

**ALEX'S LEMONADE STAND FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 and 2022**

# ALEX'S LEMONADE STAND FOUNDATION

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Alex's Lemonade Stand Foundation

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Alex's Lemonade Stand Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alex's Lemonade Stand Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). 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 the Foundation 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 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.

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 the Foundation's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 the Foundation'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 the Foundation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*EisnerAmper LLP*

EISNERAMPER LLP  
Philadelphia, Pennsylvania  
May 6, 2024



# ALEX'S LEMONADE STAND FOUNDATION

## Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,144,117	\$ 20,363,535
Investments	6,773,907	5,828,487
Contributions and other receivables, net	4,068,856	1,194,077
Inventories	75,661	69,010
Cash and cash equivalents held for endowment	145,254	34,022
Investments held for endowment	3,563,048	2,978,170
Property and equipment, net	154,175	179,181
Intangible assets, net	141,524	163,970
Operating lease right-of-use assets	749,766	1,050,918
Other assets	157,918	189,463
	<u>\$ 36,974,226</u>	<u>\$ 32,050,833</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,838,950	\$ 3,627,707
Deferred revenue	329,525	457,600
Grants payable	4,134,579	2,855,735
Current portion of operating lease liabilities	326,847	312,633
	<u>6,629,901</u>	<u>7,253,675</u>
Total current liabilities		
Long-term operating lease liabilities	488,476	815,324
	<u>7,118,377</u>	<u>8,068,999</u>
Total liabilities		
Commitments		
<b>NET ASSETS</b>		
Without donor restrictions:		
Designated by the Board of Directors for specific purposes	828,599	1,188,807
Undesignated	17,862,464	17,208,337
	<u>18,691,063</u>	<u>18,397,144</u>
Total without donor restrictions		
With donor restrictions	11,164,786	5,584,690
	<u>29,855,849</u>	<u>23,981,834</u>
Total net assets		
	<u>\$ 36,974,226</u>	<u>\$ 32,050,833</u>

See notes to financial statements.

# ALEX'S LEMONADE STAND FOUNDATION

## Statements of Activities and Changes in Net Assets

	Year Ended December 31,					
	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions:						
Lemonade stands and other events	\$ 15,831,527	\$ -	\$ 15,831,527	\$ 14,108,730	\$ -	\$ 14,108,730
Grants and other	4,967,527	6,539,714	11,507,241	6,963,096	1,575,743	8,538,839
Gala and other special events to donors of \$482,601 in 2023 and \$-0- in 2022	2,928,024	-	2,928,024	1,842,719	-	1,842,719
Licenses and royalties	1,052,619	-	1,052,619	1,547,692	-	1,547,692
Merchandise sales, net cost of merchandise sold of \$80,333 in 2023 and \$73,700 in 2022	47,174	-	47,174	(19,911)	-	(19,911)
Contributed services	367,582	-	367,582	317,912	-	317,912
Interest and dividend income	481,885	102,971	584,856	250,429	102,992	353,421
Realized and unrealized gains (losses) on investments, net	688,409	341,548	1,029,957	(1,302,307)	(576,645)	(1,878,952)
Net assets released from restrictions	1,404,137	(1,404,137)	-	1,358,118	(1,358,118)	-
	<u>27,768,884</u>	<u>5,580,096</u>	<u>33,348,980</u>	<u>25,066,478</u>	<u>(256,028)</u>	<u>24,810,450</u>
<b>Expenses:</b>						
Program services:						
Pediatric cancer research	19,799,472	-	19,799,472	17,211,956	-	17,211,956
Public awareness and education	1,501,696	-	1,501,696	1,422,604	-	1,422,604
Family services	1,289,226	-	1,289,226	1,059,577	-	1,059,577
Data lab	1,513,684	-	1,513,684	1,396,698	-	1,396,698
Total program services	<u>24,104,078</u>	<u>-</u>	<u>24,104,078</u>	<u>21,090,835</u>	<u>-</u>	<u>21,090,835</u>
Supporting services:						
General and administrative	1,590,841	-	1,590,841	1,363,337	-	1,363,337
Fundraising	1,775,102	-	1,775,102	1,574,728	-	1,574,728
Total supporting services	<u>3,365,943</u>	<u>-</u>	<u>3,365,943</u>	<u>2,938,065</u>	<u>-</u>	<u>2,938,065</u>
	<u>27,470,021</u>	<u>-</u>	<u>27,470,021</u>	<u>24,028,900</u>	<u>-</u>	<u>24,028,900</u>
<b>Other (loss) income:</b>						
Loss on disposal of assets	(4,944)	-	(4,944)	-	-	-
Gain on forgiveness of Paycheck Protection Program ("PPP") loan payable	-	-	-	718,215	-	718,215
Total other (loss) income	<u>(4,944)</u>	<u>-</u>	<u>(4,944)</u>	<u>718,215</u>	<u>-</u>	<u>718,215</u>
<b>Change in net assets</b>	<u>293,919</u>	<u>5,580,096</u>	<u>5,874,015</u>	<u>1,755,793</u>	<u>(256,028)</u>	<u>1,499,765</u>
Net assets at beginning of year	<u>18,397,144</u>	<u>5,584,690</u>	<u>23,981,834</u>	<u>16,641,351</u>	<u>5,840,718</u>	<u>22,482,069</u>
<b>Net assets at end of year</b>	<u>\$ 18,691,063</u>	<u>\$ 11,164,786</u>	<u>\$ 29,855,849</u>	<u>\$ 18,397,144</u>	<u>\$ 5,584,690</u>	<u>\$ 23,981,834</u>

