

KIDS KICKING CANCER, INC.
(a Michigan not-for-profit corporation)

FINANCIAL STATEMENTS
December 31, 2022 and 2021

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BERGER, GHERSI & LADUKE PLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Kids Kicking Cancer, Inc.
Southfield, Michigan

Opinion

We have audited the accompanying financial statements of **Kids Kicking Cancer, Inc.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, statements of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Kids Kicking Cancer, Inc.** as of 2022 and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Kids Kicking Cancer, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Kids Kicking Cancer, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

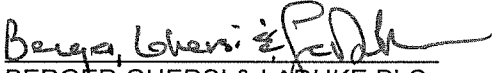
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Kids Kicking Cancer, Inc.'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 **Kids Kicking Cancer, Inc.'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.


BERGER GHERZI & LA DUKE PLC
Certified Public Accountants

October 4, 2023

KIDS KICKING CANCER, INC.
(a Michigan not-for-profit corporation)

STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash	\$ 520,174	\$ 649,657
Short-term investments	844,408	902,443
Accounts receivable	-	318,268
Prepaid expenses	25,161	19,688
Total current assets	1,389,743	1,890,056
Net property and equipment	9,966	33,556
Total assets	\$ 1,399,709	\$ 1,923,612

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 3,523	\$ 2,782
PPP loan payable	222,695	222,695
Total current liabilities:	226,218	225,477
Net assets:		
Without donor restrictions		
Undesignated	467,750	1,146,219
Designation by the Board	181,814	41,766
	649,564	1,187,985
With donor restrictions		
Designated by donor	523,927	510,150
	523,927	510,150
Total net assets	1,173,491	1,698,135
Total liabilities and net assets	\$ 1,399,709	\$ 1,923,612

See accompanying notes to the financial statements.

KIDS KICKING CANCER, INC.
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STATEMENTS OF ACTIVITIES
For the years ended December 31, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contribution income	\$ 1,815,194	\$ 1,032,600	\$ 2,847,794
Investment income	(6,520)	-	(6,520)
Donated materials and services	162,330	-	162,330
Net assets released from restrictions	1,018,823	(1,018,823)	-
Total revenue	<u>2,989,827</u>	<u>13,777</u>	<u>3,003,604</u>
Expenses:			
Program expenses	2,490,556	-	2,490,556
Management and general	532,706	-	532,706
Fundraising	504,986	-	504,986
Total expenses	<u>3,528,248</u>	<u>-</u>	<u>3,528,248</u>
Change in net assets	(538,421)	13,777	(524,644)
Net assets, beginning of year	<u>1,187,985</u>	<u>510,150</u>	<u>1,698,135</u>
Net assets, end of year	<u>\$ 649,564</u>	<u>\$ 523,927</u>	<u>\$ 1,173,491</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contribution income	\$ 2,337,220	\$ 705,000	\$ 3,042,220
Investment income	4,696	-	4,696
Donated materials and services	150,295	-	150,295
Net assets released from restrictions	850,898	(850,898)	-
Total revenue	<u>3,343,109</u>	<u>(145,898)</u>	<u>3,197,211</u>
Expenses:			
Program expenses	2,119,112	-	2,119,112
Management and general	522,217	-	522,217
Fundraising	620,739	-	620,739
Total expenses	<u>3,262,068</u>	<u>-</u>	<u>3,262,068</u>
Change in net assets	81,041	(145,898)	(64,857)
Net assets, beginning of year	<u>1,106,944</u>	<u>656,048</u>	<u>1,762,992</u>
Net assets, end of year	<u>\$ 1,187,985</u>	<u>\$ 510,150</u>	<u>\$ 1,698,135</u>

See accompanying notes to the financial statements.

KIDS KICKING CANCER, INC.
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STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (524,644)	\$ (64,857)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	23,590	28,389
PPP loan forgiven	-	(184,886)
Changes in assets and liabilities:		
Prepaid expenses	(5,473)	(5,919)
Accounts receivable	318,268	(318,268)
Accounts payable	741	(4,442)
	(187,518)	(549,983)
Cash flows from investing activities:		
Change in investment value	58,133	(404)
	58,133	(404)
Cash flows from financing activities:		
PPP loan proceeds	-	222,695
	-	222,695
Net change in cash and cash equivalents	(129,385)	(327,692)
Cash and cash equivalents, beginning of year	649,559	977,251
Cash and cash equivalents, end of year	\$ 520,174	\$ 649,559

See accompanying notes to the financial statements.

