2. Summary of Significant Accounting Policies

Basis of Financial Reporting

The Foundation follows the authoritative guidance for external financial reporting by not-for-profit organizations and requires that unconditional promises to give (contributions) be recorded as a receivable and revenue and requires the Foundation to distinguish between contributions received for each net asset classification in accordance with donor-imposed restrictions. The authoritative guidance also establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset classifications according to externally (donor) imposed restrictions.

A description of the net asset classifications follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations and these net assets may be designated for specific purposes by action of the Board of Directors. There are no designations on net assets without donor restrictions as of December 31, 2021 and 2020. Net assets without donor restriction are available for the support of operations and whose use is not externally restricted.

Net Assets With Donor Restriction - Net assets whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restriction are reclassified to net assets without restriction and reported in the statements of activities as net assets released from restriction. Additionally, fund receive as gifts and bequests, which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity, are reported as net assets with donor restrictions. The Foundation does not have any net asset balances with the donor stipulation that the principal be maintained intact in perpetuity as of December 31, 2021 and 2020.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Revenue Recognition

Grants and Contributions

Grants or contributions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. All grants and contributions are considered to be without donor restriction unless specifically restricted by the donor. Grants and contributions restricted by the donor for specific purposes are reported as with donor restriction, which increase those net asset classifications. When a donor restriction expires, that is, a time restriction ends or a stipulated purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restriction.

Grants and contributions, including unconditional promises to give, that are expected to be received within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in future years are recorded at the present value of their expected future cash flows, which approximates fair value. All grants and contributions receivable as of December 31, 2021 and 2020 are expected to be collected within one year, therefore no discount rate in determination of the present value of this balance is necessary.

Conference and Program Service Revenue

Revenues from conferences and program services are recognized at the time or over the period of time of the conference or program. Conference revenues that have been collected, but for which the conference has not been held as of the year-end, and program service revenue collected related to an exchange agreement for which the related services have not yet been performed, are considered not yet earned and included in deferred revenue in the statements of financial position. The Foundation reported deferred revenue balances related to program service of \$34,250 and \$0 as of December 31, 2021 and 2020, respectively.

In-Kind Contributions

In-kind contributions include donated goods and services that are recognized as revenues and expenses based on the estimated fair value of the goods or services as of the date provided. The Foundation received \$9,030 and \$18,103 in in-kind professional services in the years ended December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes interest-bearing deposits with original maturities of three months or less, including money market funds and certificates of deposit.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the program and supporting services benefitted based on a percentage of personnel costs.

Income Tax

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is exempt from income tax.

The Foundation accounts for uncertainty in income taxes recognized in the financial statements using a recognition threshold of more likely than not as to whether the uncertainty will be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold.

The Federal Form 990, *Return of Organization Exempt From Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after filed.

COVID-19

On January 30, 2020, a novel strain of coronavirus disease (COVID-19), identified in December 2019, was declared a Public Health Emergency of International Concern by the World Health Organization. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses and communities. In response to travel restrictions and potential health concerns the 2021 in-person conferences and meetings were cancelled. The extent of the impact the COVID-19 pandemic will have on the Foundation will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Subsequent Events

Subsequent events were evaluated for recognition or disclosure through November 14, 2022, the date the financial statements were available to be issued.

New Accounting Standard, Not Yet Adopted

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This amendment will require presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, the amendment will expand the financial statement disclosures for contributed nonfinancial assets to include disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, and a description of any donor-imposed restrictions associated with the contributed nonfinancial asset. ASU No. 2020-07 is effective for the Foundation's year ended December 31, 2022. The Foundation will be determining its implementation approach and assessing the impact this guidance may have on its financial statement.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows at December 31:

	2021	2020
Cash and cash equivalents	\$ 17,982,464	\$ 13,474,294
Grants and contributions receivable with donor restrictions expected to be collected and the donor purpose restrictions met within one year	4,059,970	7,440,472
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,042,434</u>	<u>\$ 20,914,766</u>

The Foundation's primary sources of revenue are grants and contributions from private foundations and the general public. Most of the support is required to be used in accordance with the purpose restrictions imposed by the donors. The majority of the support is received in advance of when the expenditures are incurred in accordance with the associated purpose restriction; therefore, the Foundation holds these funds in cash and short-term investment until expenditures are incurred. The Foundation's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2021 and 2020 are designated for the following purposes:

	2021	2020
Pediatric cancer research supplemental programs	\$ 2,430,579	\$ 1,157,371
Project: EveryChild	3,143,943	4,128,300
Infrastructure projects	350,554	512,018
Long-term follow-up center	441,390	140,225
Integrated Translational Science Center	-	285,038
COG Reference Laboratories	465,807	1,317,000
Leukemia research	1,236,884	1,427,530
Bone tumor research	20,000	68,816
Acute myeloid leukemia research	826,077	1,101,381
Lymphoma research	11,500	11,500
Nursing discipline	115,025	115,532
Adolescent and young adult research	151,172	1,172
General cancer research	28,915	24,285
Other research support	5,815,928	4,032,958
Central nervous system tumor research	2,391	208,445
Neuroblastoma research	626,675	630,570
Renal tumor research	127,992	167,638
Soft tissue sarcoma research	200,100	197,867
Hepatoblastoma Research	173,546	-
Pediatric MATCH	75,000	150,000
Total	<u>\$ 16,243,478</u>	<u>\$ 15,677,646</u>

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

5. Net Assets Released From Restrictions

Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors during the years ended December 31, 2021 and 2020:

	2021	2020
Pediatric cancer research supplemental programs	\$ 3,048,600	\$ 2,108,660
Project: EveryChild	1,762,217	1,543,430
Infrastructure projects	161,463	239,477
Long-term follow-up center	116,500	-
Integrated Translational Science Centers	209,631	253,267
COG Reference Laboratories	-	1,247,767
Leukemia research	214,408	410,651
Bone tumor research	59,116	-
Acute myeloid leukemia research	336,457	411,086
Nursing discipline	507	2,208
General cancer research	55,492	174,117
Other research support	217,030	416,780
Central nervous system tumor research	281,132	95,385
Neuroblastoma research	3,895	800
Renal tumor research	79,646	-
Soft tissue sarcoma research	2,267	-
Hepatoblastoma Research	40,802	-
Pediatric MATCH	75,000	-
Total	\$ 6,664,163	\$ 6,903,628

6. Concentrations of Risk

For the year ended December 31, 2021 approximately 76% of revenues were from four organizations. For the year ended December 31, 2020, approximately 69% of revenues were from two organizations. Approximately 99% and 91% of the grants receivable balance for December 31, 2021 and 2020, respectively, was due from one organization.

The Foundation's grants receivable are unsecured and are at risk to the extent such amounts become uncollectible. Management carefully monitors its contributor and grantor relationships in order to minimize credit risk. All grants receivable are considered fully collectible and accordingly, no allowance for uncollectible accounts has been recorded at December 31, 2021 and 2020.

The Foundation maintains its operating cash accounts with two banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the Foundation has balances in excess of FDIC insured limits. The Foundation has not experienced any losses on such accounts.

7. Commitments

In 2021, the Foundation entered into an agreement with the Children's Oncology Group's fiscal agent to pay up to \$1,500,000 within 30 days of receiving notice as reserve for hotel contracts to secure COG group meeting locations for future dates in Fall 2024 and Fall 2025. The Foundation only needs to provide payment to the fiscal agent upon request.