

ThinkBIG PEDIATRIC CANCER FUND, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022



McKONLY & ASBURY
CPAs & Business Advisors

ThinkBIG PEDIATRIC CANCER FUND, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
ThinkBIG Pediatric Cancer Fund, Inc.

We have reviewed the accompanying financial statements of ThinkBIG Pediatric Cancer Fund, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of ThinkBIG Pediatric Cancer Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

MAILING ADDRESS

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McKonly & Asbury, LLP

Bloomsburg, Pennsylvania
August 2, 2023

ThinkBIG PEDIATRIC CANCER FUND, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS

Current assets	
Cash	\$ 184,423
Prepaid expenses	<u>1,321</u>
Total current assets	<u>185,744</u>
Property and equipment, net	<u>173</u>
Other assets	
Operating lease right-of-use asset	27,851
Security deposit	<u>700</u>
Total other assets	<u>28,551</u>
Total assets	<u><u>\$ 214,468</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 104
Accrued payroll	3,138
Payroll taxes payable	1,475
Accrued expenses	5,200
Current portion of operating lease liability	<u>8,484</u>
Total current liabilities	18,401
Operating lease liability, net of current portion	<u>18,706</u>
Total liabilities	<u>37,107</u>
Net assets without donor restrictions	<u>177,361</u>
Total liabilities and net assets	<u><u>\$ 214,468</u></u>

See accompanying notes and independent accountant's review report.

ThinkBIG PEDIATRIC CANCER FUND, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

Revenues and support	
Donations	\$ 212,262
Grants	74,500
Special events	6,000
Direct expenses of special events	(1,030)
Interest income	2,394
In-kind donations	<u>1,300</u>
Total revenues and support	<u>295,426</u>
Expenses	
Program services	235,900
Management and general	97,167
Fundraising	<u>8,272</u>
Total expenses	<u>341,339</u>
Change in net assets	(45,913)
Net assets without donor restrictions, beginning	223,367
Effect of change in accounting principle (See Note 1)	<u>(93)</u>
Net assets without donor restrictions, ending	<u><u>\$ 177,361</u></u>

See accompanying notes and independent accountant's review report.

ThinkBIG PEDIATRIC CANCER FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Financial support provided	\$ 235,758	\$ -	\$ -	\$ 235,758
Wages	-	69,105	-	69,105
Rent expense	-	8,746	-	8,746
Payroll taxes	-	5,513	-	5,513
Professional fees	-	5,200	-	5,200
Apparel expense	-	-	4,126	4,126
Miscellaneous	-	150	3,848	3,998
Insurance	-	2,431	298	2,729
Bank processing fees	-	2,461	-	2,461
Utilities	-	2,348	-	2,348
Office expense	83	434	-	517
Travel	-	503	-	503
Advertising	-	144	-	144
Postage	59	68	-	127
Depreciation	-	64	-	64
Total operational expenses	235,900	97,167	8,272	341,339
Direct expenses of special events	-	-	1,030	1,030
Total expenses	<u>\$ 235,900</u>	<u>\$ 97,167</u>	<u>\$ 9,302</u>	<u>\$ 342,369</u>

See accompanying notes and independent accountant's review report.

ThinkBIG PEDIATRIC CANCER FUND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities	
Change in net assets	\$ (45,913)
Adjustments to reconcile change in net assets to net cash provided by used in operating activities	
Depreciation	64
Decrease in carrying amount of operating lease right-of-use asset	8,394
Accrued interest on operating lease liabilities	302
Changes in assets and liabilities	
Prepaid expenses	(41)
Accounts payable	104
Payroll liabilities	(259)
Accrued expenses	3,810
Operating lease liability	(9,450)
Accrued payroll	444
Net cash used in operating activities	<u>(42,545)</u>
Net change in cash and cash equivalents	(42,545)
Cash, beginning of year	<u>226,968</u>
Cash, end of year	<u><u>\$ 184,423</u></u>
Supplemental disclosure of non-cash operating activities	
Initial recognition of right-of-use asset	\$ 36,245
Initial recognition of operating lease liability	(36,338)
Effect of change in accounting principle (Note 1)	<u>93</u>
Total non-cash operating activities	<u><u>\$ -</u></u>

See accompanying notes and independent accountant's review report.

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

ThinkBIG Pediatric Cancer Fund, Inc. ("ThinkBIG") provides financial support to families who are battling pediatric cancer to minimize leave of absences from work and to reduce the stress of everyday financial expenses.

Basis of Presentation

ThinkBIG prepares its financial statements in accordance with generally accepted accounting principles ("GAAP") in the United States of America. The significant accounting and reporting policies used by ThinkBIG are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits, savings deposits, time deposits, and all highly liquid debt instruments with original maturities of three months or less. There were no cash equivalents at December 31, 2022.

Property and Equipment

Property and equipment are stated at cost or, in the case of donated items, the fair market value at the date of the gift. Expenditures that extend the useful life of an asset are capitalized. Routine repairs and maintenance expenditures are expensed as incurred. Depreciation is provided for on the straight-line method over the estimated useful lives as follows:

Building and leasehold improvements	7 - 39 years
Equipment	5 - 7 years

Leases

ThinkBIG leases real estate. The determination of whether an arrangement is or contains a lease is made at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, net, and finance lease liabilities on the statement of financial position. There were no finance leases as of or during the year ended December 31, 2022.