KIDS KICKING CANCER, INC.
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STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2022 and 2021

	2022			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 958,498	\$ 299,531	\$ 239,624	\$ 1,497,653
Payroll tax expense	70,168	21,928	17,542	109,638
Health insurance	51,427	16,071	12,857	80,355
Employer 401(k) match	24,472	7,647	6,118	38,237
Payroll and benefit services	19,451	6,079	4,863	30,393
Workers' compensation insurance	1,313	410	328	2,051
Total payroll expenses	1,125,329	351,666	281,332	1,758,327
Advertising	18,000	7,500	4,500	30,000
Automobile expenses	3,171	198	595	3,964
Business expenses	3,541	3,541	3,541	10,623
Credit card processing fees	-	18,179	-	18,179
Depreciation	19,716	1,937	1,937	23,590
Technical & Creative Services	52,995	4,676	4,676	62,347
Donated services	159,932	-	-	159,932
Family support	4,597	-	-	4,597
Fundraising	19,539	-	78,152	97,691
Insurance	15,569	1,730	-	17,299
Occupancy costs and maintenance	66,961	13,392	8,928	89,281
Office and business expenses	3,287	704	704	4,695
Outside contract services	241,472	25,069	102,119	368,660
Patient transportation	4,986	-	-	4,986
Postage and delivery	8,570	2,857	2,857	14,284
Printing	34,278	9,794	4,897	48,969
Professional fees	-	10,845	-	10,845
Program expenses	210,926	-	-	210,926
Supplies	55,170	-	-	55,170
Technology	357,907	78,565	-	436,472
Travel - local	9,382	-	-	9,382
Travel expenses	49,269	-	8,695	57,964
Uniforms and equipment	16,377	-	-	16,377
Utilities	9,582	2,053	2,053	13,688
Total expenses	\$ 2,490,556	\$ 532,706	\$ 504,986	\$ 3,528,248

See accompanying notes to the financial statements.

KIDS KICKING CANCER, INC.
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STATEMENTS OF FUNCTIONAL EXPENSES
(continued)
For the years ended December 31, 2022 and 2021

	2021			
	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 869,312	\$ 339,460	\$ 279,026	\$ 1,487,798
Payroll tax expense	63,556	23,652	19,757	106,965
Health insurance	15,575	13,898	7,986	37,459
Employer 401(k) match	21,802	6,194	4,710	32,706
Payroll and benefit services	6,009	2,397	2,750	11,156
Workers' compensation insurance	4,977	995	663	6,635
Total payroll expenses	981,231	386,596	314,892	1,682,719
Advertising	24,903	4,981	3,320	33,204
Automobile expenses	2,965	185	556	3,706
Business expenses	5,560	5,560	5,560	16,680
Credit card processing fees	-	17,403	-	17,403
Depreciation	24,515	1,937	1,937	28,389
Technical & Creative Services	125,997	-	14,000	139,997
Donated services	147,642	-	-	147,642
Family support	6,775	-	-	6,775
Fundraising	16,848	-	67,391	84,239
Insurance	16,853	9,441	-	26,294
Occupancy costs and maintenance	58,906	12,623	12,623	84,152
Office and business expenses	4,642	2,321	2,321	9,284
Outside contract services	123,784	14,066	143,477	281,327
Patient transportation	1,083	-	-	1,083
Postage and delivery	11,003	2,358	2,358	15,719
Printing	29,014	6,217	6,217	41,448
Professional fees	-	13,500	-	13,500
Program expenses	264,971	-	-	264,971
Supplies	47,577	-	-	47,577
Technology	199,781	42,810	42,810	285,401
Travel - local	1,632	-	-	1,632
Travel expenses	5,995	-	1,058	7,053
Uniforms and equipment	7,080	-	-	7,080
Utilities	10,355	2,219	2,219	14,793
Total expenses	\$ 2,119,112	\$ 522,217	\$ 620,739	\$ 3,262,068

See accompanying notes to the financial statements.

KIDS KICKING CANCER, INC.
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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - Summary of Significant Accounting Policies

Nature of activities - Kids Kicking Cancer, Inc. (KKC) is a domestic, not-for-profit corporation whose purpose is to develop programs to ease the pain of very sick children while empowering them to heal physically, spiritually and emotionally.

Method of accounting - The financial statements are prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.