See notes to financial statements.

# ALEX'S LEMONADE STAND FOUNDATION

## Statement of Functional Expenses Year Ended December 31, 2023

	Program Services					Supporting Services			Total
	Pediatric Cancer Research	Public Awareness and Education	Family Services	Data Lab	Subtotal	General and Administrative	Fundraising	Subtotal	
Grants to others	\$ 19,056,097	\$ -	\$ 100,000	\$ -	\$ 19,156,097	\$ -	\$ -	\$ -	\$ 19,156,097
Salaries	397,569	900,344	273,609	1,034,671	2,606,193	884,805	803,673	1,688,478	4,294,671
Payroll taxes and benefits	84,931	191,742	58,203	224,020	558,896	207,508	171,098	378,606	937,502
Consulting	-	14,641	23,235	-	37,876	71,726	-	71,726	109,602
Legal and accounting	-	-	-	-	-	149,302	-	149,302	149,302
Computer/software expense	75,443	40,955	-	2,408	118,806	15,649	13,122	28,771	147,577
Licenses and fees	2,712	6,149	1,877	7,125	17,863	24,696	188,050	212,746	230,609
Office supplies	4,343	9,959	3,065	25	17,392	16,026	8,802	24,828	42,220
Travel	8,724	4,285	7,876	21,430	42,315	25,343	53,981	79,324	121,639
Patient and family travel and support	-	-	742,732	-	742,732	-	-	-	742,732
Symposiums	127,187	-	-	20,185	147,372	-	-	-	147,372
Subscriptions	2,275	44,458	1,303	10,324	58,360	12,783	7,185	19,968	78,328
Postage and shipping	188	23,159	30,722	225	54,294	19,216	54,337	73,553	127,847
Printing	2,044	11,933	13,918	794	28,689	4,648	113,844	118,492	147,181
Meetings and conferences	-	-	926	16	942	56,047	-	56,047	56,989
Promotional materials	-	100,018	3,500	3,447	106,965	235	18,579	18,814	125,779
Lemonade stands and other event fundraising support	-	-	-	-	-	1,350	217,826	219,176	219,176
Office rent	31,478	71,178	21,582	82,192	206,430	69,674	65,783	135,457	341,887
Office repairs and maintenance	377	835	257	1,031	2,500	1,912	725	2,637	5,137
Insurance	2,188	4,944	1,498	5,695	14,325	4,842	4,417	9,259	23,584
Telephone	2,469	5,579	1,682	6,377	16,107	5,488	5,010	10,498	26,605
Website services	-	19,967	2,256	79,101	101,324	-	19,967	19,967	121,291
Depreciation	1,447	3,250	985	14,618	20,300	10,917	2,903	13,820	34,120
Amortization	-	48,300	-	-	48,300	8,674	25,800	34,474	82,774
<b>Total expense included in expense section on the statement of activities and changes in net assets</b>	<b>19,799,472</b>	<b>1,501,696</b>	<b>1,289,226</b>	<b>1,513,684</b>	<b>24,104,078</b>	<b>1,590,841</b>	<b>1,775,102</b>	<b>3,365,943</b>	<b>27,470,021</b>
Plus expenses included with revenue on the statement of activities and changes in net assets:									
Special events - cost of direct benefit to donors:									
Food and beverages	-	-	-	-	-	-	120,891	120,891	120,891
Facility costs	-	-	-	-	-	-	346,495	346,495	346,495
Noncash prizes	-	-	-	-	-	-	15,215	15,215	15,215
<b>Total special events - cost of direct benefit to donors:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>482,601</b>	<b>482,601</b>	<b>482,601</b>
Cost of merchandise sold	-	80,333	-	-	80,333	-	-	-	80,333
<b>Total expenses</b>	<b>\$ 19,799,472</b>	<b>\$ 1,582,029</b>	<b>\$ 1,289,226</b>	<b>\$ 1,513,684</b>	<b>\$ 24,184,411</b>	<b>\$ 1,590,841</b>	<b>\$ 2,257,703</b>	<b>\$ 3,848,544</b>	<b>\$ 28,032,955</b>

