

PEDIATRIC CANCER RESEARCH FOUNDATION (A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

December 31, 2021
With Comparative Totals for 2020

CONTENTS

Independent Auditors' Report.....	1-2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-16

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pediatric Cancer Research Foundation

Opinion

We have audited the accompanying financial statements of Pediatric Cancer Research Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Report on Summarized Comparative Information

We have previously audited the financial statements of the Foundation as of and for the year ended December 31, 2020, and we have expressed an unmodified opinion on those statements in our report dated June 11, 2021. The summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent in all material respects with the 2020 audited financial statements from which it has been derived.



Irvine, California
March 30, 2022

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

ASSETS

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,125,675	\$ 2,982,807
Contributions receivable	161,432	39,662
Other assets	89,742	99,732
Property and equipment, net	558	11,803
Investment, at cost	<u>250,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,627,407</u>	<u>\$ 3,134,004</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 68,072	\$ 25,199
Grants payable	895,784	295,571
Deferred revenue	46,583	35,034
PPP loan advance	<u>82,933</u>	<u>-</u>
TOTAL LIABILITIES	1,093,372	355,804

COMMITMENTS AND CONTINGENCIES (Note 7)

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2,534,035</u>	<u>2,778,200</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,627,407</u>	<u>\$ 3,134,004</u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	For the Year Ended December 31,	
	2021	2020
Revenue:		
General public support	\$ 1,473,417	\$ 2,426,508
Special events, net of direct costs of \$808,395 in 2021 and \$336,318 in 2020	1,348,539	706,747
CARES Act income	<u>-</u>	<u>100,500</u>
Total revenue and support	<u>2,821,956</u>	<u>3,233,755</u>
Expenses:		
Program services:		
Pediatric cancer research	2,358,704	2,126,954
Support services:		
Management and general	135,444	171,832
Fundraising	<u>571,973</u>	<u>413,204</u>
Total expenses	<u>3,066,121</u>	<u>2,711,990</u>
Change in net assets	(244,165)	521,765
Net assets without donor restrictions, beginning of year	<u>2,778,200</u>	<u>2,256,435</u>
Net assets without donor restrictions, end of year	<u>\$ 2,534,035</u>	<u>\$ 2,778,200</u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>Program Services</u>	<u>Support Services</u>			
	<u>Pediatric Cancer Research</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Grants for pediatric cancer research	\$ 2,078,326	\$ -	\$ -	\$ 2,078,326	\$ 1,962,656
Other program services and support	11,555	-	-	11,555	6,362
Salaries and related costs	199,158	58,522	238,877	496,557	456,032
Postage, printing, and supplies	4,996	7,495	33,045	45,536	24,186
Rent and utilities	40,759	11,836	48,888	101,483	71,465
Professional services	18,234	24,009	69,772	112,015	72,484
Public relations and marketing	-	-	126,701	126,701	33,988
Credit card fees	-	-	10,787	10,787	24,950
Insurance	809	6,193	4,116	11,118	11,131
Miscellaneous	4,534	24,661	31,603	60,798	33,519
Depreciation	<u>333</u>	<u>2,728</u>	<u>8,184</u>	<u>11,245</u>	<u>15,217</u>
Total expenses	<u>\$ 2,358,704</u>	<u>\$ 135,444</u>	<u>\$ 571,973</u>	<u>\$ 3,066,121</u>	<u>\$ 2,711,990</u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (244,165)	\$ 521,765
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	11,245	15,217
Forgiveness of Paycheck Protection Program loan	-	(92,500)
Changes in assets and liabilities:		
Contributions receivable	(121,770)	101,624
Other assets	9,990	(76,249)
Accounts payable and accrued expenses	42,873	(28,127)
Grants payable	600,213	(401,118)
Deferred revenue	11,549	1,464
Net Cash Provided By Operating Activities	<u>309,935</u>	<u>42,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturity of investments	-	400,000
Purchase of investment	<u>(250,000)</u>	<u>-</u>
Net Cash Provided By (Used In) Investing Activities	<u>(250,000)</u>	<u>400,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>82,933</u>	<u>92,500</u>
Net Cash Provided By Financing Activities	<u>82,933</u>	<u>92,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	142,868	534,576
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,982,807</u>	<u>2,448,231</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,125,675</u></u>	<u><u>\$ 2,982,807</u></u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies

Organization and Business Activity of the Reporting Entity

Pediatric Cancer Research Foundation (the Foundation) is a nonprofit public benefit corporation incorporated on December 2, 1982 under the laws of the state of California. The Foundation is headquartered in Irvine, California. The Foundation is primarily engaged in fundraising activities and awarding grants to organizations for the purpose of funding pediatric cancer research.

