

**BEAR NECESSITIES PEDIATRIC  
CANCER FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

YEARS ENDED JUNE 30, 2022 AND 2021

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## **Independent Auditors' Report**

Board of Directors  
Bear Necessities Pediatric Cancer Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of Bear Necessities Pediatric Cancer Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Bear Necessities Pediatric Cancer Foundation, Inc. as of June 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bear Necessities Pediatric Cancer Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Bear Necessities Pediatric Cancer Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Bear Necessities Pediatric Cancer Foundation, 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 Bear Necessities Pediatric Cancer Foundation, 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.

*Ostrow Reisin Berk & Abrams, Ltd.*

November 3, 2022

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

June 30,	2022	2021
<b>ASSETS</b>		
Cash	\$ 780,849	\$ 679,293
Investments	505,901	579,420
Accounts receivable	33,874	
Inventory	21,646	21,825
Prepaid expenses	6,623	1,922
Property and equipment, net	966,225	1,006,005
<b>Total assets</b>	<b>\$ 2,315,118</b>	<b>\$ 2,288,465</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Mortgage payable	\$ 274,138	\$ 330,856
Loan payable - Payroll Protection Program		112,920
Accounts payable and accrued expenses	66,183	21,918
Grants payable	50,000	
Contract liabilities	17,675	32,125
<b>Total liabilities</b>	<b>407,996</b>	<b>497,819</b>
Net assets:		
Without donor restrictions:		
Undesignated	1,282,680	1,221,121
Board-designated	525,000	525,000
<b>Total net assets without donor restrictions</b>	<b>1,807,680</b>	<b>1,746,121</b>
<b>With donor restrictions</b>	<b>99,442</b>	<b>44,525</b>
<b>Total net assets</b>	<b>1,907,122</b>	<b>1,790,646</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,315,118</b>	<b>\$ 2,288,465</b>

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES

Years ended June 30,	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	\$ 929,870	\$ 60,634	\$ 990,504	\$ 854,770		\$ 854,770
In-kind contributions	69,090		69,090	11,504		11,504
Special events and other fundraisers:						
Gross revenue	809,231		809,231	327,162		327,162
Less direct benefit to donors, including in-kind goods of \$21,663 in 2022 and \$10,908 in 2021	(304,041)		(304,041)	(83,610)		(83,610)
Merchandise	705		705	79		79
Net investment return	(70,691)		(70,691)	69,124		69,124
Forgiveness of debt - PPP loan	112,920		112,920	113,000		113,000
Net assets released from restrictions	5,717	(5,717)				
<b>Total revenue</b>	<b>1,552,801</b>	<b>54,917</b>	<b>1,607,718</b>	<b>1,292,029</b>		<b>1,292,029</b>
Expenses:						
Program services	963,762		963,762	584,065		584,065
Management and general	182,302		182,302	137,886		137,886
Fundraising	345,178		345,178	358,496		358,496
<b>Total expenses</b>	<b>1,491,242</b>		<b>1,491,242</b>	<b>1,080,447</b>		<b>1,080,447</b>
Change in net assets	61,559	54,917	116,476	211,582		211,582
Net assets:						
Beginning of year	1,746,121	44,525	1,790,646	1,534,539	\$ 44,525	1,579,064
End of year	\$ 1,807,680	\$ 99,442	\$ 1,907,122	\$ 1,746,121	\$ 44,525	\$ 1,790,646

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year ended June 30, 2022	Program services						Total expenses
	Bear Hugs	Bear Discoveries	Hope Education Scholarship	Management and general	Fundraising	Direct benefit to donors	
Direct costs of Bear Hugs experiences	\$ 325,729						\$ 325,729
Event expenses					\$ 26,300	\$ 293,160	319,460
Occupancy expenses	53,964	\$ 3,765		\$ 28,864	38,904		125,497
Office expenses	4,256	297		2,951	4,388	10,881	22,773
Outside services	64,069	4,470		34,270	71,551		174,360
Research grants		200,000					200,000
Salaries and related expenses	254,473	23,270		116,217	204,035		597,995
Scholarships			\$ 29,469				29,469
	702,491	231,802	29,469	182,302	345,178	304,041	1,795,283
Less expenses included with revenue on the statements of activities						(304,041)	(304,041)
Total expenses	\$ 702,491	\$ 231,802	\$ 29,469	\$ 182,302	\$ 345,178	\$ -	\$ 1,491,242