See notes to financial statements.

# ALEX'S LEMONADE STAND FOUNDATION

## Statement of Functional Expenses (continued) Year Ended December 31, 2022

	Program Services					Supporting Services			Total
	Pediatric Cancer Research	Public Awareness and Education	Family Services	Data Lab	Subtotal	General and Administrative	Fundraising	Subtotal	
Grants to others	\$ 16,514,186	\$ -	\$ 100,000	\$ -	\$ 16,614,186	\$ -	\$ -	\$ -	\$ 16,614,186
Longitudinal database services	17,750	-	-	-	17,750	-	-	-	17,750
Salaries	360,307	853,891	245,598	969,829	2,429,625	750,389	664,854	1,415,243	3,844,868
Payroll taxes and benefits	74,552	177,962	51,685	201,529	505,728	184,427	138,857	323,284	829,012
Consulting	-	4,250	-	-	4,250	94,377	34,000	128,377	132,627
Legal and accounting	-	-	-	-	-	137,170	-	137,170	137,170
Computer/software expense	21,881	35,813	-	739	58,433	13,986	10,420	24,406	82,839
Licenses and fees	2,451	5,812	1,675	6,579	16,517	25,517	172,662	198,179	214,696
Office supplies	4,464	10,624	3,548	1,343	19,979	6,470	8,653	15,123	35,102
Travel	4,228	2,800	2,036	18,276	27,340	9,297	11,948	21,245	48,585
Patient and family travel and support	-	-	602,528	-	602,528	-	-	-	602,528
Symposiums	173,567	-	-	4,050	177,617	-	-	-	177,617
Subscriptions	1,980	42,512	-	9,056	53,548	6,010	499	6,509	60,057
Postage and shipping	726	17,082	19,219	31	37,058	12,499	60,574	73,073	110,131
Printing	-	45,894	7,357	189	53,440	3,386	56,204	59,590	113,030
Meetings and conferences	-	-	-	-	-	2,530	550	3,080	3,080
Promotional materials	-	78,268	-	5,714	83,982	170	10,878	11,048	95,030
Lemonade stands and other event fundraising support	-	-	-	-	-	-	298,162	298,162	298,162
Professional services - public relations	-	201	-	-	201	-	-	-	201
Office rent	28,766	68,322	19,714	76,053	192,855	61,088	53,563	114,651	307,506
Office repairs and maintenance	1,212	3,035	955	476	5,678	2,769	2,403	5,172	10,850
Office utilities	-	-	-	495	495	-	-	-	495
Insurance	2,450	6,103	1,795	6,954	17,302	5,369	4,757	10,126	27,428
Telephone	1,736	4,094	1,182	4,624	11,636	2,996	3,190	6,186	17,822
Website services	-	14,140	1,120	76,315	91,575	-	22,849	22,849	114,424
Depreciation	1,700	4,022	1,165	14,446	21,333	3,910	3,135	7,045	28,378
Amortization	-	47,779	-	-	47,779	40,977	16,570	57,547	105,326
Total expense included in expense section on the statement of activities and changes in net assets	<u>17,211,956</u>	<u>1,422,604</u>	<u>1,059,577</u>	<u>1,396,698</u>	<u>21,090,835</u>	<u>1,363,337</u>	<u>1,574,728</u>	<u>2,938,065</u>	<u>24,028,900</u>