Basis of Presentation

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which involves the application of accrual accounting; consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The Foundation reports 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. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation has no net assets with donor restrictions as of December 31, 2021 and 2020.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. As restrictions are satisfied, 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. When donor restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Foundation reports both the revenue and the related expense in the net assets without donor restrictions category.

Net assets with donor restrictions also includes net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior-Period Comparative Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

The Foundation includes in cash all cash accounts, certificates of deposit, money market accounts, and all highly liquid investments with original maturities of three months or less.

Contributions Receivable

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and knowledge of circumstances that may affect the collectability of the receivables. It is the Foundation's policy to write off uncollectible receivables when management determines the receivable will not be collected. During the years ended December 31, 2021 and 2020, write-offs of receivables totaled \$500 and \$5,420, respectively. At December 31, 2021 and 2020, management considers receivables fully collectible.

Other Assets

Certain payments to vendors reflect costs or deposits applicable to future accounting periods, are recorded as prepaid items, and are included in other assets in the statement of financial position.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost if purchased and fair value if donated, and depreciated using the straight-line method over the estimated useful lives (3-5 years) of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the lease term. Expenditures for repairs and maintenance are charged to supporting services when incurred; renewals and betterments are capitalized. Upon sale or disposal of property and equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the statement of activities and changes in net assets.

Investment

The Foundation classifies its investment in the right to certain shares of capital stock of a privately held company at cost. (See Note 4.)

Impairment of Long-Lived Assets

The Foundation's long-lived assets include property and equipment. In accordance with generally accepted accounting principles, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flows from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. As of December 31, 2021 and 2020, management did not identify any material impairment of the Foundation's long-lived assets.

Grants Payable

Grants payable consists of amounts awarded but not paid as of December 31, 2021 and 2020.

Due to grant agreements requiring certain concessions, budgets, and forecasts from the grantees, grants are considered to have been awarded at the time the Foundation and the grantee have executed the grant agreement for the first year of the grant period. Subsequent years of multi-year grants are considered to have been awarded upon receipt of certain reporting requirements from grantee organizations, as provided in the letters of agreements.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue represents funds received in advance of special events to be held in the subsequent year.

Revenue Recognition

Contributions are recognized as revenue when the Foundation receives an unconditional “promise to pay” from the donor.

All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as additions to net assets with donor restrictions. When a restriction has been satisfied, the related 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 restriction.

Revenue from special events is recognized when the activities are held.

Donated Services and Materials

The Foundation receives a substantial amount of services donated by individuals interested in the Foundation’s objectives. Services provided generally involve the contribution of time to organize and administer fundraising campaigns and to provide necessary services. The value of such volunteers’ services has not been reflected in the accompanying financial statements since it does not meet the criteria for revenue recognition.

Donated materials and assets are recorded at their fair value at the date of the gift. Donated materials and assets related to special events aggregated \$314,320 and \$112,914 for the years ended December 31, 2021 and 2020, respectively, and are included with special events in the statement of activities and changes in net assets.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets, and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Depreciation	Usage by square footage
Professional services	Time and effort
Rent and utilities	Usage by square footage

Income Taxes

The Foundation qualifies as a tax-exempt foundation under Section 501(c)(3) of the Internal Revenue Code and under the corresponding tax codes of California. The Foundation is also registered in the states of New York, New Jersey, and Illinois.

FASB ASC Topic 740, Income Taxes, requires management to evaluate the tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2021, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by the taxing jurisdictions. The statute of limitations for federal and California purposes is generally three and four years, respectively.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The FASB has approved a deferral of the effective date of Topic 842 until annual reporting periods beginning after December 15, 2021 (fiscal year ending December 31, 2022 for the Foundation). The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021 (fiscal year ending December 31, 2022 for the Foundation). The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent Events

Management has evaluated the impact of any subsequent events through March 30, 2022, the date on which the accompanying financial statements were available to be issued.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Liquidity and Availability of Resources

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

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,125,675
Contributions receivable	<u>161,432</u>
	<u>\$ 3,287,107</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Property and Equipment

Property and equipment is comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 12,566	\$ 12,566
Computer software	29,000	29,000
Vehicles	16,785	16,785
Leasehold improvements	<u>3,064</u>	<u>3,064</u>
Total property and equipment	61,415	61,415
Less accumulated depreciation and amortization	<u>(60,857)</u>	<u>(49,612)</u>
Total property and equipment, net	<u>\$ 558</u>	<u>\$ 11,803</u>

