

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The National Children's Cancer Society, Inc.  
St. Louis, Missouri

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The National Children's Cancer Society, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, 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 The National Children's Cancer Society, Inc. as of September 30, 2023, and the changes in 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 (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 National Children's Cancer Society, 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.

#### ***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 The National Children's Cancer Society, Inc.'s ability to continue as a going concern for one year after the date 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:

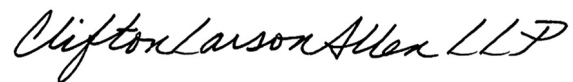
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 National Children's Cancer Society, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The National Children's Cancer Society, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Board of Directors  
The National Children's Cancer Society, Inc.

***Other Information Included in the Annual Report***

Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
January 16, 2024

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,069,971
Accounts Receivable, Net	279,071
Inventory	14,002
Prepaid Expenses and Other Assets	34,192
Total Current Assets	<u>1,397,236</u>

**NONCURRENT ASSETS**

Investments	6,158,763
Property and Equipment, Net	377,246
Total Noncurrent Assets	<u>6,536,009</u>

Total Assets	<u><u>\$ 7,933,245</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 1,834,576
Annuities Payable	12,567
Accrued Expenses	110,185
Unearned Revenue	12,071
Total Current Liabilities	<u>2,296,397</u>

**LONG-TERM LIABILITIES**

Annuities Payable	104,555
Total Long-Term Liabilities	<u>104,555</u>

**NET ASSETS**

Without Donor Restrictions	2,912,643
With Donor Restrictions	2,619,650
Total Net Assets	<u>5,532,293</u>

Total Liabilities and Net Assets	<u><u>\$ 7,933,245</u></u>
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See accompanying Notes to Financial Statements.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 6,907,677	\$ -	\$ 6,907,677
List Rental Income	33,099	-	33,099
Event Revenue	327,511	-	327,511
Less Direct Costs of Events	(126,845)	-	(126,845)
In-Kind Contributions	5,161,457	-	5,161,457
Investment Income	642,251	50,490	692,741
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	973,682	(973,682)	-
Total Public Support and Revenue	<u>13,918,832</u>	<u>(923,192)</u>	<u>12,995,640</u>
<b>EXPENSES</b>			
Program Services:			
Division of Patient and Family Services	10,212,228	-	10,212,228
Supplemental Family Support	1,375,525	-	1,375,525
Public Information and Education	297,918	-	297,918
Total Program Services	<u>11,885,671</u>	<u>-</u>	<u>11,885,671</u>
Supporting Services:			
Management and General	920,529	-	920,529
Fundraising	3,261,256	-	3,261,256
Total Supporting Services	<u>4,181,785</u>	<u>-</u>	<u>4,181,785</u>
Total Expenses	16,067,456	-	16,067,456
<b>OTHER INCOME</b>			
Change in Value of Annuities	<u>28,301</u>	<u>-</u>	<u>28,301</u>
<b>NET CHANGE IN NET ASSETS</b>	(2,120,323)	(923,192)	(3,043,515)
Net Assets - Beginning of Year	<u>5,032,966</u>	<u>3,542,842</u>	<u>8,575,808</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,912,643</u>	<u>\$ 2,619,650</u>	<u>\$ 5,532,293</u>

See accompanying Notes to Financial Statements.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services			Supporting Services		Total
	Division of Patient and Family Services	Supplemental Family Support	Public Information and Education	Management and General	Fundraising	
Aid Grants	\$ 7,623,373	\$ 1,214,291	\$ -	\$ -	\$ -	\$ 8,837,664
Production Services	-	-	-	447,750	2,862,685	3,310,435
Family Services and Education	1,615,574	1,538	2,844	-	-	1,619,956
Salary Expense	440,437	85,785	158,509	244,848	177,327	1,106,906
Professional Services	98,535	19,192	35,462	54,777	39,671	247,637
Insurance	82,375	16,046	29,646	45,794	33,166	207,027
In-Kind Program Shipping	83,941	-	-	-	-	83,941
Rent and Utilities	57,510	11,201	20,697	31,971	23,155	144,534
Other Expenses	68,952	13,430	24,815	50,921	27,761	185,879
Payroll Taxes	31,591	6,153	11,368	17,562	12,719	79,393
Cause Related Marketing	-	-	-	-	68,466	68,466
UPS Donation Processing Center	68,845	-	-	-	-	68,845
Retirement	15,015	2,925	5,404	8,347	6,045	37,736
Direct Costs of Events	-	-	-	-	126,845	126,845
Telephone	6,202	1,208	2,232	3,447	2,497	15,586
Office Supplies and Services	3,509	683	1,263	6,343	1,413	13,211
Equipment Rental	2,975	580	1,071	1,654	1,198	7,478
Postage, Shipping, and Handling	5,307	1,034	1,910	2,950	2,137	13,338
Meetings and Travel	2,234	435	804	1,242	899	5,614
Depreciation Expense	5,258	1,024	1,893	2,923	2,117	13,215
Shipping and Procurement	594	-	-	-	-	594
<b>Total</b>	<b>10,212,228</b>	<b>1,375,525</b>	<b>297,918</b>	<b>920,529</b>	<b>3,388,101</b>	<b>16,194,301</b>
Less: Direct Costs of Events	-	-	-	-	(126,845)	(126,845)
<b>Total Expenses</b>	<b>\$ 10,212,228</b>	<b>\$ 1,375,525</b>	<b>\$ 297,918</b>	<b>\$ 920,529</b>	<b>\$ 3,261,256</b>	<b>\$ 16,067,456</b>

