

**MUNGER & COMPANY, CPAs**

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**Curebound**  
Audited Financial Statements  
December 31, 2023

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Curebound

#### **Opinion**

We have audited the accompanying financial statements of Curebound (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 Curebound as of December 31, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Curebound 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 Curebound's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Curebound'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 Curebound'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.

June 24, 2024



Munger & Company, CPAs

**Curebound**  
Statement of Financial Position  
December 31, 2023

ASSETS:

Cash	\$	13,663,004
Accounts receivables		650,680
Promises to give, Net		9,870,497
Security deposit and other assets		136,744
Website		224,370
Accumulated amortization		(172,077)
Right of use asset - operating		14,905
TOTAL ASSETS	\$	<u><u>24,388,123</u></u>

LIABILITIES:

Beneficiaries payable	\$	5,878,291
Accounts payable		99,274
Accrued expenses		48,820
Deferred revenue		162,753
Lease liability		19,778
Total current liabilities		<u>6,208,916</u>

NET ASSETS:

Without Donor Restrictions:		
Undesignated		<u>8,308,710</u>
With Donor Restrictions:		
Time		<u>9,870,497</u>
Total net assets		<u><u>18,179,207</u></u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>24,388,123</u></u>
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The Accompanying Notes are an Integral Part of the Financial Statements

**Curebound**  
**Statement of Activities**  
For The Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Special Events, net of expense of \$2,293,137	\$ 2,217,627	\$ -	\$ 2,217,627
Donations	7,592,333	244,790	7,837,123
In-Kind Donations	94,045		94,045
Investment Income	246,733		246,733
Net Assets Released from Restrictions - Satisfaction of Donor Restrictions	3,575,991	(3,575,991)	-
Total Revenues and Support	13,726,729	(3,331,201)	10,395,528
<b>EXPENSES</b>			
Program Services	9,887,172		9,887,172
Supporting Services			
Management and General	498,068		498,068
Fundraising	2,115,102		2,115,102
Total Operating Expenses	12,500,342	-	12,500,342
Change in Net Assets	1,226,387	(3,331,201)	(2,104,814)
NET ASSETS, BEGINNING OF YEAR	7,082,323	13,201,698	20,284,021
NET ASSETS, END OF YEAR	\$ 8,308,710	\$ 9,870,497	\$ 18,179,207

The Accompanying Notes are an Integral Part of these Financial Statements

**Curebound**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2023**

	<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
<b>EXPENSES</b>				
Beneficiaries	\$ 8,400,965	\$ -	\$ -	\$ 8,400,965
Payroll and Related	724,032	289,062	559,301	1,572,395
Food and Beverage	42,079	233	74,569	116,881
Donated Goods	43,308	-	50,737	94,045
Marketing and Advertising	23,712	7,890	102,110	133,712
Event Supplies	12,604	15	46,358	58,977
Occupancy	46,947	12,045	23,342	82,334
IT and Website Maintenance	53,810	21,483	41,567	116,860
Equipment Rentals	48,484	-	558,723	607,207
Amortization	14,177	3,090	5,944	23,211
Meetings and Travel	4,379	1,697	19,514	25,590
Insurance	21,878	8,735	16,900	47,513
Office and Business	101,458	34,799	43,127	179,384
Event Management Staff	340	-	106,382	106,722
Staff Development	35,998	13,841	27,515	77,354
Dues and Memberships	15,776	6,297	12,186	34,259
Credit Card and Bank Fees	-	-	111,774	111,774
Taxes and Penalties	-	818	-	818
Emergency Response	-	-	90,728	90,728
Contract Services	297,226	98,063	298,893	694,182
Other Cost of Direct Benefits	-	-	2,218,568	2,218,568
Total Expenses by Function	<u>\$ 9,887,172</u>	<u>\$ 498,068</u>	<u>\$ 4,408,239</u>	<u>\$ 14,793,479</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to participants	<u>-</u>	<u>-</u>	<u>(2,293,137)</u>	<u>(2,293,137)</u>
Total Expenses include in the expense section on the statement of activities	<u>\$ 9,887,172</u>	<u>\$ 498,068</u>	<u>\$ 2,115,102</u>	<u>\$ 12,500,342</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**Curebound**  
Statement of Cash Flows  
For the Year Ended December 31, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (2,104,814)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	23,211
(Increase) decrease in operating assets:	
Accounts receivable	(139,725)
Promises to give	2,663,361
Security deposit and other assets	(72,224)
Right of Use Assets	(2,103)
Increase (decrease) in operating liabilities	
Beneficiaries payable	2,880,146
Accounts payable	41,393
Accrued expenses	28,216
Deferred revenue	<u>25,823</u>
Net cash provided by operating activities	<u>3,343,284</u>
Net Change in cash	3,343,284
Cash, beginning of year	<u>10,319,720</u>
Cash, end of year	<u>\$ 13,663,004</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CUREBOUND  
Notes to Financial Statements  
For the Year Ended December 31, 2023

**Note 1.      Organization and Nature of Activities**

Curebound (the Organization) is a non-profit public benefit corporation incorporated in 2012 as Pedal the Cause – San Diego. During 2021, the name was changed to Curebound. Curebound operates under the DBA Padres Pedal the Cause.

The Organization’s mission is to provide funding for the best cancer research ideas in San Diego. All proceeds from Curebound stay in San Diego to fund innovative and collaborative cancer research among six world-class beneficiaries.

**Note 2.      Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements are presented on the accrual basis, in accordance with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

Management considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. As of December 31, 2023, the Organization did not have any cash equivalents.