Plus expenses included with revenue on the statement of activities and changes in net assets:									
Cost of merchandise sold	<u>-</u>	<u>73,700</u>	<u>-</u>	<u>-</u>	<u>73,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,700</u>
Total expenses	<u>\$ 17,211,956</u>	<u>\$ 1,496,304</u>	<u>\$ 1,059,577</u>	<u>\$ 1,396,698</u>	<u>\$ 21,164,535</u>	<u>\$ 1,363,337</u>	<u>\$ 1,574,728</u>	<u>\$ 2,938,065</u>	<u>\$ 24,102,600</u>

See notes to financial statements.



# ALEX'S LEMONADE STAND FOUNDATION

## Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,874,015	\$ 1,499,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,120	28,378
Amortization	82,774	105,326
Change in operating lease of right-of-use asset	301,152	271,782
Realized and unrealized (gains) losses on investments	(1,029,957)	1,878,952
Gain on forgiveness of PPP loan	-	(718,215)
Contributions restricted for endowment	(191,646)	(201,378)
Loss on disposal of property and equipment	4,944	-
Noncash contributions of intangible assets	(54)	(6,747)
(Increase) decrease in assets:		
Contributions and other receivables	(2,874,779)	354,666
Inventories	(6,651)	52,318
Other assets	31,545	(18,238)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,788,757)	2,698,432
Deferred revenue	(128,075)	115,958
Grants payable	1,278,844	(4,183)
Lease liabilities	(312,634)	(194,743)
 Net cash provided by operating activities	 <u>1,274,841</u>	 <u>5,862,073</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(74,332)	(77,423)
Purchase of investments	(1,875,153)	(2,880,151)
Proceeds from sales of investments	1,374,812	2,260,795
 Net cash used in investing activities	 <u>(574,673)</u>	 <u>(696,779)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contribution restricted for endowment	191,646	201,378
 <b>Net increase in cash and cash equivalents and restricted cash</b>	 <b>891,814</b>	 <b>5,366,672</b>
Cash and cash equivalents and restricted cash at beginning of year	<u>20,397,557</u>	<u>15,030,885</u>
 <b>Cash and cash equivalents and restricted cash at end of year</b>	 <b><u>\$ 21,289,371</u></b>	 <b><u>\$ 20,397,557</u></b>
<b>Supplemental disclosure of cash flow information :</b>		
Write-off of fully depreciated assets	<u>\$ 188,023</u>	<u>\$ -</u>
<b>Supplemental disclosure of noncash investing activities:</b>		
Obtaining a right-of-use asset in exchange for a lease liability	<u>\$ -</u>	<u>\$ 1,322,700</u>

