

The Children's Oncology Group Foundation, Inc.

Financial Statements

December 31, 2020 and 2019

The Children's Oncology Group Foundation, Inc.

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Oncology Group Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Philadelphia, Pennsylvania
November 8, 2021

The Children's Oncology Group Foundation, Inc.

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Assets		
Cash and cash equivalents	\$ 13,474,294	\$ 12,955,515
Grants and contributions receivable	7,440,472	7,577,064
Prepaid expenses	136,065	514,792
	<u>136,065</u>	<u>514,792</u>
Total assets	<u>\$ 21,050,831</u>	<u>\$ 21,047,371</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,834,394	\$ 1,029,264
Deferred revenue	-	141,193
	<u>-</u>	<u>141,193</u>
Total liabilities	<u>2,834,394</u>	<u>1,170,457</u>
Net Assets		
Without donor restrictions	2,538,791	2,414,233
With donor restrictions	15,677,646	17,462,681
	<u>15,677,646</u>	<u>17,462,681</u>
Total net assets	<u>18,216,437</u>	<u>19,876,914</u>
Total liabilities and net assets	<u>\$ 21,050,831</u>	<u>\$ 21,047,371</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Activities

Year Ended December 31, 2020 With Comparative Totals for the Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
Revenues, Gains and Other Support				
Grants	\$ 2,217,771	\$ 4,813,242	\$ 7,031,013	\$ 10,039,753
Contributions	246,316	305,351	551,667	411,507
Conference revenue	65,000	-	65,000	344,100
Program service revenue	2,767	-	2,767	6,426
In-kind contributions	18,103	-	18,103	23,636
Bank interest	388	-	388	561
Investment income	16,100	-	16,100	156,958
Other income	11,789	-	11,789	12,537
Net assets released from restriction	6,903,628	(6,903,628)	-	-
Total revenues, gains and other support	9,481,862	(1,785,035)	7,696,827	10,995,478
Expenses				
Program services	9,216,659	-	9,216,659	7,546,962
Supporting services:				
Management and general	130,080	-	130,080	96,865
Fundraising	10,565	-	10,565	13,576
Total supporting services expenses	140,645	-	140,645	110,441
Total expenses	9,357,304	-	9,357,304	7,657,403
Changes in net assets	124,558	(1,785,035)	(1,660,477)	3,338,075
Net Assets, Beginning	2,414,233	17,462,681	19,876,914	16,538,839
Net Assets, Ending	\$ 2,538,791	\$ 15,677,646	\$ 18,216,437	\$ 19,876,914

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support			
Grants	\$ 1,688,063	\$ 8,351,690	\$ 10,039,753
Contributions	219,197	192,310	411,507
Conference revenue	344,100	-	344,100
Program service revenue	6,426	-	6,426
In-kind contributions	23,636	-	23,636
Bank interest	561	-	561
Investment income	156,958	-	156,958
Other income	12,537	-	12,537
Net assets released from restriction	5,344,741	(5,344,741)	-
	<u>7,796,219</u>	<u>3,199,259</u>	<u>10,995,478</u>
Expenses			
Program services	7,546,962	-	7,546,962
Supporting services:			
Management and general	96,865	-	96,865
Fundraising	13,576	-	13,576
	<u>110,441</u>	<u>-</u>	<u>110,441</u>
Total supporting services expenses	<u>110,441</u>	<u>-</u>	<u>110,441</u>
Total expenses	<u>7,657,403</u>	<u>-</u>	<u>7,657,403</u>
Changes in net assets	138,816	3,199,259	3,338,075
Net Assets, Beginning	<u>2,275,417</u>	<u>14,263,422</u>	<u>16,538,839</u>
Net Assets, Ending	<u><u>\$ 2,414,233</u></u>	<u><u>\$ 17,462,681</u></u>	<u><u>\$ 19,876,914</u></u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Functional Expenses

