

PEDIATRIC CANCER RESEARCH FOUNDATION (A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2024

With Comparative Totals for December 31, 2023

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	7-18

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 June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the six-month period 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 June 30, 2024, and the changes in its net assets and its cash flows for the six-month period 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, 2023, and we have expressed an unmodified opinion on those statements in our report dated May 29, 2024. The summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent in all material respects with the 2023 audited financial statements from which it has been derived.



Irvine, California
January 27, 2025

PEDIATRIC CANCER RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

ASSETS

	June 30,	December 31,
	2024	2023
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 663,371	\$ 1,527,799
Investments	1,574,083	999,710
Contributions receivable	69,831	121,345
Other assets	119,430	120,838
Operating lease right-of-use assets	252,278	286,244
Investment, at cost	<u>250,000</u>	<u>250,000</u>
TOTAL ASSETS	\$ 2,928,993	\$ 3,305,936

LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS

LIABILITIES		
Accounts payable and accrued expenses	\$ 164,469	\$ 247,474
Grants payable	965,847	846,422
Deferred revenue	325,351	164,181
Operating lease liabilities	<u>283,077</u>	<u>317,896</u>
TOTAL LIABILITIES	1,738,744	1,575,973
CONTINGENCIES (Note 7)		
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,190,249</u>	<u>1,729,963</u>
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,928,993	\$ 3,305,936

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 SIX-MONTH PERIOD ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)**

	For the Six Months Ended June 30, 2024	For the Year Ended December 31, 2023
	<u> </u>	<u> </u>
Revenue:		
General public support	\$ 969,645	\$ 2,148,375
Special events, net of direct costs of \$451,241 in 2024 and \$1,544,391 in 2023	346,278	1,474,156
In-kind contributions	29,817	158,313
Investment return, net	27,072	57,627
Employee Retention Credits	-	161,825
	<u> </u>	<u> </u>
Total revenue and support	<u>1,372,812</u>	<u>4,000,296</u>
Expenses:		
Program services:		
Pediatric cancer research	1,193,411	2,638,079
Support services:		
Management and general	80,416	160,754
Fundraising	638,699	935,852
Total expenses	<u>1,912,526</u>	<u>3,734,685</u>
Change in net assets without donor restrictions	(539,714)	265,611
Net assets without donor restrictions, beginning of year	<u>1,729,963</u>	<u>1,464,352</u>
Net assets without donor restrictions, end of year	<u>\$ 1,190,249</u>	<u>\$ 1,729,963</u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)**

	Program Services	Support Services		2024 Total	2023 Total
	Pediatric Cancer Research	Management and General	Fundraising		
Grants for pediatric cancer research	\$ 887,306	\$ -	\$ -	\$ 887,306	\$ 2,040,951
Other program services and support	42,758	-	-	42,758	119,237
Salaries and related costs	150,872	50,896	281,792	483,560	784,302
Postage, printing, and supplies	2,027	3,040	5,067	10,134	19,293
Rent and utilities	18,508	6,229	34,554	59,291	139,082
Professional services	57,507	15,750	183,212	256,469	379,243
Public relations and marketing	30,679	-	121,141	151,820	208,498
Credit card fees	-	430	5,007	5,437	6,293
Insurance	2,183	1,663	5,004	8,850	12,239
Miscellaneous	1,571	2,408	2,922	6,901	25,547
Total expenses	\$ 1,193,411	\$ 80,416	\$ 638,699	\$ 1,912,526	\$ 3,734,685

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

PEDIATRIC CANCER RESEARCH FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)**

	For the Six Months Ended June 30, 2024	For the Year Ended December 31, 2023
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	\$ (539,714)	\$ 265,611
Adjustments to reconcile change in net assets without donor restrictions to net cash from operating activities:		
Amortization of operating lease right-of-use assets	33,967	66,553
Contribution of investments	-	(26,361)
Realized and unrealized loss (gain) on investments	11,537	(32,119)
Changes in operating assets and liabilities:		
Contributions receivable	51,514	32,105
Other assets	1,408	67,879
Accounts payable and accrued expenses	(83,005)	63,918
Grants payable	119,425	(222,304)
Deferred revenue	161,170	(22,174)
Operating lease liabilities	(34,819)	(60,320)
Net Cash Provided By (Used In) Operating Activities	<u>(278,517)</u>	<u>132,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,085,911)	(1,479,542)
Proceeds from sale of investments	<u>500,000</u>	<u>1,525,762</u>
Net Cash Provided By (Used In) Investing Activities	<u>(585,911)</u>	<u>46,220</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(864,428)	179,008
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,527,799</u>	<u>1,348,791</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 663,371</u>	<u>\$ 1,527,799</u>

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

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

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.

Accounting Period

On January 1, 2024, the Foundation changed its year-end from December 31 to June 30 resulting in a six month period ended of June 30, 2024. These financials include the activity from January 1, 2024 to June 30, 2024.

Basis of Presentation

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. 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 June 30, 2024.