See notes to financial statements.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE A - NATURE OF ACTIVITIES

Alex's Lemonade Stand Foundation (the "Foundation") was established as a Pennsylvania nonprofit organization on January 17, 2005 for the following purposes:

- To raise funds for pediatric cancer care, treatment and research, including impactful research focused on new cures and treatments.
- To raise public awareness about pediatric cancer.
- To encourage and educate others, especially children, to raise funds for such purposes.
- To provide families with services via support programs to care and ease financial burden of families while their children are undergoing treatment for cancer. The Foundation's Travel for Care program helps to offset travel expenses for families who must travel to receive potentially lifesaving treatment for a child. In addition, the Foundation's SuperSibs program is dedicated to comforting, encouraging, and empowering siblings as their brother or sister fights cancer.
- To accelerate the pace of finding cures for childhood cancer by empowering scientists and doctors to harness the power of big data through the data lab. The Foundation's Childhood Cancer Data Lab is dedicated to childhood cancer by translating research data into one consistent format so that all researchers can access and understand.

The Foundation is supported through a mix of community and corporate fundraising events, corporate sponsorships and grants, grants from philanthropic sources and license and merchandising arrangements. Funds are used primarily to support grants to leading research institutions in the United States for pediatric cancer research and clinical trials. Smaller amounts support education and public awareness activities undertaken directly by the Foundation's staff.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

#### [1] Classification of net assets:

The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has established three Board-designated funds, which include the Spinal Cord Research Fund, Pediatric Oncology Student Training Award Fund, and Fund for the Future.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [1] Classification of net assets: (continued)

(i) *Net assets without donor restrictions:* (continued)

Board-designated net assets as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Spinal Cord Research Fund	\$ 620,266	\$ 1,000,000
Pediatric Oncology Student Training Award Fund	80,704	73,057
Fund for the Future	<u>127,629</u>	<u>115,750</u>
	<u>\$ 828,599</u>	<u>\$ 1,188,807</u>

The Spinal Cord Research Fund is designated for spinal cord research. The Pediatric Oncology Student Training Award Fund and the Fund for the Future are endowment funds that are designated for grants to pediatric oncology students (see Note K).

(ii) *Net assets with donor restrictions:*

Net assets subject to donor-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 or through appropriation of endowment income or corpus pursuant to an endowment spending rate policy and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-imposed restrictions which are satisfied in the year of donation, are reported as net assets without donor restrictions.

#### [2] Use of estimates:

The preparation of financial statements in conformity with U.S. 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 amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

#### [3] Cash and cash equivalents, and cash and cash equivalents held for endowment:

Cash and cash equivalents consist of cash accounts at financial institutions and nonbank money market funds. The Foundation considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [3] Cash and cash equivalents, and cash and cash equivalents held for endowment: (continued)

The following table provides a reconciliation of cash, cash equivalents, and such amounts considered to be restricted as to use which include cash and cash equivalents held for endowment that are reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 21,144,117	\$ 20,363,535
Cash and cash equivalents held for endowment	<u>145,254</u>	<u>34,022</u>
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 21,289,371</u>	<u>\$ 20,397,557</u>

#### [4] Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities and changes in net assets. Invested cash and investments in money markets are valued at cost which approximates fair value. Dividend and interest income is recorded as earned. Gains and losses on sales of investments are determined using the average cost method. Restricted investment income from investments whose restrictions are satisfied in the same period as the income is recognized is classified as net assets without donor restrictions. Investments received as gifts are initially recorded at fair value at the date of receipt.

The Foundation invests in a professionally-managed portfolio that contains various types of securities (see Note G). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the values of such investments, it is at least reasonably possible that the amounts reported in the financial statements could change materially in the near term.

#### [5] Contributions and other receivables:

Contributions and other receivables are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding contributions and other receivables. Accounts are written off when they are deemed uncollectible. Management has determined that an allowance is not deemed necessary as of December 31, 2023 or 2022.

