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**AMERICAN CHILDHOOD CANCER ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2021**

**MATTHEWS, CARTER & BOYCE**  
RESPECT. CONFIDENCE. TRUST.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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MATTHEWS, CARTER & BOYCE  
CPAs • ADVISORS

## Independent Auditors' Report

Board of Directors  
American Childhood Cancer Organization  
Beltsville, Maryland

### ***Opinion***

We have audited the financial statements of American Childhood Cancer Organization, 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 accompanying financial statements present fairly, in all material respects, the financial position of American Childhood Cancer Organization 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 (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 American Childhood Cancer Organization, 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 these 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 American Childhood Cancer Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 American Childhood Cancer Organization'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 American Childhood Cancer Organization'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.

Fairfax, Virginia  
August 19, 2022

A handwritten signature in cursive script that reads "Matthew, Carter and Boye".

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

|  |                     |
|--|---------------------|
| Cash and cash equivalents - unrestricted | \$ 1,238,584        |
| Cash and cash equivalents - restricted   | <u>122,464</u>      |
| Total cash                               | \$ 1,361,048        |
| Accounts receivable                      | 17,801              |
| Investments                              | 1,307,910           |
| Inventory                                | 225,477             |
| Prepaid expenses                         | <u>5,303</u>        |
| Total Current Assets                     | <u>\$ 2,917,539</u> |

**PROPERTY AND EQUIPMENT**

|                               |                 |
|-------------------------------|-----------------|
| Furniture and equipment       | \$ 54,215       |
| Less accumulated depreciation | <u>(45,177)</u> |
| Net Property and Equipment    | <u>\$ 9,038</u> |

**OTHER ASSETS**

|   |                  |
|---|------------------|
| Intangible assets, net of accumulated amortization of \$2,959 | \$ 62,989        |
| Deposits  | <u>6,604</u>     |
| Total Other Assets  | <u>\$ 69,593</u> |

**TOTAL ASSETS**

\$ 2,996,170

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                                       |                  |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | <u>\$ 20,585</u> |
| Total Current Liabilities             | <u>\$ 20,585</u> |

**NET ASSETS**

|                                       |                     |
|---------------------------------------|---------------------|
| Net assets without donor restrictions | \$ 2,148,116        |
| Net assets with donor restrictions    | <u>827,469</u>      |
| Total Net Assets                      | <u>\$ 2,975,585</u> |