For the years ended December 31, 2021 and 2020, the Foundation recorded depreciation expense of \$11,245 and \$15,217, respectively.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 4 – Investment, at Cost

During the year ended December 31, 2021, the Foundation invested \$250,000 in a Simple Agreement for Future Equity (SAFE) with Oncoheroes Biosciences Inc. (Oncoheroes). The SAFE investment gives PCRf the right to certain shares of Oncoheroes Biosciences Inc. (Oncoheroes) capital stock, which is carried at cost. The right to the shares is available to the Foundation upon a Change in Control or Initial Public Offering by Oncoheroes, either defined as a Liquidity Event in the Agreement. If there is a Liquidity Event, and the right to receive Oncoheroes shares is not exercised by the Foundation, the Foundation will receive a cash payment of 200% of the investment amount. This investment has not been evaluated for impairment because it is not practicable to estimate the fair value due to insufficient information being available and management has not identified any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. The fair value of this investment may differ from the amount recorded.

NOTE 5 – Concentrations

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to \$250,000 at FDIC-insured institutions are covered by FDIC insurance. At times, deposits may be in excess of the FDIC insurance limit; however, management does not believe the Foundation is exposed to any significant related credit risk.

NOTE 6 – CARES Act Income

Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain conditions are met.

In February 2020, the Foundation received a loan in the amount of \$92,500 through the PPP. In December 2020, the Foundation received notification from the Small Business Administration (SBA) that the loan was forgiven in full, and recognized the income from the CARES Act in the statement of activities and changes in net assets.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 – CARES Act Income (Continued)

Paycheck Protection Program Loan (Continued)

In February 2021, the Foundation received a second PPP loan in the amount of \$82,933, with entire principal and unpaid interest at 1% due February 2026. The second PPP loan includes the same general terms as the first PPP loan regarding forgiveness as long as the proceeds are used for qualifying purposes and certain conditions are met. Management believes that the proceeds were used only for qualifying purposes; therefore, management anticipates that the loan will be substantially forgiven.

Economic Injury Disaster Loan Advance

In April 2020, the Foundation qualified for an Economic Injury Disaster Loan Advance (EIDL Advance) of \$8,000 under the CARES Act. Per the terms of the EIDL Advance as outlined by the SBA, the EIDL Advance was designed to provide emergency economic relief to businesses that experienced a temporary loss of revenue in 2020 and does not have to be repaid. As a result, the Foundation recognized income related to the EIDL Advance totaling \$8,000 during the year ended December 31, 2020. The EIDL Advance was included in other assets in the statement of financial position at December 31, 2020, and was received by the Foundation in February 2021.

NOTE 7 – Commitments and Contingencies

Operating Leases

The Foundation leases its facility under a lease agreement dated April 20, 2017. The minimum monthly base rent as of December 31, 2021 is \$4,061. The lease agreement provides for annual increases based on predetermined amounts. In addition to the base rent, the Foundation pays common area maintenance charges, which are included in rent expense. Rent expense for the years ended December 31, 2021 and 2020, was \$47,851 and \$47,582, respectively. The future minimum payments under the lease are as follows for the year ended:

December 31,

2022	<u>\$ 28,427</u>
	<u>\$ 28,427</u>

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 7 – Commitments and Contingencies (Continued)

Risks Associated with the Impact of COVID-19

Given the severity and global nature of the COVID-19 pandemic, the impact to the Foundation's business and its financial position and operating results has been, and may continue to be, significant. There continues to be significant uncertainty, and management continues to monitor the risks of the pandemic and to evaluate the potential future impacts on its business and financial statements. The risks and impact on the financial statements may manifest in the areas of, among others: i) investments: increased risk of loss on the Foundation's investments due to default or deterioration in credit quality or value; ii) revenue: increased risk of reductions in various sources of the Foundation's revenue streams; and iii) program services: increased risk of the Foundation's inability to meet its program services funding objectives or commitments.

NOTE 8 – Employee Benefit Plan

The Foundation adopted a SIMPLE IRA retirement program. The Foundation expects to make matching contributions of 1% to 3%, with a mandatory matching contribution of 3% to be made in at least one year of every three-year period. The Foundation made \$8,268 and \$7,690 in matching contributions under the SIMPLE IRA retirement program during the years ended December 31, 2021 and 2020, respectively.