Cash and cash equivalents - KKC defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in investment income. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Promises to give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions. There were no unconditional promises to give made in 2022 or 2021 that were not received by year end.

Accounts receivable - The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As there were no unconditional promises to give not collected by December 31, 2022 and 2021, there are no accounts receivable recorded in these financial statements. Accordingly, no allowance for doubtful accounts is necessary at December 31, 2022 or 2021.

Property and equipment - Capital additions to property and equipment exceeding \$5,000 are recorded at cost if purchased or, if donated, at fair market value at the date of the gift. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, generally three to ten years. Total depreciation expense for the years ended December 31, 2022 or 2021 was \$23,590 and \$28,389, respectively.

Income taxes - KKC is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

KKC's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

KIDS KICKING CANCER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE A - Summary of Significant Accounting Policies (continued)

Net assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets of KKC are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition - KKC receives substantially all of its revenue from individual and corporate donors in the form of contributions.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend, are substantially met.

KKC reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets.

Grants and contributions – Unconditional grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, 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 restrictions. Revenue is recognized on the date the condition is met.

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, and those differences could be material.

NOTE B - Concentration of Credit Risk

KKC has concentrated its credit risk for cash by maintaining deposits in financial institutions which may, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. KKC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE C - Date of Management's Review

Management has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

On April 12, 2021, KKC received loan proceeds for a second loan in the amount of \$222,695 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1.0%, with a deferral of payments for the first six months. KKC has used the proceeds for purposes consistent with the PPP and believes its use of the loan proceeds will meet the conditions for forgiveness of the loan.

As of the date of the auditor's report, PPP loan forgiveness has been received for the first loan in the amount of \$184,886. KKC has applied for and expects the second loan to be forgiven as well.

NOTE D - Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2022	2021
Computers and equipment	5 to 10 years	\$ 3,950	\$ 3,950
Program/Medical equipment	5 years	38,747	38,747
Vehicles	5 years	143,770	143,770
Total property and equipment		186,467	186,467
Less: Accumulated depreciation		176,501	152,911
Net property and equipment		\$ 9,966	\$ 33,556

NOTE E - Donated Materials and Services

The value of donated materials, included as contributions on the Statement of Activities, was \$138,617 and \$121,412 for the years ended December 31, 2022 and 2021, respectively. These materials were used for and are included in program expenses on the Statements of Functional Expenses, with \$ 2,998 and \$2,653 of donated materials per year categorized in uniforms for the years ended December 31, 2022 and 2021, respectively.

The value of donated services, included as contributions on the Statements of Activities, was \$20,715 and \$26,230 for the years ended December 31, 2022 and 2021, respectively. These services were used for and are included in program expenses on the Statements of Functional Expenses.

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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE F - Advertising Costs

Advertising costs were expensed as incurred. Total advertising expense for the years ended December 31, 2022 and 2021 was \$30,000 and \$33,204, respectively.

NOTE G - Concentration of Donors

In 2022 and 2021, approximately 10% and 13%, respectively, of total revenue was received from one donor.

NOTE H - Leases

KKC had a 3 year lease agreement which began in June 2013 for its administrative office. The lease was first amended on April 12, 2016 for an additional 3 years. On December 17, 2019, the lease was amended a second time for an additional 3 years. The lease calls for base rental payments of \$6,652 per month through December 31, 2021, and base rental payments of \$7,436 per month through December 31, 2022. The lease was not renewed at the date of the report and the organization is currently under a month-to-month agreement continuing with base rental payments of \$7,436 per month.

Total rental expense for the administrative offices for the years ended December 31, 2022 and 2021 totaled \$89,281 and \$84,152, respectively, and are included in occupancy costs on the Statements of Functional Expenses.

KKC has an automobile lease with an original lease date of September 2, 2021. Monthly payments of \$315 commenced on September 2, 2021. These amounts are included in automobile expenses on the Statements of Functional Expenses. The term of the lease is 24 months.

Minimum payments under this lease are as follows for the years ending December 31:

2023	\$	2,520
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NOTE I - Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE J - Retirement Plan

KKC has a 401(k) retirement savings plan which covers all eligible employees. KKC matches employee contributions up to a maximum of 4% of their salary. The matching contribution was \$38,237 and \$32,706 for the years ended December 31, 2022 and 2021, respectively.