Years Ended December 31, 2020 and 2019

	2020						
	COG Site Support	Program Capacity	Other COG Research	Total Programs	Management and General	Fundraising	Total
Grant expense	\$ 5,495,400	\$ -	\$ 2,724,139	\$ 8,219,539	\$ -	\$ -	\$ 8,219,539
Research expense	-	-	837,214	837,214	-	-	837,214
Professional fees	-	20,248	-	20,248	220,158	-	240,406
Conference	-	125	-	125	-	-	125
Other expenses	-	38,395	-	38,395	17,809	2,632	58,836
Insurance	-	-	-	-	1,184	-	1,184
Indirect cost allocation	27,767	38,958	34,413	101,138	(109,071)	7,933	-
	<u>\$ 5,523,167</u>	<u>\$ 97,726</u>	<u>\$ 3,595,766</u>	<u>\$ 9,216,659</u>	<u>\$ 130,080</u>	<u>\$ 10,565</u>	<u>\$ 9,357,304</u>
	2019						
	COG Site Support	Program Capacity	Other COG Research	Total Programs	Management and General	Fundraising	Total
Grant expense	\$ 4,296,440	\$ -	\$ 2,613,471	\$ 6,909,911	\$ -	\$ -	\$ 6,909,911
Research expense	-	-	451,544	451,544	-	-	451,544
Professional fees	-	-	-	-	198,927	-	198,927
Conference	-	70,178	-	70,178	-	-	70,178
Travel	-	13,457	-	13,457	-	-	13,457
Other expenses	-	273	3,712	3,985	4,778	3,439	12,202
Insurance	-	-	-	-	1,184	-	1,184
Indirect cost allocation	9,062	29,647	59,178	97,887	(108,024)	10,137	-
	<u>\$ 4,305,502</u>	<u>\$ 113,555</u>	<u>\$ 3,127,905</u>	<u>\$ 7,546,962</u>	<u>\$ 96,865</u>	<u>\$ 13,576</u>	<u>\$ 7,657,403</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ (1,660,477)	\$ 3,338,075
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized and unrealized gain	-	(76,598)
Changes in assets and liabilities:		
Grants and contributions receivable	136,592	(812,927)
Prepaid expenses	378,727	(345,293)
Accounts payable and accrued expenses	1,805,130	(644,140)
Deferred revenue	(141,193)	(9,426)
	<u>518,779</u>	<u>1,449,691</u>
Net cash provided by operating activities	<u>518,779</u>	<u>1,449,691</u>
Cash Flows From Investing Activities		
Purchase of investments	-	(9,032)
Sale of investments	-	865,303
	<u>-</u>	<u>856,271</u>
Net cash provided by investing activities	<u>-</u>	<u>856,271</u>
Net increase in cash and cash equivalents	518,779	2,305,962
Cash and Cash Equivalents, Beginning	<u>12,955,515</u>	<u>10,649,553</u>
Cash and Cash Equivalents, Ending	<u>\$ 13,474,294</u>	<u>\$ 12,955,515</u>

See notes to financial statements

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

1. Nature of Operations

The Children's Oncology Group Foundation, Inc. (the Foundation) is a not-for-profit organization incorporated in the Commonwealth of Pennsylvania in August 2011. The Foundation was formed to support the Children's Oncology Group (COG), an unincorporated entity, which is the world's largest organization devoted exclusively to childhood and adolescent cancer research. The Foundation enables COG's leadership, comprised of a team of doctors, nurses, laboratory scientists and other allied professionals, to direct the resources raised for childhood cancer research to the areas of highest need and opportunity. The board of the Foundation is comprised of members of the executive committee of COG. The Foundation allows philanthropic funds from individual supporters and organizations to go directly to COG and other organizations to fund their much-needed research. In an era of rapid scientific discovery, this direct link allows COG researchers to respond quickly to new discoveries with great potential to benefit children with cancer. The Foundation's 2020 and 2019 grant expense consists of sub-grants made primarily to one organization that disperses the funds on behalf of the Foundation to COG member sites.

These activities are primarily supported by grants and contributions from foundations, corporations and individuals.

2. Summary of Significant Accounting Policies

Basis of Financial Reporting

The Foundation follows the authoritative guidance for external financial reporting by not-for-profit organizations and requires that unconditional promises to give (contributions) be recorded as a receivable and revenue and requires the Foundation to distinguish between contributions received for each net asset classification in accordance with donor-imposed restrictions. The authoritative guidance also establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset classifications according to externally (donor) imposed restrictions.

A description of the net asset classifications follows:

Net Assets

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations and these net assets may be designated for specific purposes by action of the Board of Directors. There are no designations on net assets without donor restrictions as of December 31, 2020 and 2019. Net assets without donor restriction are available for the support of operations and whose use is not externally restricted.

Net Assets With Donor Restriction - Net assets whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restriction are reclassified to net assets without restriction and reported in the statements of activities as net assets released from restriction. Additionally, fund receive as gifts and bequests, which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity, are reported as net assets with donor restrictions. The Foundation does not have any net asset balances with the donor stipulation that the principal be maintained intact in perpetuity as of December 31, 2020 and 2019.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Revenue Recognition

Grants and Contributions

Grants or contributions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. All grants and contributions are considered to be without donor restriction unless specifically restricted by the donor. Grants and contributions restricted by the donor for specific purposes are reported as with donor restriction, which increase those net asset classifications. When a donor restriction expires, that is, a time restriction ends or a stipulated purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restriction.

Grants and contributions, including unconditional promises to give, that are expected to be received within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in future years are recorded at the present value of their expected future cash flows, which approximates fair value. All grants and contributions receivable as of December 31, 2020 and 2019 are expected to be collected within one year, therefore no discount rate in determination of the present value of this balance is necessary.

