

**CANNONBALL KIDS'
CANCER FOUNDATION, INC.**

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

CANNONBALL KIDS' CANCER FOUNDATION, INC.

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Independent Auditors' Report

The Board of Directors
Cannonball Kids' cancer Foundation, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying statement of financial position of Cannonball Kids' cancer Foundation, Inc., as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and 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 audit. We conducted our audit 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 Cannonball Kids' cancer Foundation, Inc., as of December 31, 2018 and 2017, 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.

A handwritten signature in blue ink that reads "Davis Group, P.A." in a cursive style.

Davis Group, P.A.
September 23, 2019

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statements of Financial Position

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 826,521	\$ 511,951
Investments	99,175	6,045
Contributions receivable	-	15,000
Total assets	<u>\$ 925,696</u>	<u>\$ 532,996</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,150	\$ 3,706
Deferred revenue	25,000	44,611
Total liabilities	<u>45,150</u>	<u>48,317</u>
Net assets-		
Net assets without donor restrictions	<u>880,546</u>	<u>484,679</u>
Total liabilities and net assets	<u>\$ 925,696</u>	<u>\$ 532,996</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2018

Net assets without donor restrictions:	
Revenue and support:	
Fundraising events	\$ 519,985
Contributions	440,548
Grants	72,000
Contributed facilities, materials and services	87,295
Unrealized loss on investments	(9,701)
Investment income	479
Total revenue and support	<u>1,110,606</u>
Expenses:	
Program services	433,290
Supporting services:	
Management and general	181,676
Fundraising	99,773
Total supporting services	<u>281,449</u>
Total expenses	<u>714,739</u>
Changes in unrestricted net assets	395,867
Net assets without donor restrictions, beginning of year	<u>484,679</u>
Net assets without donor restrictions, end of year	<u>\$ 880,546</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2017

Net assets without donor restrictions:	
Revenue and support:	
Fundraising events	\$ 434,457
Contributions	232,035
Contributed facilities, materials and services	86,550
Unrealized gain on investments	5,830
Investment income	410
Total revenue and support	<u>759,282</u>
Expenses:	
Program services	300,088
Supporting services:	
Management and general	147,591
Fundraising	<u>76,226</u>
Total supporting services	<u>223,817</u>
Total expenses	<u>523,905</u>
Changes in unrestricted net assets	235,377
Net assets without donor restrictions, beginning of year	<u>249,302</u>
Net assets without donor restrictions, end of year	<u>\$ 484,679</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Functional Expenses

Year ended December 31, 2018

	<u>Supporting Services</u>				
	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total Expenses</u>
Awards and grants	\$ 294,369	\$ -	\$ -	\$ -	\$ 294,369
Salaries	46,586	98,871	-	98,871	145,457
Events	47,287	-	-	-	47,287
Office supplies and materials	5,883	4,069	52,161	56,230	62,113
Meetings and travel	30,338	4,842	3,491	8,333	38,671
Advertising	8,695	24,401	-	24,401	33,096
Professional fees	-	33,350	23,250	56,600	56,600
Processing fees	-	530	13,749	14,279	14,279
Equipment rental and maintenance	-	-	6,855	6,855	6,855
Building occupancy	-	12,000	-	12,000	12,000
Licenses and fees	-	3,173	-	3,173	3,173
Postage and shipping	132	395	267	662	794
Other	-	45	-	45	45
Total expenses	<u>\$ 433,290</u>	<u>\$ 181,676</u>	<u>\$ 99,773</u>	<u>\$ 281,449</u>	<u>\$ 714,739</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	Supporting Services				
	Program	Management and General	Fund- raising	Total	Total Expenses
Awards and grants	\$ 267,875	\$ -	\$ -	\$ -	\$ 267,875
Salaries	-	78,780	-	78,780	78,780
Office supplies and materials	7,220	9,907	51,378	61,285	68,505
Professional fees	-	27,250	7,726	34,976	34,976
Meetings and travel	11,437	5,504	3,717	9,221	20,658
Advertising	3,711	13,647	-	13,647	17,358
Processing fees	-	359	10,908	11,267	11,267
Events	8,066	-	-	-	8,066
Building occupancy	-	8,000	-	8,000	8,000
Postage and shipping	1,059	918	1,207	2,125	3,184
Insurance	-	1,386	-	1,386	1,386
Equipment rental and maintenance	-	-	1,290	1,290	1,290
Other	530	675	-	675	1,205
Licenses and fees	-	1,165	-	1,165	1,165
Dues and subscriptions	190	-	-	-	190
Total expenses	\$ 300,088	\$ 147,591	\$ 76,226	\$ 223,817	\$ 523,905

