

The Children's Oncology Group Foundation, Inc.

Financial Statements

December 31, 2022 and 2021

The Children's Oncology Group Foundation, Inc.

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Independent Auditors' Report

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

Opinion

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, 2022 and 2021, 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, 2022 and 2021, 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
October 16, 2023

The Children's Oncology Group Foundation, Inc.

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Assets		
Cash and cash equivalents	\$ 9,075,016	\$ 5,798,956
Restricted cash and cash equivalents	9,287,105	12,183,508
Grants and contributions receivable	5,942,794	4,059,970
Prepaid expenses	515,309	794,739
	<u>24,820,224</u>	<u>22,837,173</u>
Total assets	<u>\$ 24,820,224</u>	<u>\$ 22,837,173</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 6,916,457	\$ 3,945,897
Deferred revenue	15,500	34,250
	<u>6,931,957</u>	<u>3,980,147</u>
Total liabilities	<u>6,931,957</u>	<u>3,980,147</u>
Net Assets		
Without donor restrictions	2,658,368	2,613,548
With donor restrictions	15,229,899	16,243,478
	<u>17,888,267</u>	<u>18,857,026</u>
Total net assets	<u>17,888,267</u>	<u>18,857,026</u>
Total liabilities and net assets	<u>\$ 24,820,224</u>	<u>\$ 22,837,173</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Activities

Year Ended December 31, 2022 With Comparative Totals for the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	2022 Total	2021 Total
Revenues, Gains and Other Support				
Grants	\$ 60,000	\$ 8,104,873	\$ 8,164,873	\$ 7,189,256
Contributions	111,584	77,484	189,068	175,947
Conference revenue	276,075	-	276,075	120,751
Contributed nonfinancial assets	860	-	860	9,030
Bank interest	2,847	-	2,847	520
Investment income	73,991	-	73,991	368
Other income	-	-	-	1,013
Net assets released from restriction	9,195,936	(9,195,936)	-	-
	<u>9,721,293</u>	<u>(1,013,579)</u>	<u>8,707,714</u>	<u>7,496,885</u>
Total revenues, gains and other support				
	<u>9,721,293</u>	<u>(1,013,579)</u>	<u>8,707,714</u>	<u>7,496,885</u>
Expenses				
Program services	9,343,012	-	9,343,012	6,704,859
Supporting services:				
Management and general	317,914	-	317,914	139,340
Fundraising	15,547	-	15,547	12,097
	<u>333,461</u>	<u>-</u>	<u>333,461</u>	<u>151,437</u>
Total supporting services expenses				
	<u>333,461</u>	<u>-</u>	<u>333,461</u>	<u>151,437</u>
Total expenses	<u>9,676,473</u>	<u>-</u>	<u>9,676,473</u>	<u>6,856,296</u>
Changes in net assets	44,820	(1,013,579)	(968,759)	640,589
Net Assets, Beginning	<u>2,613,548</u>	<u>16,243,478</u>	<u>18,857,026</u>	<u>18,216,437</u>
Net Assets, Ending	<u>\$ 2,658,368</u>	<u>\$ 15,229,899</u>	<u>\$ 17,888,267</u>	<u>\$ 18,857,026</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support			
Grants	\$ -	\$ 7,189,256	\$ 7,189,256
Contributions	135,208	40,739	175,947
Conference revenue	120,751	-	120,751
Contributed nonfinancial assets	9,030	-	9,030
Bank interest	520	-	520
Investment income	368	-	368
Other income	1,013	-	1,013
Net assets released from restriction	6,664,163	(6,664,163)	-
	<u>6,931,053</u>	<u>565,832</u>	<u>7,496,885</u>
Total revenues, gains and other support			
Expenses			
Program services	6,704,859	-	6,704,859
Supporting services:			
Management and general	139,340	-	139,340
Fundraising	12,097	-	12,097
	<u>151,437</u>	<u>-</u>	<u>151,437</u>
Total supporting services expenses			
Total expenses	6,856,296	-	6,856,296
	<u>6,856,296</u>	<u>-</u>	<u>6,856,296</u>
Total expenses			
Changes in net assets	74,757	565,832	640,589
	<u>74,757</u>	<u>565,832</u>	<u>640,589</u>
Changes in net assets			
Net Assets, Beginning	2,538,791	15,677,646	18,216,437
	<u>2,538,791</u>	<u>15,677,646</u>	<u>18,216,437</u>
Net Assets, Beginning			
Net Assets, Ending	\$ 2,613,548	\$ 16,243,478	\$ 18,857,026
	<u>\$ 2,613,548</u>	<u>\$ 16,243,478</u>	<u>\$ 18,857,026</u>
Net Assets, Ending			