Conference and Program Service Revenue

Revenues from conferences and program services are recognized at the time or over the period of time of the conference or program. Conference revenues that have been collected, but for which the conference has not been held as of the year-end, and program service revenue collected related to an exchange agreement for which the related services have not yet been performed, are considered not yet earned and included in deferred revenue in the statements of financial position. The Foundation reported deferred revenue balances related to program service of \$0 and \$141,193 as of December 31, 2020 and 2019, respectively.

In-Kind Contributions

In-kind contributions include donated goods and services that are recognized as revenues and expenses based on the estimated fair value of the goods or services as of the date provided. The Foundation received \$18,103 and \$23,636 in in-kind professional services in the years ended December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes interest-bearing deposits with original maturities of three months or less, including money market funds and certificates of deposit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

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Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the program and supporting services benefitted based on a percentage of personnel costs.

Income Tax

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is exempt from income tax.

The Foundation accounts for uncertainty in income taxes recognized in the financial statements using a recognition threshold of more likely than not as to whether the uncertainty will be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after filed.

COVID-19

On January 30, 2020, a novel strain of coronavirus disease (COVID-19), identified in December 2019, was declared a Public Health Emergency of International Concern by the World Health Organization. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses and communities. In response to travel restrictions and potential health concerns the 2020 conferences and meetings were cancelled. The extent of the impact the COVID-19 pandemic will have on the Foundation will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Subsequent Events

Subsequent events were evaluated for recognition or disclosure through November 8, 2021, the date the financial statements were available to be issued.

New Accounting Standard, Not Yet Adopted

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This amendment will require presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, the amendment will expand the financial statement disclosures for contributed nonfinancial assets to include disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, and a description of any donor-imposed restrictions associated with the contributed nonfinancial asset. ASU No. 2020-07 is effective for the Foundation's year ended December 31, 2022. The Foundation will be determining its implementation approach and assessing the impact this guidance may have on its financial statement.

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

3. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 and 2019 are designated for the following purposes:

	<u>2020</u>	<u>2019</u>
Pediatric cancer research supplemental programs	\$ 1,157,371	\$ 3,958,630
Project: EveryChild	4,128,300	3,775,934
Infrastructure projects	512,018	251,494
Long-term follow-up center	140,225	-
Integrated Translational Science Center	285,038	313,267
COG Reference Laboratories	1,317,000	1,247,767
Leukemia research	1,427,530	1,370,106
Bone tumor research	68,816	-
Acute myeloid leukemia research	1,101,381	912,443
Lymphoma research	11,500	6,500
Nursing discipline	115,532	112,740
Adolescent and young adult research	1,172	1,172
General cancer research	24,285	197,864
Other research support	4,032,958	4,449,739
Central nervous system tumor research	208,445	-
Neuroblastoma research	630,570	628,120
Renal tumor research	167,638	84,638
Soft tissue sarcoma research	197,867	2,267
Pediatric MATCH	150,000	150,000
Total	<u>\$ 15,677,646</u>	<u>\$ 17,462,681</u>

4. Net Assets Released From Restrictions

Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors during the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pediatric cancer research supplemental programs	\$ 2,108,660	\$ 1,101,947
Project: EveryChild	1,543,430	1,490,724
Infrastructure projects	239,477	6,036
Integrated Translational Science Centers	253,267	871,618
COG Reference Laboratories	1,247,767	917,233
Leukemia research	410,651	440,000
Bone tumor research	-	22,558
Acute myeloid leukemia research	411,086	172,822
Nursing discipline	2,208	7,089
General cancer research	174,117	218,618
Other research support	416,780	96,096
Central nervous system tumor research	95,385	-
Neuroblastoma research	800	-
Total	<u>\$ 6,903,628</u>	<u>\$ 5,344,741</u>

The Children's Oncology Group Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

5. Concentrations of Risk

For the years ended December 31, 2020 and 2019, approximately 56 percent of revenues were from one organization. Approximately 91 percent and 100 percent of the grants receivable balance for December 31, 2020 and 2019, respectively, was due from one organization.

The Foundation's grants receivable are unsecured and are at risk to the extent such amounts become uncollectible. Management carefully monitors its contributor and grantor relationships in order to minimize credit risk. All grants receivable are considered fully collectible and accordingly, no allowance for uncollectible accounts has been recorded at December 31, 2020 and 2019.

The Foundation maintains its operating cash accounts with two banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC). At various times during the year, the Foundation has balances in excess of FDIC insured limits. The Foundation has not experienced any losses on such accounts.

6. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of December 31, 2020 for general expenditure are as follows:

Cash and cash equivalents	\$ 13,474,294
Grants and contributions receivable with donor restrictions expected to be collected and the donor purpose restrictions met within one year	<u>7,440,472</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,914,766</u>

The Foundation's primary sources of revenue are grants and contributions from private foundations and the general public. Most of the support is required to be used in accordance with the purpose restrictions imposed by the donors. The majority of the support is received in advance of when the expenditures are incurred in accordance with the associated purpose restriction; therefore, the Foundation holds these funds in cash and short-term investment until expenditures are incurred. The Foundation's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.