**Receivables and Credit Policies**

Accounts receivable consists primarily of amounts due from participants and sponsors from fundraising events.

Effective January 1, 2023, the Organization adopted the provisions of FASB ASC Topic 326, Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13)—This update establishes the current expected credit loss (CECL) model established by ASU 2016-13, which requires the immediate recognition of estimated expected credit losses over the life of a financial instrument, including trade receivables, net investments in leases (for lessors with sales-type or direct financing leases), and certain off-balance sheet credit exposures. The estimate of expected credit losses considers historical information as well as current and future economic conditions and events. The Company adopted this standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements. Management determined that an allowance was not necessary based upon the factors above as they are expected to be zero for the year ended December 31, 2023.



CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 2. Summary of Significant Accounting Policies (continued)**

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is based on historical experience. Promises to give are written off when deemed uncollectable. As of December 31, 2023, management determined that no allowance was necessary.

**Property and Equipment**

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization does not have any physical assets as of December 31, 2023.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023.

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 2 - Significant Accounting Policies (continued)**

**Net Assets (continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. As of December 31, 2023, net assets with donor restrictions totaled \$9,870,497.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets released from time restrictions during the year ending December 31, 2023, totaled \$3,575,991.

**Revenue and Revenue Recognition**

Special events revenue is recorded equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time when the event is held. That is the point where the performance obligation has been met.

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are recorded. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization monetizes donated stock and when received.

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 2 - Significant Accounting Policies (continued)**

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising Costs**

Advertising and marketing costs are expensed as incurred.

**Income Tax Status**

The Organization is a not-for-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code and similar laws of the State of California. The Organization is exempt from income taxes under the Internal Revenue Code, and Section 23701(d) of the State Revenue and Taxation Code.

Management has reviewed its position for all open tax years and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal and state Exempt Organization Tax Returns are subject to examination, generally for three and four years, respectively, after they were filed. Management has determined that the Organizations does not have unrelated business income tax.

**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 amount and disclosure under different assumptions or conditions. Accordingly, actual results could differ from those estimates.

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 2 - Significant Accounting Policies (continued)**

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash with financial institutions. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates from consistent donors.

**Note 3.           Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$13,663,004
Promises to Give, current	4,119,618
Accounts Receivables	<u>650,680</u>
	<u>\$18,433,302</u>

As part of the liquidity management plan, management maintains liquid cash accounts with a financial institution.

**Note 4.           Promises to Give**

Unconditional promises to give are estimated to be collected as follows at December 31:

2024		\$ 4,119,618
2025		3,344,993
2026		2,445,000
2027		120,000
2028		<u>100,000</u>
	Total Promises to Give	\$10,129,611
	Present Value Discount of 3%	<u>(259,114)</u>
	Promises to Give, net	<u>\$ 9,870,497</u>

At December 31, 2023, one donor accounted for 60% of the promises to give.

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 5.           Receivables**

Accounts receivables at December 31, 2023 totaled \$650,680. All receivables are expected to be collected within the next year. Management has determined that they will be fully collectible. An allowance for doubtful accounts for estimated losses that result from the failure or inability of customers to make required payments is considered as well as future and current economic conditions. When determining the allowance, the Organization considers the probability of recoverability of receivables based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged receivable balances with allowances generally increasing as the receivable ages. Receivable may be fully reserved for when specific collection issues are known to exist. The analysis of receivables is performed throughout the year. For the year ended December 31, 2023, management determined that an allowance was not necessary based upon the factors above.

**Note 6.           Accrued Leave Benefits**

Accumulated unpaid employee vacation benefits are recognized as a liability by multiplying the accumulated hours of accrued vacation benefits per employee times the hourly rate per employee. The Organization has a policy which allows employees to carry leave from one fiscal year to the next. For the year ended December 31, 2023, the Organization's accrued leave liability totaled \$48,820.

**Note 7.           Beneficiary Payable**

The Organization awards a portion of amounts received from fundraising efforts to prominent cancer research institutes on an annual basis. The amount awarded and payable as of December 31, 2023 totaled \$5,878,291 and was paid subsequent to year end.

**Note 8.           Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, amortization, salaries and wages, benefits, payroll taxes, professional services, office expenses, IT and website technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**Note 9.           Operating Lease**

The Organization's facility lease continued through April 2024. At that time, the Organization moved to new office space.

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 9. Operating Lease (continued)**

Included in the determination of the right-of-use asset and lease liability are any renewal options when the option is reasonably certain to be exercised. The operating lease does not provide for any increases in future minimum annual rental payments.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the facility lease classes of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term in years:		Weighted-average discount rate:
Operating leases-facility	.3	Operating leases 4.17%

The future minimum lease payments under noncancelable operating lease with terms greater than one year are listed below as of December 31:

	<u>Operating</u>
2024	\$ 21,515
Less Discount	<u>(1,737)</u>
Present value of lease liability	<u>\$ 19,778</u>

**Note 10. Deferred Revenue**

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2023:

	<u>Sponsorship</u>	<u>Registration</u>	<u>Total</u>
Deferred revenue, beginning of year	\$ 77,500	\$59,430	\$136,930
Revenue recognized that was included in deferred revenue at the beginning of year	(77,500)	(59,430)	(136,930)
Increases in deferred revenue earned during year	<u>127,510</u>	<u>35,243</u>	<u>162,753</u>
Deferred revenue, end of year	<u>\$127,510</u>	<u>\$35,243</u>	<u>\$162,753</u>

CUREBOUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

**Note 11.                      Subsequent Events**

Management has performed an evaluation of subsequent events through June 24, 2024, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to or disclosure in the financial statements.