**TOTAL LIABILITIES AND NET ASSETS**

\$ 2,996,170

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

**AMERICAN CHILDHOOD CANCER ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | Without<br>Donor Restrictions | With<br>Donor Restrictions | Total                      |
|---|-------------------------------|----------------------------|----------------------------|
| <b>REVENUE AND SUPPORT</b>  |                               |                            |                            |
| Grant revenue   | \$ 50,000                     | \$ 497,000                 | \$ 547,000                 |
| Government grant revenue, Paycheck Protection Program                                       | 70,000                        | -                          | 70,000                     |
| Contributions   | 923,691                       | -                          | 923,691                    |
| Pro bono legal services   | 107,361                       | -                          | 107,361                    |
| Event/Program revenue   | 202,104                       | 239,700                    | 441,804                    |
| Publication and merchandise sales   | 25,212                        | -                          | 25,212                     |
| Other revenue   | 27,090                        | -                          | 27,090                     |
| Net assets released from restriction due to<br>satisfaction of program or time restrictions | 641,925                       | (641,925)                  | -                          |
| Total Revenue and Support   | <u>\$ 2,047,383</u>           | <u>\$ 94,775</u>           | <u>\$ 2,142,158</u>        |
| <b>INVESTMENT ACTIVITY, net</b>   | <u>\$ 85,449</u>              | <u>\$ -</u>                | <u>\$ 85,449</u>           |
| Total Revenue, Support and Investment Activity  | <u>\$ 2,132,832</u>           | <u>\$ 94,775</u>           | <u>\$ 2,227,607</u>        |
| <b>EXPENSES</b>   |                               |                            |                            |
| Program services:   |                               |                            |                            |
| Advocacy  | \$ 364,794                    | \$ -                       | \$ 364,794                 |
| Awareness   | 418,654                       | -                          | 418,654                    |
| Information/Resource  | 333,233                       | -                          | 333,233                    |
| Total Program Services  | <u>\$ 1,116,681</u>           | <u>\$ -</u>                | <u>\$ 1,116,681</u>        |
| Supporting services:  |                               |                            |                            |
| Fundraising   | \$ 29,489                     | \$ -                       | \$ 29,489                  |
| Management and administrative   | 198,634                       | -                          | 198,634                    |
| Total Supporting Services   | <u>\$ 228,123</u>             | <u>\$ -</u>                | <u>\$ 228,123</u>          |
| Total Expenses  | <u>\$ 1,344,804</u>           | <u>\$ -</u>                | <u>\$ 1,344,804</u>        |
| <b>CHANGES IN NET ASSETS</b>  | <u>\$ 788,028</u>             | <u>\$ 94,775</u>           | <u>\$ 882,803</u>          |
| <b>NET ASSETS, BEGINNING OF YEAR</b>  | <u>1,360,088</u>              | <u>732,694</u>             | <u>2,092,782</u>           |
| <b>NET ASSETS, END OF YEAR</b>  | <u><u>\$ 2,148,116</u></u>    | <u><u>\$ 827,469</u></u>   | <u><u>\$ 2,975,585</u></u> |

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

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

|                                      | Program Services  |                   |                          |                              | Supporting Services |                                     |                                 |                     |
|--------------------------------------|-------------------|-------------------|--------------------------|------------------------------|---------------------|-------------------------------------|---------------------------------|---------------------|
|                                      | Advocacy          | Awareness         | Information/<br>Resource | Total<br>Program<br>Services | Fundraising         | Management<br>and<br>Administrative | Total<br>Supporting<br>Services | Total<br>Expenses   |
| Salaries, benefits and payroll taxes | \$ 18,819         | \$ 114,274        | \$ 56,456                | \$ 189,549                   | \$ 28,228           | \$ 13,188                           | \$ 41,416                       | \$ 230,965          |
| Accounting and bookkeeping           | -                 | -                 | -                        | -                            | -                   | 46,454                              | 46,454                          | 46,454              |
| Advertising and public relations     | -                 | 39,732            | -                        | 39,732                       | -                   | -                                   | -                               | 39,732              |
| Alliance expenses                    | 35,376            | -                 | -                        | 35,376                       | -                   | -                                   | -                               | 35,376              |
| Bank charges                         | -                 | -                 | -                        | -                            | -                   | 9,810                               | 9,810                           | 9,810               |
| Consulting                           | 105,728           | 35,566            | -                        | 141,294                      | -                   | 3,334                               | 3,334                           | 144,628             |
| Depreciation and amortization        | 1,000             | 1,000             | 1,000                    | 3,000                        | -                   | 42                                  | 42                              | 3,042               |
| Dues and subscriptions               | 10,000            | 30,000            | 10,000                   | 50,000                       | -                   | 4,863                               | 4,863                           | 54,863              |
| Insurance                            | -                 | 2,150             | 3,110                    | 5,260                        | -                   | -                                   | -                               | 5,260               |
| Meetings, conferences and programs   | 175,000           | 175,000           | 150,000                  | 500,000                      | -                   | 728                                 | 728                             | 500,728             |
| Office expenses                      | 1,000             | 2,000             | 2,841                    | 5,841                        | -                   | 6,000                               | 6,000                           | 11,841              |
| Postage and delivery                 | -                 | -                 | 28,677                   | 28,677                       | -                   | -                                   | -                               | 28,677              |
| Pro bono legal services              | -                 | -                 | -                        | -                            | -                   | 107,361                             | 107,361                         | 107,361             |
| Publications and merchandise         | -                 | -                 | 50,785                   | 50,785                       | -                   | -                                   | -                               | 50,785              |
| Rent and storage                     | 16,121            | 16,121            | 27,614                   | 59,856                       | -                   | 1,854                               | 1,854                           | 61,710              |
| Travel                               | -                 | 61                | -                        | 61                           | -                   | -                                   | -                               | 61                  |
| Utilities                            | 1,750             | 2,750             | 2,750                    | 7,250                        | 1,261               | 5,000                               | 6,261                           | 13,511              |
| Total Expenses                       | <u>\$ 364,794</u> | <u>\$ 418,654</u> | <u>\$ 333,233</u>        | <u>\$ 1,116,681</u>          | <u>\$ 29,489</u>    | <u>\$ 198,634</u>                   | <u>\$ 228,123</u>               | <u>\$ 1,344,804</u> |