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

Year ended June 30, 2021	Program services	Management and general	Fundraising	Direct benefit to donors	Total expenses
Direct costs of Bear Hugs experiences	\$ 306,739				\$ 306,739
Event expenses			\$ 5,282	\$ 83,610	88,892
Occupancy expenses	45,271	\$ 22,636	57,846		125,753
Office expenses	5,486	2,743	7,049		15,278
Outside services	66,505	33,252	84,978		184,735
Salaries and related expenses	160,064	79,255	203,341		442,660
	584,065	137,886	358,496	83,610	1,164,057
Less expenses included with revenue on the statements of activities				(83,610)	(83,610)
<b>Total expenses</b>	<b>\$ 584,065</b>	<b>\$ 137,886</b>	<b>\$ 358,496</b>	<b>\$ -</b>	<b>\$ 1,080,447</b>

*See notes to financial statements.*



**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

Years ended June 30,	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 116,476	\$ 211,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,780	39,967
Forgiveness of debt - PPP loan	(112,920)	(113,000)
Net realized and unrealized (gain) loss on investments	88,923	(57,909)
(Increase) decrease in operating assets:		
Accounts receivable	(33,874)	500
Inventory	179	5
Prepaid expenses	(4,701)	(1,922)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	44,265	(17,166)
Grants payable	50,000	
Contract liabilities	(14,450)	27,025
Net cash provided by operating activities	173,678	89,082
Cash flows from investing activities:		
Purchases of investments	(185,058)	(163,569)
Proceeds from sale of investments	169,654	161,601
Net cash used in investing activities	(15,404)	(1,968)

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

Years ended June 30,	2022	2021
Cash flows from financing activities:		
Proceeds from loan payable - Payroll Protection Program		\$ 112,920
Payments on mortgage payable	\$ (56,718)	(56,718)
Net cash provided by (used in) financing activities	(56,718)	56,202
Net increase in cash	101,556	143,316
Cash, beginning of year	679,293	535,977
Cash, end of year	\$ 780,849	\$ 679,293
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 13,137	\$ 15,576

*See notes to financial statements.*

# **BEAR NECESSITIES PEDIATRIC CANCER FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Foundation and purpose**

Bear Necessities Pediatric Cancer Foundation, Inc. (the Foundation) is an Illinois nonprofit foundation, with the purpose of granting funds to encourage, supplement and initiate research related to pediatric cancer diseases, as well as to supplement patient, parent and hospitals' specific needs.

The Bear Hugs Program supports cancer patients (ages 0-19), as well as their immediate families that face the many challenges that accompany the diagnosis and treatment of pediatric cancer. The Foundation's outreach serves both in state and out of state children that are being treated at some of the major Chicago area hospitals with pediatric oncology departments. A Bear Hug is a customized experience that brightens the life of a child going through cancer. The Bear Hugs Program also provides immediate family support for financial burden and essential needs.

Bear Discoveries awards medical research grants nationwide each year primarily to junior investigative researchers who make meaningful advancements and discoveries towards finding a cure and therapies for various types of pediatric cancer. Research grants awarded were \$200,000 for the year ended June 30, 2022. No grants were awarded during the year ended June 30, 2021.

During 2022, the Foundation launched the Hope Education Scholarship Program for pediatric cancer patients, survivors, and their siblings who are Illinois residents. The scholarship program is designed to ease the financial and emotional hardships associated with fighting pediatric cancer and to provide the opportunity for young people affected by pediatric cancer to pursue their post-secondary education from an accredited university, college, community college, or vocational-technical school.

### **2. Summary of significant accounting policies**

The significant accounting policies of the Foundation are summarized below.

#### **Basis of accounting:**

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Basis of presentation:**

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

**Net assets without donor restrictions** – Net assets available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the environment in which it operates. Board-designated net assets include assets over which the Board of Directors retains control and may, at its discretion, subsequently be used to support the mission of the Foundation.

**Net assets with donor restrictions** – Some donor-imposed restrictions are temporary in nature, such that they 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 the resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Recent accounting pronouncement:**

During the year ended June 30, 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The adoption of this standard did not have a significant impact on the financial statements.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Tax status:**

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service (IRS) has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Code.

Management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of June 30, 2022 and 2021.

**Cash:**

The Foundation maintains its cash in bank accounts which, at times, may exceed federally-insured limits. The Foundation's uninsured cash balances totaled \$463,378 and \$214,245 at June 30, 2022 and 2021, respectively.

**Fair value measurements:**

The Foundation utilizes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- |         |  |
|---------|--|
| Level 1 | Quoted prices for identical instruments in active markets.   |
| Level 2 | Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. |
| Level 3 | Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.  |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Investments:**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2022 and 2021:

June 30,	2022	2021
Equity securities	\$ 133,556	\$ 168,764
U.S. government obligations	7,564	13,436
Mutual funds:		
Equity funds	364,781	397,220
<b>Total investments at fair value</b>	<b>\$ 505,901</b>	<b>\$ 579,420</b>

Realized and unrealized investment gains and losses and other investment income are reflected in the statements of activities as changes in net assets without donor restrictions.