See accompanying Notes to Financial Statements.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Change in Net Assets	\$ (3,043,515)
Adjustments to Reconcile Net Change in Net Assets to	
Net Cash Used by Operating Activities	
Proceeds from Sales of Contributed Investments	22,952
Depreciation	13,215
Change in Value of Annuities	(28,301)
Unrealized Loss on Investments	(561,218)
Realized Gain on Investments	47,806
(Increase) Decrease in:	
Accounts Receivable	232,194
Employee Retention Credit Receivable	-
Inventory	2,463,309
Prepaid Expenses and Other Assets	(2,198)
Increase (Decrease) in:	
Accounts Payable	75,590
Annuity Payable	20,673
Accrued Expenses	(6,781)
Unearned Revenue	412
Net Cash Used by Operating Activities	(765,862)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(387,129)
Proceeds from Sale of Investments	3,547,261
Purchases of Investments	(5,332,630)
Net Cash Used by Investing Activities	(2,172,498)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net Payments on Line of Credit	326,998
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**NET CHANGE IN CASH**

(2,611,362)

Cash - Beginning of Year

3,681,333

**CASH - END OF YEAR**

\$ 1,069,971

See accompanying Notes to Financial Statements.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The National Children's Cancer Society, Inc. (the Organization) was incorporated in November 1987 to serve children with cancer and their families. Program services are categorized as follows: Division of Patient and Family Services, Supplemental Family Support and Public Information and Education. The Organization provides a Family Support Program, Transportation Assistance Fund, and Emergency Assistance Fund for families with children in treatment, a Beyond the Cure Program for cancer survivors, and a Global Outreach Program.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of September 30, 2023, the Organization had \$2,619,650 in net assets with donor restrictions.

**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 (GAAP).

**Concentration of Credit Risk**

The majority of the Organization's cash and cash equivalents are maintained at three banks. The bank provides a maximum protection under regulations issued by the Federal Deposit Insurance Corporation. At September 30, 2023, deposits at the bank were in excess of federally insured limits were \$575,559.

**Cash and Cash Equivalents**

Cash includes demand deposits and highly liquid financial instruments purchased with original maturities of three months or less. The carrying amount of cash equivalents approximates fair value.

Certain cash balances are required to be held in separate bank accounts in accordance with contractual arrangements.

**Accounts Receivable**

Receivables consist of amounts due to the Organization related to the direct mail and royalty programs. Management writes off receivables when it determines that an amount will not be collected and considers all receivables at September 30, 2023 to be collectible. Therefore, no allowance for doubtful accounts is recorded at September 30, 2023. All receivables are considered current at September 30, 2023; therefore, no discount has been recorded. Accounts receivables at October 1, 2022 totaled \$511,265.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Investments**

In accordance with accounting standards, investments in marketable securities with readily determinable fair values are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

**Inventory**

Inventory consists of pharmaceutical and medical supplies, program literature and patient, and family service items and is stated at the lower of cost or net realizable value, determined on the first-in, first out method.

**Property and Equipment**

Furniture and equipment is recorded at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$500 are reviewed individually by management and are capitalized.

Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation and amortization are provided on a straight-line basis over the following periods:

Buildings	39 Years
Furniture and Fixtures	7 Years
Equipment	3 to 7 Years
Software	3 Years
Leasehold Improvements	7 Years

**Compensated Absences**

Employees of the Organization are entitled to paid vacation days depending on length of service. Amounts accrued for compensated absences are included in accounts payable and accrued expenses in the accompanying statement of financial position.