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Functional Expenses

Years Ended December 31, 2022 and 2021

	2022						
	COG Site Support	Program Capacity	Other COG Research	Total Programs	Management and General	Fundraising	Total
Grant expense	\$ 6,130,050	\$ -	\$ 2,142,979	\$ 8,273,029	\$ -	\$ -	\$ 8,273,029
Research expense	-	-	849,930	849,930	-	-	849,930
Professional fees	-	63,287	-	63,287	439,703	-	502,990
Conference	-	22,840	-	22,840	-	-	22,840
Other expenses	-	30	-	30	16,444	3,240	19,714
Insurance	-	-	-	-	7,970	-	7,970
Indirect cost allocation	43,063	64,207	26,626	133,896	(146,203)	12,307	-
	<u>\$ 6,173,113</u>	<u>\$ 150,364</u>	<u>\$ 3,019,535</u>	<u>\$ 9,343,012</u>	<u>\$ 317,914</u>	<u>\$ 15,547</u>	<u>\$ 9,676,473</u>
	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>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ (968,759)	\$ 640,589
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Grants and contributions receivable	(1,882,824)	3,380,502
Prepaid expenses	279,430	(658,674)
Accounts payable and accrued expenses	2,970,560	1,111,503
Deferred revenue	(18,750)	34,250
	<u>379,657</u>	<u>4,508,170</u>
Net cash provided by operating activities	<u>379,657</u>	<u>4,508,170</u>
Net increase in cash and cash equivalents	379,657	4,508,170
Cash and Cash Equivalents, Beginning	<u>17,982,464</u>	<u>13,474,294</u>
Cash and Cash Equivalents, Ending	<u>\$ 18,362,121</u>	<u>\$ 17,982,464</u>
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 9,075,016	\$ 5,798,956
Restricted cash and cash equivalents	9,287,105	12,183,508
	<u>\$ 18,362,121</u>	<u>\$ 17,982,464</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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 grant expense consisted of sub-grants made primarily to one organization that disperses the funds on behalf of the Foundation to COG member sites. In 2022, the Foundation changed their sub-grant process in order to disperse grant expense funds directly 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, 2022 and 2021. 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, 2022 and 2021.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021 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 \$15,500 and \$34,250 as of December 31, 2022 and 2021, respectively.

Contributed Nonfinancial Assets

Contributed nonfinancial assets 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 \$860 and \$9,030 contributed legal services in the years ended December 31, 2022 and 2021, respectively.

The contributed legal services received were to help support the Foundation's regular operations. There were no donor restrictions associated with the contributed nonfinancial assets.

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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consists of interest-bearing deposits with original maturities of three months or less held by the Foundation that is purpose restricted for future use by donor stipulations.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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 an estimate of personnel time and effort.

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.

Subsequent Events

Subsequent events were evaluated for recognition or disclosure through October 16, 2023, the date the financial statements were available to be issued.

Reclassifications

Reclassifications have been reflected in the current period for prior year balances. Such reclassifications are for comparative purposes only and do not restate the prior year financial statements.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Accounting Standards Adopted in the Current Year

During 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Foundation has adjusted the presentation of these financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented by expanding disclosures surrounding contributed services.

Effective January 1, 2022, the Foundation adopted FASB ASU No. 2016-02, *Leases (as amended) (Topic 842)*. ASC 842 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Under the provisions of ASC 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the statement of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Foundation's leasing activities. The Foundation also elected the package of practical expedients, which permits the Foundation to not reassess its prior conclusions about lease identification, classification and initial direct costs.

The adoption of ASU No. 2016-02 (as amended) did not impact the Foundation's financial statements. The Foundation is not currently involved in any leasing arrangements.

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,075,016	\$ 5,798,956
Restricted cash and cash equivalents	9,287,105	12,183,508
Grants and contributions receivable with donor restrictions expected to be collected and the donor-purpose restrictions met within one year	<u>5,942,794</u>	<u>4,059,970</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 24,304,915</u>	<u>\$ 22,042,434</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 restricted cash and cash equivalents 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.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

4. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Pediatric cancer research supplemental programs	\$ 2,416,500	\$ 2,430,579
Project: EveryChild	3,905,516	3,143,943
Infrastructure projects	151,218	350,554
Long-term follow-up center	140,000	441,390
COG Reference Laboratories	150,000	465,807
Leukemia research	1,211,844	1,236,884
Bone tumor research	40,300	20,000
Acute myeloid leukemia research	308,780	826,077
Lymphoma research	5,000	11,500
Nursing discipline	114,630	115,025
Adolescent and young adult research	151,172	151,172
General cancer research	41,591	28,915
Other research support	6,069,656	5,815,928
Central nervous system tumor research	1,523	2,391
Neuroblastoma research	246,656	626,675
Renal tumor research	69,992	127,992
Soft tissue sarcoma research	20,661	200,100
Hepatoblastoma Research	109,860	173,546
Pediatric MATCH	75,000	75,000
	<u>\$ 15,229,899</u>	<u>\$ 16,243,478</u>

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pediatric cancer research supplemental programs	\$ 3,922,200	\$ 3,048,600
Project: EveryChild	2,212,044	1,762,217
Infrastructure projects	214,336	161,463
Long-term follow-up center	137,629	116,500
Integrated Translational Science Centers	-	209,631
COG Reference Laboratories	315,807	-
Leukemia research	374,354	214,408
Bone tumor research	50,000	59,116
Acute myeloid leukemia research	519,392	336,457
Nursing discipline	395	507
Adolescent and young adult research	100,000	-
General cancer research	41,615	55,492
Other research support	746,272	217,030
Central nervous system tumor research	-	281,132
Neuroblastoma research	380,019	3,895
Renal tumor research	-	79,646
Soft tissue sarcoma research	54,500	2,267
Hepatoblastoma Research	127,373	40,802
Pediatric MATCH	-	75,000
	<u>\$ 9,195,936</u>	<u>\$ 6,664,163</u>
Total	<u>\$ 9,195,936</u>	<u>\$ 6,664,163</u>

6. Concentrations of Risk

For the year ended December 31, 2022 approximately 79% of revenues were from three organizations. For the year ended December 31, 2021, approximately 76% of revenues were from four organizations. Approximately 99.4% and 99% of the grants receivable balance for December 31, 2022 and 2021, 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, 2022 and 2021.

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.