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statements of Cash Flows

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Changes in net assets	\$ 395,867	\$ 235,377
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	9,701	(5,830)
(Decreases) increases in cash due to changes in:		
Contributions receivable	15,000	-
Accounts payable and accrued expenses	16,444	3,706
Deferred revenue	(19,611)	44,611
Net cash provided by operating activities	<u>417,401</u>	<u>277,864</u>
Cash flows from investing activities-		
Proceeds from sales of investments, net	<u>(102,831)</u>	<u>50,472</u>
Increase in cash and cash equivalents	314,570	328,336
Cash and cash equivalents, beginning of year	<u>511,951</u>	<u>183,615</u>
Cash and cash equivalents, end of year	<u>\$ 826,521</u>	<u>\$ 511,951</u>

See accompanying notes to financial statements.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018

(1) Foundation

Cannonball Kids' cancer Foundation, Inc. (the Foundation) is a Florida not-for-profit corporation founded in February 2014 and established with a mission to promote finding cures for all childhood cancers by funding critical research needed to improve antiquated treatments and eliminate the occurrence of life-threatening side effects and secondary cancers.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Basis of Presentation

The Foundation has adopted the provisions of FASB ASC 958-605, Contributions Received ("ASC 958-605"), and FASB ASC 958-205, Not-for-Profit Entities: Presentation of Financial Statements ("ASC 958-205"). ASC 958-605 requires that contributions received, including unconditional promises to give, be recognized as increases in net assets in the period received at their fair value. ASC 958-205 establishes the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. It also requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions.

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designed for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets whose use by the Foundation is subject to temporary or permanent donor-imposed restrictions. Temporary restrictions can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Permanently restrictions require that net assets subject to donor-imposed restrictions be maintained permanently by the Foundation.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018

(2) Summary of Significant Accounting Policies, Continued

(b) *Basis of Presentation, Continued*

Support and revenue, as well as income and realized and unrealized net gains and losses on any invested assets, are reported as increases or decreases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the restricted time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions, which are met in the same year as received, are reported as support and revenue without restrictions.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include all cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less when purchased.

(d) *Concentration of Credit Risk*

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits. The Foundation places its cash with high credit quality financial institutions to minimize the risks.

(e) *Contributions Receivable*

Contributions receivable are stated at net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. At December 31, 2018 and 2017, the Foundation deemed all receivables to be collectable; as such no allowance for bad debt has been recorded.

(f) *Promises to Give*

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at their estimated net realizable value.

(g) *Deferred Revenue*

Deferred revenue consists of amounts received before the end of the fiscal year that is revenue for the subsequent fiscal year. This revenue will be recognized during the subsequent fiscal year.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018

(2) Summary of Significant Accounting Policies, Continued

(h) *Donated Facilities, Materials and Services*

Some of the operations of the Foundation are conducted in facilities provided for use at reduced costs. Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Contributed materials are recorded at their fair value at the date of the gift.

The estimated fair value of contributed facilities, materials and services is reflected as support services and expenses in the accompanying statements of activities and changes in net assets in the period in which the use of facilities, materials and services are received. For the year ended December 31, 2018 and 2017, contributed facilities, materials and services totaled \$87,295 and \$86,550, respectively.

(i) *Income Taxes*

The Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to a tax on income from any unrelated business.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America (US GAAP), with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018.

(j) *Use of Estimates*

The preparation of financial statements in conformity with US 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 support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018

(2) Summary of Significant Accounting Policies, Continued

(k) Functional Expense Allocation

The costs incurred by the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and support activities of the Foundation. These allocations have been made based on an estimate of the relative benefit provided and considerations of time spent on the related activities.

(l) Subsequent Events

The Foundation has performed an evaluation of subsequent events through September 23, 2019, which is the date the financial statements were available to be issued.

(3) Fair Value of Assets

Fair value is defined as 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified as Level 3 of the hierarchy. There were no Level 2 or 3 investments as of December 31, 2018 and 2017.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2018

(3) Fair Value of Assets, Continued

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

	<u>2018</u>	<u>2017</u>
	<u>(Level 1)</u>	<u>(Level 1)</u>
Assets at fair value:		
Mutual funds	\$ 96,254	\$ 6,045
Stock	2,921	-
	<u>\$ 99,175</u>	<u>\$ 6,045</u>

Interest and dividends from investments totaled \$479 and \$410 for the year ended December 31, 2018 and 2017, respectively.

(4) Liquidity

Financial assets available for general expenditure within one year are \$826,521 as of December 31, 2018. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of its liquidity management, the Association has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which would be approximately \$157,000 as of year-end. The Foundation's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of daily requirements in short-term investments. The Foundation does not have a line of credit available to assist with liquidity management.