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The strategy's primary goal is capital appreciation and stability as a secondary goal. The assets are invested in a portfolio which consists of equities, U.S. government obligations, corporate bonds, and mutual funds. The objective of the investment portfolio is to maximize long-term returns consistent with prudent levels of risk. In establishing the investment objectives of the investment portfolio, the Board of Directors has taken into account the time horizon available for investment, the nature of the investment portfolio's cash flows and liabilities and other factors that affect the portfolio's risk tolerance. The Foundation expects its assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

**Accounts receivable:**

Accounts receivable include unconditional promises to give net of an allowance for doubtful accounts. The Foundation estimates the allowance based on an analysis of specific donor history and experience. An allowance for doubtful accounts is considered unnecessary and is not provided for the years ended June 30, 2022 and 2021.

**Inventory:**

The Foundation maintains an inventory of various clothing and toys. The Foundation states inventory at the lower of cost (average cost method) or net realizable value.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Property and equipment:**

The Foundation capitalizes all expenditures in excess of \$1,000 for property and equipment at cost or, if donated, at fair value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the assets using the straight-line method, ranging from five to thirty-nine years.

**Grants payable:**

Unconditional grants payable are recorded when approved by the Board of Directors. Grants payable represent amounts due to medical investigative researchers for pre-approved studies in the following year and pediatric oncology facilities and foundations for service grants. Grants are only awarded for one year.

**Advertising:**

Advertising costs are expensed as incurred and totaled \$8,542 and \$7,620 for the years ended June 30, 2022 and 2021, respectively.

**Functional allocation of expenses:**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Personnel related expenses are allocated on the basis of estimates of time and effort. Depreciation and occupancy expenses are allocated by the percentage of personnel related expenses in each functional category to total personnel related expenses. Certain costs directly attributable to one program or supporting function are charged directly to that function.

**Contributed goods and services:**

Donated goods and services are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Foundation recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Contributed goods and services: (continued)**

During the years ended June 30, 2022 and 2021, the Foundation received contributed goods as follows:

Years ended June 30,	2022	2021
Entertainment tickets	\$ 23,839	
Food and beverages	22,081	\$ 10,908
Hotels	21,602	596
Household goods	831	
Toys and electronics	737	
<b>Total donated goods and services</b>	<b>\$ 69,090</b>	<b>\$ 11,504</b>

The Foundation estimates the fair value of the contributed entertainment tickets, food and beverages, hotels, household goods, and toys and electronics on the basis of estimates of wholesale prices that would be paid for purchasing similar products in the U.S.

Many individuals volunteer their time and perform tasks that assist the Foundation. No amounts have been reflected in the financial statements for those donated services because the criteria for financial statement recognition were not met.

**Use of estimates:**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent events:**

Management of the Foundation has reviewed and evaluated subsequent events through November 3, 2022, the date the financial statements were available to be issued.



**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. Liquidity and availability**

The Foundation considers appropriated earnings from Board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following two guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents over 100% of annual expenses for administrative, general, and fundraising expenses.

In addition to financial assets available to meet general expenditures over the next fiscal year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Foundation reviews internal financial statements, including cash flows and budget to actual statements on a monthly basis.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**3. Liquidity and availability (continued)**

The following represents the Foundation's financial assets available to meet general expenditures at June 30, 2022 and 2021:

June 30,	2022	2021
Financial assets at year-end:		
Cash	\$ 780,849	\$ 679,293
Investments	505,901	579,420
Accounts receivable	33,874	
<b>Total financial assets</b>	<b>1,320,624</b>	1,258,713
Less amounts not available to be used within one year:		
Donor-imposed restrictions	(99,442)	(44,525)
Board-designated net assets	(525,000)	(525,000)
<b>Total amounts not available to be used within one year</b>	<b>(624,442)</b>	(569,525)
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 696,182</b>	\$ 689,188

**4. Revenue from contracts with customers**

**Performance obligations:**

Revenue from contracts with customers includes a portion of special events revenue reflecting the exchange element based upon the fair value of direct benefits donors receive which is recognized at a point in time when the special event takes place.