**Contributions**

In accordance with accounting standards, contributions received by the Organization are recorded as with donor restriction or without donor restriction support, depending on the existence and nature of any donor restrictions. When a 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 as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year the contributions are recognized.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**In-Kind Non-Financial Contributions**

Contributed nonfinancial assets are recognized within the financial statements of activities are as follows for the year end September 30, 2023:

Nonfinancial Asset	2023 Revenue Recognition	Monetized or Utilized	Utilization Function	Donor Restrictions	Valuation Technique
Basic Pharmaceutical Drugs	\$ 5,161,457	Utilized	Distributed to medical providers & hospitals for use with children	None	Value based on wholesale price in a national pharmaceutical database

**Annuities Payable**

Annuities payable represents an annuity obligation for gift annuities received by the Organization. Gift annuities provide for payment to named annuitants over their lifetimes. The payment is guaranteed by the Organization through an agreement. An annuities payable liability is recorded until the projected termination of the annuity payment obligation based upon the present value of the expected payments over the life expectancy of the annuitants. The current annuity values are valued at fair value. The Organization reviews AFR in determining the discount rate to apply for the present value calculation. A discount rate of 5.0 % was applied to determine the liability at September 30, 2023. Fair value at September 30, 2023 is \$240,675, while the recorded liability is \$117,122.

**Event Revenue**

Event revenue consists of money raised from fundraising events to support mission goals and is consistent and anticipated in future periods.

**List Rental Income**

Rental Income received from consistent payments on a monthly basis. The amount recorded aligns with prior amounts recorded and these payments are expected to continue.

**Unearned Revenue**

Unearned revenue consists of payments received in advance that relate to donated items to be sold by a third party in a future period and are deferred and recognized as revenue in the period earned.

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP 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 support, revenues, and expenses during the reporting period, including grant and contract revenues subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements**

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the Organization has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market mutual funds, certain mutual funds, and equities. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. These Level 2 securities include mortgaged and asset-backed securities, corporate and municipal bonds, U.S. government agencies, hedge funds and managed futures. Inputs used to value Level 2 securities include interest rates for similar debt securities, Treasury obligations with similar maturities and net asset values provided by funds is utilized as a practical expedient.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements (Continued)**

In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include hedge funds. The net asset value (or its equivalent) provided by the fund is utilized, as a practical expedient, to determine fair value of these Level 3 investments. The funds are classified as Level 3 if they may not be redeemable in the short-term.

Any transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

**Development Costs**

The Organization periodically incurs substantial costs for the continued development of a contributor list. In accordance with GAAP, the Organization recognizes these costs as they are incurred against operations, even though the contributor lists are expected to provide significant benefit to future periods.

**Functional Expense Allocations**

The costs of providing various program and other activities of the Organization have been summarized on a functional basis in the statement of functional expenses. Expenses are charged to program services, fundraising or management and general based on actual costs incurred by the program or supportive service, as well as on management's best estimate of time spent in the functional expense categories. Management and general expenses include those expenses that are not directly identifiable with any other specific section but provide for the overall support and direction of the Organization.

**Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is liable for federal income taxes on certain unrelated business income.

Management analyzed the tax positions taken by the Organization and concluded that, as of September 30, 2023, there were no uncertain tax positions taken or are expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying financial statements.

**Change in Accounting Pronouncement**

In February 2016, the Financial Account Standards Board (FASB) issued Accounting Standards Update 2016-2, 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 NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Change in Accounting Pronouncement (Continued)**

The Organization adopted the requirements of the guidance effective October 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.

The Organization does not have any operating or finance leases considered to be material, therefore, the standard had no impact on the statements of financial position, nor did it have an impact on the statements of activity or statements of cash flows.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2024, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, this is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30, 2023:

Cash and Cash Equivalents	\$ 1,069,971
Accounts Receivable	279,071
Investments	<u>6,158,763</u>
Total Current Financial Assets	7,507,805
Less: Net Assets With Donor Restrictions Relating to Current Financial Assets	<u>(2,619,650)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 4,888,155</u></u>

The Organization classifies investments as noncurrent assets due to the intended purpose of holding them long-term but could be used as a source of current liquidity. The Organization receives significant contributions without donor restrictions, and are considered for programs which are ongoing, major, and central to its annual operations. Contributions without donor restrictions are to be available to meet cash needs for general expenditures, which include administrative and general expenses, fund raising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year. The Organization also has a line of credit with available credit of \$2,172,972 that could be used if needed.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3 INVESTMENTS**

Investments consist of the following at September 30, 2023:

Government and Agency Securities	\$ 2,469,166
Equity Securities	3,324,612
Mutual Funds	364,985
Total Investments	<u>\$ 6,158,763</u>

Investment return for the year ended September 30, 2023 is summarized as follows:

Interest and Dividend Income	\$ 179,329
Unrealized Gain on Equity Securities	561,218
Realized Loss on Sale of Investments	(47,806)
Total Investment Income	<u>\$ 692,741</u>