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

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

### CASH FLOWS FROM OPERATING ACTIVITIES

|   |            |
|---|------------|
| Changes in net assets   | \$ 882,803 |
| Adjustments to reconcile changes in net assets to net cash flow - |            |
| Operating activities:   |            |
| Depreciation and amortization expense                             | \$ 3,042   |
| Net realized and unrealized loss (gain) on investments            | (58,384)   |
| Changes in assets and liabilities                                 |            |
| (Increase) Decrease in Assets:                                    |            |
| Accounts receivable   | 35,437     |
| Inventory   | 29,296     |
| Prepaid expenses  | (344)      |
| Increase (Decrease) in Liabilities:                               |            |
| Accounts payable and accrued expenses                             | 12,297     |
| Total Adjustments   | \$ 21,344  |
| Net Cash Flow - Operating Activities                              | \$ 904,147 |

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |              |
|--|--------------|
| Cash paid for purchases of intangible assets | \$ (13,562)  |
| Proceeds from sale of investments            | 138,663      |
| Investment earnings re-invested              | (27,065)     |
| Purchase of investments                      | (543,759)    |
| Net Cash Flow - Investing Activities         | \$ (445,723) |

NET CHANGE IN CASH AND CASH EQUIVALENTS \$ 458,424

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 902,624

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,361,048

Non-cash investing and financing activity:

There was no non-cash investing activity during the year ended December 31, 2021.

Non-cash financing activity during the year ended December 31, 2021: forgiveness of Paycheck

Protection Program refundable advance of \$70,000.

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



# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 1. Organization and Programs

#### Organization

The American Childhood Cancer Organization (ACCO), formerly known as Candlelighters Childhood Cancer Foundation, is a nonprofit organization dedicated to making childhood cancer a national child health priority through shaping policy, supporting research, raising awareness, and providing educational resources and innovative programs to children with cancer, survivors, and their families.

ACCO is supported primarily through grants and contributions. Many of the contributions received come from the families of children who have personally benefitted from the support services that ACCO offers.

#### Program information

ACCO's programs include the following:

Advocacy – Through ACCO's 'What About Kids?'® initiative, we have proven that states play a critical role in overcoming the national disparity between adult and childhood cancer research, treatment, and support. As the oldest grassroots voice of families of children treated for cancer in the U.S., we lead the way advocating to secure state-based funding for childhood cancer research.

Awareness – ACCO is the founding organization of the gold ribbon symbol for childhood cancer. As such, ACCO initiates many awareness activities that involve raising awareness of the gold ribbon symbol and our nation's littlest cancer patients. These include: 'Light up the Holidays with Hope' representing thousands of children diagnosed with cancer on the National Childhood Cancer Awareness Tree; Light it Up Gold – the gold lighting in September of government buildings, bridges, and monuments; and GO GOLD® for Kids with Cancer. ACCO is also the founder of the program known as 'Pjammin'® <https://www.acco.org/pjammin/> in which healthy children and adults in schools and workplace employment wear their pajamas to school/work to bring awareness of the tens of thousands of children on active cancer treatment in the country.