Revenue from contracts with customers also includes revenue from sponsorship and registration fees for the Foundation's annual golf outing. Sponsorships include advertising at the annual golf outing. The revenue from these agreements is recognized at a point in time, which is the day of the outing. Registration revenue is earned on the day of the event when the customer consumes the benefits of the registration fee. The Foundation does not offer any discounts or financing.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**4. Revenue from contracts with customers**

**Performance obligations: (continued)**

Revenue from contracts with customers includes merchandise sales which is recognized at a point in time, when the merchandise is sold, which is when the performance obligations are met. All revenue is recognized net of state and local sales tax on the transaction.

**Variable consideration:**

The Foundation does not accept returns, nor provide product warranties for merchandise sold, therefore, there is no variable consideration for contracts with customers for the years ended June 30, 2022 and 2021.

**Contract balances:**

The Foundation had contract liabilities of \$17,675, \$32,125, and \$5,100 related to revenue from contracts with customers at June 30, 2022, 2021, and 2020, respectively. There were no receivables related to contracts with customers at June 30, 2022, 2021, and 2020.

**Significant judgments:**

Significant judgments are required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. This includes determining how to allocate the transaction price to performance obligations identified in the contract, as well as determining whether revenue from contracts with customers is recognized over time, or at a point in time.

**Disaggregation of revenue:**

Revenue from contracts with customers disaggregated by category for the years ended June 30, 2022 and 2021 was as follows:

Years ended June 30,	2022	2021
Revenue recognized at a point in time:		
Special events	\$ 40,600	
Sponsorships	27,500	\$ 15,680
Golf registration	32,000	32,700
Merchandise sales	705	79
<b>Total contract revenue</b>	<b>\$ 100,805</b>	<b>\$ 48,459</b>

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**5. Property and equipment**

The following is a summary of property and equipment:

June 30,	2022	2021
Buildings and building improvements	\$ 1,500,220	\$ 1,500,220
Furniture and equipment	9,378	9,378
	<b>1,509,598</b>	1,509,598
Less accumulated depreciation	<b>543,373</b>	503,593
Property and equipment, net	<b>\$ 966,225</b>	\$ 1,006,005

Depreciation expense was \$39,780 and \$39,967 for the years ended June 30, 2022 and 2021, respectively.

**6. Mortgage payable**

The Foundation has a mortgage. The mortgage balance was \$274,138 and \$330,856 at June 30, 2022 and 2021, respectively. The mortgage is payable in monthly principal installments of \$4,726 plus interest calculated at a fixed interest rate of 4.25% per annum and the loan is due in April 2027. The mortgage is collateralized by the underlying property. Interest expense totaled \$13,137 and \$15,576 for the years ended June 30, 2022 and 2021, respectively.

Future minimum principal payments are as follows:

Year ending June 30:	Amount
2023	\$ 56,718
2024	56,718
2025	56,718
2026	56,718
2027	47,266
Total	<b>\$ 274,138</b>

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**7. Loan payable**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act, was signed into law. One component of the CARES Act was the Paycheck Protection Program (PPP) which provides businesses with funding to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. During January 2020, the Foundation applied for and received a PPP loan for an aggregate and principal amount of \$113,000. The loan is a two-year loan maturing in April 2022. The loan bears an annual interest rate of 1%. The Foundation received full forgiveness of this loan in May 2021.

During January 2021, the Foundation applied for and received a second round of PPP funding for an aggregate and principal amount of \$112,920. The loan's maturity date is January 1, 2026, and bears interest at a rate of 1%. Payments are required from the sooner of the date that the SBA remits the forgiveness amount to the bank or 64 weeks from the initial disbursement date. The Foundation received full forgiveness of this loan in September 2021.

**8. Board-designated net assets**

The Board of Directors of the Foundation has designated an endowment fund of \$525,000, known as the Bear Fund, as a general endowment to support the mission of the Foundation. It is the policy of the Board of Directors to use the income and dividends from the designated endowment fund to support the Foundation's general activities.

The Board-designated endowment balance, which are included in net assets without donor restrictions, totaled \$525,000 at June 30, 2022 and 2021.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**9. Net assets with donor restrictions**

Net assets with donor restrictions represent unspent grants and contributions that are restricted as to use for specific programs or restricted due to time. Net assets with donor restrictions at June 30, 2022 and 2021 consist of the following:

June 30,	2022	2021
Purpose-restricted funds:		
Bear Hugs - Naples chapter	\$ 43,808	\$ 44,525
Counseling	50,000	
Scholarships	5,634	
Total net assets with donor restrictions	\$ 99,442	\$ 44,525

Net assets were released from restrictions as follows:

Years ended June 30,	2022	2021
Purpose-restricted funds:		
Bear Hugs - Naples chapter	\$ 717	
Scholarships	5,000	
Total net assets released from donor restrictions	\$ 5,717	