**NOTE 4 FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of September 30, 2023:

	Total	Level 1	Level 2	Level 3
Government and Agency Bonds	\$ 2,469,166	\$ -	\$ 2,469,166	\$ -
Equity Securities	3,324,612	3,324,612	-	-
Mutual Funds	364,985	364,985	-	-
Total	<u>\$ 6,158,763</u>	<u>\$ 3,689,597</u>	<u>\$ 2,469,166</u>	<u>\$ -</u>

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at September 30, 2023 consist of:

Purpose Restriction For RCCJ Grant	\$ 2,039,512
Purpose Restriction For GP M.A.D.E. Foundation	-
Purpose Restriction For Cancer Treatment in Minnesota	580,138
Total Net Assets with Donor Restrictions	<u>\$ 2,619,650</u>

Assets released from restrictions for the year ended September 30, 2023 are as follows:

Satisfaction of Purpose Restriction	<u>\$ 973,682</u>
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**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at September 30, 2023:

Equipment	\$ 26,901
Software	298,031
Buildings	<u>380,020</u>
Total	721,555
Less: Accumulated Depreciation	<u>(344,309)</u>
Property and Equipment	<u><u>\$ 377,246</u></u>

Depreciation expense was \$13,215 for the year ended September 30, 2023.

**NOTE 7 ALLOCATION OF JOINT COSTS**

The Organization combines the costs of its joint activities that combine fundraising appeals with other functions and allocates those costs to their functional classifications. Such costs include printing, caging, donor search, public information, computer expenses, list development, direct mail expense, postage, and production fees. The physical units method is used to allocate these costs. This allocation process is based on lines of print from the documents and scripts used in the joint activities. Each line of print is analyzed and a determination is made as to its purpose. The number of lines for each objective is totaled and weighed against the total number of lines in the document as well as the frequency of use of the document.

The Organization's total joint costs incurred and functional classifications for the year ended September 30, 2023 are as follows:

Functional Classification:	
Program Services	\$ 1,619,956
Management and General	447,750
Fundraising	<u>2,862,685</u>
Total Joint Costs	<u><u>\$ 4,930,391</u></u>
Type of Activity:	
Direct Mail	<u>\$ 4,930,391</u>
Total Joint Costs	<u><u>\$ 4,930,391</u></u>

The Organization follows standards for accounting and reporting costs of joint activities that combine fundraising appeals with other functions including definitions for the criteria of purpose, audience, and content. In accordance with the standard, the compensation structure of the joint activity is considered, as well as the target audience of the activity and the content of the information conveyed. If any of the criteria of purpose, audience, and content is not met, all costs of the joint activity are considered fundraising.

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**NOTE 8 RETIREMENT PLAN**

The Organization has a defined contribution retirement plan covering substantially all of its employees. Contributions to the plan and related expenses were \$37,736 for the year ended September 30, 2023.

**NOTE 9 AID GRANTS**

The Organization receives and disburses both cash and in-kind grants to individuals and organizations. During the year ended September 30, 2023, the Organization received \$5,161,457 and disbursed \$7,623,373 of in-kind contributions, consisting primarily of pharmaceuticals and medical supplies. The grants were recorded at their estimated fair value in the financial statements based on valuations provided by the donors, primarily manufacturers or distributors, and comparison with other industry sources.

**NOTE 10 LINE OF CREDIT**

The Organization has a Loan Management Account Agreement with a bank which allows the Organization to borrow under a revolving line of credit arrangement. Available credit is subject to borrowing base limitations determined by the bank based upon the market value of pledged securities. Advances under the agreement can be made under variable rate, fixed rate and term advances agreed upon at the time of the advance. Advances are due upon demand. Investments held by Merrill Lynch are pledged as collateral. Available credit under the agreement at September 30, 2023 was \$2,172,972. At September 30, 2023, borrowings under the agreement were \$326,998, all in principal. The balance is subject to interest at a variable rate of LIBOR plus the spread. The interest rate as of September 30, 2023 is 7.40%. Cash paid for interest on the line of credit was \$14,723 for the year ended September 30, 2023.

**NOTE 11 RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2023, the Organization received \$162,783 in contributions from various members of the board of directors (Directors). In addition, during the year ended September 30, 2023, the Organization received \$40,000 from companies in which Directors serve as a director or officer. The Organization also received \$0 in in-kind gifts from various board members of the board of directors during the year ended September 30, 2023.

One of the asset custodians is a financial institution for which a member of the board of the National Children's Cancer Society is an officer. The amount paid to the asset custodian during the year ended September 30, 2023 totaled \$50,647. The board member was not directly compensated for services provided.

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**NOTE 12 RISKS AND UNCERTAINTIES**

The Organization's assets include investments in various securities which, in general, are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the amounts reported in the balance sheets and the statements of activities.



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