Learning resources – The ACCO's Medical Play Kit is a free learning resource designed to familiarize children battling cancer with many of the medical instruments they will encounter during their hospital stays. The kit empowers children by helping them become more comfortable in a hospital environment and giving them the opportunity to play the role of doctor/caregiver rather than be forced into the role of patient. ACCO also distributes free Emoji kits to help children express their thoughts and feelings during this difficult time in their lives. Additionally, ACCO's website is the premier website for childhood cancer organizations. Through social media, ACCO raises awareness of the cause and connects individual family members, childhood cancer survivors, and supporters.

Books and informational materials - ACCO is the largest distributor of free childhood cancer learning resources in the country. These comprehensive materials educate and empower children with cancer and their families with information that assists them in their understanding of the childhood cancer journey and the many difficult treatment decisions they must make. More than 25,000 individual resources were distributed in the year ended December 31, 2021, without charge to children with cancer and their families across the U.S.

Research – ACCO supports cutting-edge research initiatives to further the molecular understanding of pediatric cancers and advance the development of new types of targeted drugs leading to increased overall cure rates, in conjunction with a decrease of long-term late-effects of current cancer therapies.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 1. Organization and Programs (Concluded)

ACCO also conducts psychological research that looks at the impact of the childhood cancer diagnosis on the family (finances, employment, time spent caring for the child) as well as the impact on the cancer patient (access to care, access to clinical trials, long-term survivorship physical, cognitive and emotional impairment).

Founding Hope Program – ACCO fosters support and development of local ACCO family support. Through our Founding Hope Program, families can honor a child and make an impact in the childhood cancer community.

### Note 2. Summary of Significant Accounting Policies

#### Basis of presentation

Financial statement presentation adheres to the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, ACCO is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of ACCO's management and the Board of Directors.

**Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ACCO or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. ACCO does not currently hold net assets with perpetual donor restrictions.

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Revenue recognition

ACCO accounts for contributions in accordance with the requirements of FASB Accounting Standards Update (ASU) 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Under the guidelines of FASB ASU 2018-08, contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor, including pledges, is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. ACCO reports gifts of equipment as support without donor restrictions unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit stipulations about how long those long-lived assets must be maintained, ACCO reports expirations of restrictions when the assets are placed in service.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Revenue recognition (Concluded)

ACCO recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected based on a market rate of return.

Contributions of services and other non-cash items are recorded at fair value as revenues and expenses based upon the requirements of FASB ASC 958. ACCO received pro bono legal service contributions for services performed with an approximate fair market value of \$107,361 during the year ended December 31, 2021.

ACCO adopted ASC 606, *Revenue from Contracts with Customers*. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized in the periods in which they are earned, at the time of the sale, from the sale of publications and merchandise which is when ACCO satisfies the performance obligation.

#### Contributions, grants, accounts receivable and allowance for doubtful accounts

All contributions and grants are considered to be available for use without donor restrictions unless specifically restricted by the donor. Unconditional contributions and grants are recognized as revenue in the period the pledge is received. Conditional contributions and grants are recognized when the conditions on which they depend are substantially met.

Accounts receivable are recorded at the lower of cost or fair value. The risk of loss on the receivables is the balance due at the time of default. All receivables are unsecured. ACCO uses the allowance method to record uncollectible contributions grants and other accounts receivables. The allowance is based upon experience, management's analysis of specific promises made, and other historical factors that pertain to the receivables. There was no allowance deemed necessary as of December 31, 2021. No interest is accrued on receivables.

#### Cash equivalents

For purposes of the statement of cash flows, ACCO considers all highly liquid short-term debt instruments whose maturity dates do not extend past three months from the date of purchase and money market funds not held in a brokerage account to be cash equivalents.