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 and changes in net assets 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 net assets without donor restrictions.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current period's format.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2023, 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. There were no cash equivalents as of June 30, 2024.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Investments

The Foundation's investments are comprised of U.S. Treasury Notes and certificates of deposit. U.S. Treasury Notes and certificates of deposits with original maturities of less than three months are included with cash and cash equivalents. U.S. Treasury Notes and certificates of deposit with original maturities of greater than three months are included in investments. U.S. Treasury Notes and certificate of deposits are reported at fair value.

Contributions Receivable

Receivables are stated at unpaid balances, less an allowance for credit losses. The Foundation provides for losses on receivables using the current expected credit loss "CECL" methodology. The allowance is based on historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process and provides for probable uncollectable amounts through a charge to earnings and a credit to a credit losses based on its assessment. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses allowance and a credit to contributions receivable. Although the Foundation expects to collect amounts due, actual collections may differ. There was no allowance for credit losses for the six-month period ended June 30, 2024. The Foundation recognized no credit losses and no bad debt expense for the six-month period ended June 30, 2024. At June 30, 2024, 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

JUNE 30, 2024

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 (three to five 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. The Foundation's property and equipment were fully depreciated as of June 30, 2024.

Investment, at Cost

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 U.S. GAAP, 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 are 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 June 30, 2024, 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 June 30, 2024.

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

JUNE 30, 2024

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 and changes in net assets as net assets released from restriction.

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

In-Kind Contributions

In-kind contributions are recorded at their estimated fair values on the date received. For the six-month period ended June 30, 2024, in-kind contributions recognized within the statement of activities and changes in net assets included \$29,817 of in-kind contributions related to special events.

In-kind contributions did not have donor-imposed restrictions. In-kind contributions related to special events consist primarily of event promotional items, participant gift bag items, and auction items. These contributions were utilized in three of the Foundation's events during the six-month period ended June 30, 2024.

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.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

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
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.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 June 30, 2024, 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 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

JUNE 30, 2024

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Leasing Arrangements

The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances.

The Foundation's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Foundation has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities and changes in net assets in the period in which the obligation for the payments is incurred.

Concentrations of Credit Risk

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to \$250,000 at Federal Deposit Insurance Corporation (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.

Subsequent Events

Management has evaluated the impact of any subsequent events through January 27, 2025, the date on which the accompanying financial statements were available to be issued.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

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	\$ 663,371
Investments	1,574,083
Contributions receivable	<u>69,831</u>
	<u>\$ 2,307,285</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 – Investments

The Foundation follows the guidance required for fair value measurements of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis. The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

The Foundation groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liabilities.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 3 – Investments (Continued)

At June 30, 2024, the Foundation’s investments consisted of certificates of deposit totaling \$1,574,083, which are considered level 2 in the fair value hierarchy.

Total investment income for the six-month period ended June 30, 2024 is as follows:

Dividends	\$	38,609
Realized and unrealized loss		<u>(11,537)</u>
Total investment return, net	\$	<u>27,072</u>

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 the Foundation the right to certain shares of 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, both 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 – Employee Retention Credits

The Employee Retention Credit (ERC) program was enacted in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 2020 through September 2021. The full amount of \$161,825 of the refundable ERC claimed under the provisions of the CARES Act in the accompanying statement of activities and changes in net assets was collected during the year ended December 31, 2023.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 6 – Leasing Arrangements

The Foundation leases office space in Irvine under an operating lease with a five-year and five-month initial term. The lease includes a renewal option which can extend the lease term an additional five years. The exercise of the renewal option is at the sole discretion of the Foundation, and only lease options that the Foundation believes are reasonably certain to exercise are included in the measurement of the lease asset and liability.

Variable payments that are not determinable at the lease commencement are not included in the measurement of the lease assets and liabilities. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of June 30, 2024

Operating lease right-of-use assets	<u>\$ 252,278</u>
Operating lease liabilities	<u>\$ 283,077</u>

The components of operating lease expenses that are included in “rent and utilities” in the statement of functional expenses were as follows for the six-month period ended June 30, 2024:

Operating lease costs	<u>\$ 37,976</u>
-----------------------	------------------

The following summarizes the cash flow information related to leases for the six-month period ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 38,828

The weighted-average remaining lease term and discount rate as of June 30, 2024 were as follows:

Weighted-average remaining lease term - operating leases	3.5 years
Weighted-average discount rate - operating leases	2.7%

PEDIATRIC CANCER RESEARCH FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – Leasing Arrangements (Continued)

The maturities of operating lease liabilities as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Operating Lease</u>
2025	\$ 80,610
2026	83,834
2027	87,057
2028	<u>45,129</u>
Total minimum lease payments	296,630
Less amount representing interest	<u>(13,553)</u>
Present value of minimum lease payments	<u>\$ 283,077</u>

NOTE 7 – Contingencies

Legal

In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Foundation as of June 30, 2024.

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 \$17,233 in matching contributions under the SIMPLE IRA retirement program during the six-month period ended June 30, 2024.

PEDIATRIC CANCER RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 9 – Subsequent Events

Effective December 31, 2024, the Foundation expanded its current office space. Monthly rent for the additional space will start at \$3,847 and will expire on December 31, 2027. These amounts are not reflected in Note 6.