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the risk-free rate used is based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that ThinkBIG will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ThinkBIG has a lease agreement with lease and non-lease components, which are generally accounted for separately. The lease and non-lease components of certain leases are accounted for as a single lease component. For arrangement accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease component may be revised from one period to the next. These variable lease payments are recognized in operating expenses in the period in which the obligation for those payments were incurred.

In evaluating contracts to determine if they qualify as a lease, ThinkBIG considered factors such as if ThinkBIG has obtained substantially all of the rights to the underlying asset through exclusivity, if ThinkBIG can direct the use of the asset by making decision about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

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 may or will be met, either by actions of ThinkBIG or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Also included in this category are net assets whose use by ThinkBIG is limited by donor-imposed that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

There were no net assets with donor restrictions as of or during the year ended December 31, 2022.

Revenue Recognition

Contribution revenue consists of donations to support ThinkBIG's mission and are recognized when received. Special events revenue is recognized at the time the corresponding event is concluded. ThinkBIG has disaggregated its various revenue streams on the statement of activities and change in net assets and all performance obligations are recognized at a point in time.

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Contributions

All contributions are reported as without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

ThinkBIG periodically receives contributions in a form other than cash. If ThinkBIG receives a gift of investments, land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value on the date of the gift, provided that the value of the asset and its estimated useful life meets ThinkBIG's capitalization policy. Donated use of facilities is reported as a contribution and an expense at the estimated fair value of similar space for rent under similar conditions.

ThinkBIG benefits from personal services provided by a number of volunteers. Contributed services are recognized in the financial statements if they meet the criteria for recognition under GAAP which are (a) the services create or enhance non-financial assets or (b) the services would have been purchased if not provided by the contribution, require specialized skills, and are provided by individuals possessing those skills. ThinkBIG recognized no contributed services in 2022.

In-Kind Contributions

In-kind contributions are recorded at fair value at the time of receipt. These contributions are recognized as support in the statement of activities and change in net assets and either expenses in the statement of activities and change in net assets or as property and equipment in the statement of financial position. In-kind contributions consist of the following:

Contributed supplies and services: ThinkBIG utilizes contributed supplies and services to support its program activities. The contribution is recorded at the value of the supply or service as provided by the donor.

Contributed property and equipment: ThinkBIG utilizes contributed property and equipment to support its program activities. The contribution is recorded at the value of the property and equipment as provided by the donor.

Income Taxes

ThinkBIG is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Code.

ThinkBIG adheres to the provisions of FASB ASC 740, *Income Taxes* (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. An organization can recognize an income tax benefit only if the position has a "more likely than not" (i.e., more than 50 percent) chance of being sustained on its technical merits. During 2022, ThinkBIG has taken no material tax positions on its applicable tax

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. ThinkBIG is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. ThinkBIG believes it is no longer subject to income tax examinations for years prior to 2019.

Expense Recognition and Allocation

The cost of providing ThinkBIG's programs and other activities is summarized on a functional basis on the statement of activities and change in net assets. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted according to an estimate of the employee time spent on each function.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of ThinkBIG.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. ThinkBIG does not generally conduct its fundraising activities in conjunction with its other activities.

Recently Adopted Accounting Standard

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial position. ThinkBIG adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available.

ThinkBIG elected the available practical expedient to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial indirect costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease standard on January 1, 2022, ThinkBIG also recognized on January 1, 2022, a lease liability of \$36,338, which represents the present value of the remaining operating lease payments of \$37,050, discounted using an average risk-free rate of 0.96%, and a right-of-use asset of \$36,245. The difference between the additional lease asset and lease liability was recorded as an adjustment to net assets without donor restrictions in the amount of \$93.

The most significant impact from adopting the new lease standard was the recognition of a right-of-use asset and lease liability for the operating lease.

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Date of Management's Review

ThinkBIG has evaluated the period from January 1, 2023 through August 2, 2023, which represents the date the financial statements were available to be issued for its determination as to whether there are any reportable or recordable subsequent events. ThinkBIG did not have any material subsequent events that would require adjustment to or disclosure in the financial statements.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ThinkBIG's financial assets consist solely of cash and amounted to \$184,423 at December 31, 2022. None of the financial assets at December 31, 2022 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. ThinkBIG attempts to maintain adequate cash balances to fund operating expenses.

3. PROPERTY AND EQUIPMENT

The following summarizes the components of property and equipment at December 31, 2022:

Furniture and fixtures	\$	317
Less accumulated depreciation		<u>144</u>
Property and equipment, net	\$	<u><u>173</u></u>

ThinkBIG PEDIATRIC CANCER FUND, INC.

NOTES TO FINANCIAL STATEMENTS

4. OPERATING LEASES

ThinkBIG has an operating lease for its office space. Rent expense totaled \$8,746 for the year ended December 31, 2022.

Other information related to leases was as follows as of and for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of
lease liability:

Operating cash flows for operating leases	\$ 9,450
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ROU assets obtained in exchange for a lease obligation:

Operating leases	\$ 36,245
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Weighted average remaining lease term:

Operating leases	3.17 years
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Weighted average discount rate

Operating leases	0.96%
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As of December 31, 2022, future minimum lease payments are as follows:

2023	\$ 8,700
2024	8,400
2025	8,400
2026	2,100
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Total future minimum lease payments	27,600
Less imputed interest	(410)
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Net present value of minimum lease obligation	<u>\$ 27,190</u>
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5. CONCENTRATIONS

ThinkBIG maintains its cash and cash equivalent accounts with one financial institution. Total cash deposits are secured up to \$250,000 per financial institution by the Federal Deposit Insurance Corporation.