#### Restricted cash

Restricted cash is held to comply with donor restrictions.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 2. Summary of Significant Accounting Policies (Continued)

#### **Inventory**

Inventory is valued at the lower of cost (first in, first out) or market.

#### **Investments**

Investments are recorded at fair market value. Unrealized gains and losses are included in the statement of activities and changes in net assets.

#### **Furniture and equipment**

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method over useful lives that range from three to seven years. Assets having a cost greater than \$500 and a useful life greater than one year are capitalized.

#### **Intangibles**

Intangible assets consist of \$2,959 of trademark costs amortized using the straight-line method over an estimated useful life of five to ten years and are fully amortized. Intangible assets also include name research, trademark legal costs and patent costs of \$62,989 that are not amortized due to an indeterminate useful life.

#### **Functional allocation of expenditures**

The costs of providing various programs and other activities of ACCO have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs and other allocable costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program.

#### **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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### **Fair value of financial instruments**

Items considered to be financial instruments are stated in the accompanying financial statements at amounts which approximate their fair value.

#### **Income taxes**

The Internal Revenue Service has determined that ACCO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. ACCO did not engage in activities which might give rise to income tax during the year ended December 31, 2021. Accordingly, no provision for income tax is made in the accompanying financial statements.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 2. Summary of Significant Accounting Policies (Concluded)

#### Income taxes (Concluded)

ACCO has adopted FASB ASC 740, *Income Taxes*, which requires changes in recognition and measurement for uncertain tax positions. ACCO has analyzed its tax positions and has concluded that it is not aware of any uncertain tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months. If this position changes, ACCO will assess the impact of any such matters on its financial position and results of operations. ACCO files its information tax returns for federal and various states' reporting purposes. ACCO is not under audit by any taxing jurisdiction.

#### Advertising

Advertising costs are expensed as incurred.

#### New accounting pronouncements

The FASB has issued ASU 2016-02, *Leases*, which requires lessees to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by leases with terms greater than twelve months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. ACCO plans to adopt the standard on its effective date, which for ACCO is January 1, 2022. The effect of implementing this standard has not yet been determined.

### 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 statement of financial position date, are comprised of the following:

|  |                     |
|--|---------------------|
| Cash and cash equivalents - unrestricted | \$ 1,238,584        |
| Accounts receivable                      | 17,801              |
| Investments                              | <u>1,307,910</u>    |
| Net                                      | 2,564,295           |
| Less net assets with donor restrictions  | <u>( 827,469)</u>   |
|  | <u>\$ 1,736,826</u> |

ACCO will actively and regularly monitor cash projections within the next twelve months with the understanding that positive cash flow is desired. During the normal course of operations during the year ending December 31, 2022, ACCO expects to receive additional contributions which will be available to spend on general expenditures.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 4. Investments

ACCO adopted the provisions of FASB ASC 820, *Fair Value Measurement*. In accordance with FASB ASC 820, ACCO has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology that are quoted in an active market
- Level 2 – Inputs to the valuation methodology that are inputs other than quoted prices that are observable for the assets
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

All of the investment assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique and are valued at quoted prices in active markets for identical assets, Level 1 assets. ACCO reports investments in debt and equity securities at fair value, with gains and losses included in the statement of activities and changes in net assets.

Investments consisted of the following as of December 31, 2021:

|                           | Fair<br>Value       | Cost                |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 20,298           | \$ 20,298           |
| Mutual funds              | 1,287,612           | 1,206,814           |
|                           | <u>\$ 1,307,910</u> | <u>\$ 1,227,112</u> |

### Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for use for the following purposes as of December 31, 2021:

|                 |                   |
|-----------------|-------------------|
| Research (GALA) | \$ 174,246        |
| Awareness       | 526,026           |
| International   | 86,304            |
| Info/ Resources | 25,000            |
| Advocacy        | <u>15,893</u>     |
| Total           | <u>\$ 827,469</u> |

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 5. Net Assets with Donor Restrictions (Concluded)