KIDS KICKING CANCER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE K - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose:		
Impact 100 Grant	\$ 56,976	\$ 67,805
Martial Arts Art Therapy Program	35,359	55,791
Heroes Circle; Children Healing Children	4,940	8,200
Heroes Circle Danto Incubator	84,958	-
Michigan Health Endowment Fund – Adolescents & Young Adults	-	48,993
Michigan Health Endowment Fund – Healing Hero	22,652	149,384
The Carls Foundation	73,083	100,000
Jamie and Denise Jacob Family Foundation	10,775	75,000
Community Foundation for Southeast Michigan	-	4,977
The Abrams Foundation	10,000	-
Dunkin' Joy in Childhood Foundation	2,097	-
Harri Hoffmann Family Foundation, Inc	6,600	-
The Jewish Fund: Heroes Circle Professional Training	25,000	-
Livestrong Kickin' it in the Kitchen	2,400	-
Total Health Care Foundation Pediatric Healing Program	154,087	-
Towsley Foundation Curriculum	10,000	-
Van Elslander Foundation Curriculum	25,000	-
Total	\$ 523,927	\$ 510,150

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
Impact 100 Grant	\$ 10,829	\$ 9,774
Martial Arts Art Therapy Program	20,432	116,164
Heroes Circle; Children Healing Children	3,260	1,610
Heroes Circle Danto Incubator	165,043	296,705
State of Michigan – Oak Park schools	200,000	-
Michigan Health Endowment Fund – Adolescents & Young Adults	48,993	51,007
Michigan Health Endowment Fund – Healing Hero	376,731	100,616
The Carls Foundation	26,917	-
The D. Dan and Betty Kahn Foundation	-	230,000
Jamie and Denise Jacob Family Foundation	64,225	-
Community Foundation for Southeast Michigan	4,977	45,022
Dunkin' Joy in Childhood Foundation	17,903	-
Harri Hoffmann Family Foundation, Inc	3,400	-
Livestrong Kickin' it in the Kitchen	5,200	-
Total Health Care Foundation Pediatric Healing Program	70,913	-
Total	\$ 1,018,823	\$ 850,898

KIDS KICKING CANCER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE L - Board Designations Net Assets Without Restrictions

KKC's governing board through specific action or through management policy has created self-imposed limits on net assets without donor restrictions. The board has earmarked \$181,814 and \$41,766 for the following purposes as of December 31, 2022 and 2021:

	2022	2021
For funding KKC's virtual reality program	\$ 39,592	\$ 41,766
Young Women's Home Association	5,000	-
Kraft Digital Dojo	137,222	-
Total	\$ 181,814	\$ 41,766

NOTE M - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 520,174	\$ 649,559
Mutual funds	844,408	902,541
Total	\$ 1,364,582	\$ 1,552,100

All board and donor amounts with restrictions limiting use at year end were designated to be used within a year.

As part of KKC's liquidity management plan, KKC invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. In 2020, KKC opened an investment account to invest excess cash in mutual funds.

NOTE N - Fair Value Measurements

KKC reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, KKC attempts to utilize valuation methods that maximize the use of observable inputs. Based on the observability of the inputs used in the valuation methods, the information is provided according to the fair value hierarchy, classified in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

KIDS KICKING CANCER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE N - Fair Value Measurements (continued)

KKC holds short-term investments that are excess operating cash. These investments are meant to be short-term and able to convert to cash if needed to cover operating expenses. Short-term investments consist of commercial paper with original maturities of greater than three months but less than one year. These investments are considered available-for-sale and are recorded at fair value. As of December 31, 2022 and 2021, the difference between the fair value of the short-term investments and the original cost was not material.

The following is a description of the valuation methodologies used for assets:

Mutual funds. The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Plan are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Plan are considered to be actively traded.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2022 and 2021:

	Assets at Fair Value as of:			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2022:				
Mutual funds	\$ 844,408	\$	\$ 844,408	\$
Total investments at fair value	\$ 844,408	\$	\$ 844,408	\$

	Assets at Fair Value as of:			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2021:				
Mutual funds	\$ 902,541	\$	\$ 902,541	\$
Total investments at fair value	\$ 902,541	\$	\$ 902,541	\$

KIDS KICKING CANCER, INC.
(a Michigan not-for-profit corporation)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

December 31, 2022 and 2021

NOTE O - New accounting pronouncements

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangement. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

KKC implemented the new ASU and management has determined that since the month-to-month lease does not qualify as a lease subject to recognizing a right to use asset, no such asset or related liability was reflected on the balance sheet.