Net assets were released from donor restrictions by incurring expenses satisfying donor restriction purposes or by occurrence of other events specified by donors. The following is a summary of assets released from restriction during the year ended December 31, 2021:

|                 |                   |
|-----------------|-------------------|
| Awareness       | \$ 146,122        |
| International   | 139,696           |
| Info/ Resources | 72,000            |
| Advocacy        | <u>284,107</u>    |
| Total           | <u>\$ 641,925</u> |

### Note 6. Leasing Arrangements

In April 2016, ACCO entered into an operating lease for office space in Beltsville, Maryland, which lease term began June 2016. The lease expired May 31, 2021. In April 2021, the lease was amended and renewed for a lease term that began June 1, 2021. The amended lease expires on May 31, 2024. The lease contains annual rent increases of 2.5% each year over the previous year's rate. ACCO must also pay 4.22% of all projected common area operating costs and real estate taxes, a monthly insurance charge and must maintain insurance policies on personal property, commercial liability and automobiles. ACCO is responsible for all utilities. Rent for the additional term of three years will be set at annual increases of 2.5% over the previous year's rate.

ACCO entered into a lease for a copier at the rate of \$202 per month beginning September 2016. This lease had a sixty-month term and expired in August 2021. ACCO purchased the copier upon the termination of the lease term.

Future minimum lease payments as of December 31 are as follows:

|       |                   |
|-------|-------------------|
| 2022  | \$ 49,846         |
| 2023  | 51,342            |
| 2024  | <u>21,762</u>     |
| Total | <u>\$ 122,950</u> |

### Note 7. Concentrations

#### Major contributors

During the year ended December 31, 2021, one grant accounted for 15% of total revenue and one estate contribution accounted for 33% of total revenue, together accounting for 48% of total revenue.

#### Credit Risk

ACCO maintains cash balances in national financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). ACCO consistently maintains cash balances in excess of the FDIC insurable amount. ACCO has not experienced any losses in such accounts.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**Note 7. Concentrations (Concluded)**

**Credit Risk (Concluded)**

ACCO utilizes coverage from the Securities Investor Protection Corporation (SIPC) to manage the risk over the investment accounts up to the insurable amounts. ACCO consistently maintains investment balances in excess of the SIPC insurable amount. The investments are subject to market fluctuations and risk of loss.

**Note 8. Retirement Plan**

In June 2021, ACCO adopted a pooled employer 401(k) plan covering all employees. Employees that are at least age 21 are eligible after a three month period of service. Employee contributions to the plan cannot exceed 10% of the employee's total covered compensation and are fully discretionary. Employees are 100% vested in all contributions after 6 years of service. ACCO may make discretionary matching contributions to the plan. There was no discretionary matching contribution made by ACCO in 2021.

**Note 9. Risks and Uncertainties**

In March 2020 and continuing through 2021, a pandemic of the Coronavirus (COVID-19) was declared by the World Health Organization. Future events, revenues and expenses of the Organization are uncertain due to the highly contagious nature of the virus, the requirement for social distancing, limited gatherings and restrictions on travel. The ultimate impact of the COVID-19 pandemic on the amount and likelihood of loss is unknown and depends on future developments.

**Note 10. Paycheck Protection Program Loan (Refundable Advance):**

During January 2021, ACCO obtained a Paycheck Protection Program (PPP) loan (refundable advance) totaling \$70,000. The interest rate for this loan was 1%. The entire amount of this loan was forgiven September 8, 2021. ACCO recorded the use of the loan proceeds under FASB ASC 958-605 as a refundable advance which was then reduced using the funds to pay allowable costs including salary, group health care benefits and rent. As of December 31, 2021, the entire balance has been recognized as government grant revenue.

**Note 11. Subsequent Events**

ACCO has evaluated events through August 19, 2022, the date the financial statements were available to be issued, and determined that there were no subsequent events or transactions subsequent to December 31, 2021 that would require adjustment to or disclosure in the financial statements.