#### [6] Inventories:

Inventories consisting of merchandise held for sale are stated at the lower of cost and net realizable value as determined by the average cost method. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [7] Property and equipment and depreciation and amortization:

Property and equipment are stated at cost, less accumulated depreciation and amortization. Equipment and other fixed assets in excess of \$5,000 are capitalized and recognized in the statements of financial position. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation and amortization are calculated using the straight-line method over the assets' estimated useful lives of three to seven years. Maintenance and repairs are charged to operations when incurred.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2023 and 2022, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

#### [8] Intangible assets:

Intangible assets were obtained through the acquisition of a not-for-profit organization on March 1, 2019, which consist of copyrights, book files, marketing materials, trademarks, domain and social media accounts, customer list and contracts with author of books. These intangible assets are being amortized on the straight-line method over ten years in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350.

In 2023 and 2022, the Foundation received contributions in the form of cryptocurrencies in the amount of \$54 and \$26,267, respectively. These contributions are valued and recorded at the time the contribution is made at the market value. These intangible assets are considered indefinite and therefore are not amortized. During the years ended December 31, 2023 and 2022, the Foundation recognized an impairment loss of \$-0- and \$19,520 on cryptocurrencies, respectively.

Amortized intangible assets consisted of the following as of December 31, 2023 and 2022:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Gross cost - assets obtained through acquisition	<b>\$ 225,000</b>	\$ 225,000
Accumulated amortization	<b>(108,750)</b>	(86,250)
Net cost - assets obtained through acquisition	<b>116,250</b>	138,750
Cryptocurrencies	<b>25,274</b>	25,220
Net intangible assets	<b>\$ 141,524</b>	\$ 163,970

Total amortization of intangible assets was approximately \$22,500 for each of the years ended December 31, 2023 and 2022.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [8] Intangible assets: (continued)

Scheduled amortization of intangible assets as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	
2024	\$ 22,500
2025	22,500
2026	22,500
2027	22,500
2028	22,500
Thereafter	<u>3,750</u>
	<u>\$ 116,250</u>

#### [9] Paycheck Protection Program:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During fiscal years 2021 and 2020, the Foundation applied for and received PPP funds. The Foundation has elected to record the PPP funds as a loan under FASB ASC 470, *Debt*. Loan forgiveness was recognized when the conditions for loan forgiveness were met and the forgiveness amount was formally approved by the bank and the SBA. The PPP loan is more fully described in Note I.

#### [10] Revenue recognition - contributions:

Funding for the Foundation's activities is achieved almost entirely through contributions made through lemonade stands and other events, and grants, including unconditional promises to give. These donations provide funding to be used to support the mission of the Foundation. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Foundation. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

The Foundation recognizes contributions as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference, which is included in gala and special events on the statements of activities and changes in net assets. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs, and attendees can no longer request a refund for their tickets purchased. As of December 31, 2023 and 2022, there were conditional contributions associated with special events of \$329,525 and \$457,600, respectively, that were included in deferred revenue. Amounts will be recognized as revenue when such events occur.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [10] Revenue recognition - contributions: (continued)

##### *Licenses and royalties:*

Licenses and royalties revenue reflects royalties generated by the use of the Foundation's name and logo by third parties. Revenue is reported based on license and royalty agreements between the Foundation and third parties. Revenue is recognized at a point in time when the Foundation is notified by the third parties that a sale and/or usage occurred of the licensed merchandise. The consideration is payable at the conclusion or anniversary of the agreement. Revenue recognized in 2023 and 2022 was \$1,052,619 and \$1,547,692, respectively. There were no receivables or contract liabilities associated with licenses and royalties as of December 31, 2023, December 31, 2022, and January 1, 2022.

#### [11] Revenue recognition - services:

##### *Merchandise sales:*

Merchandise sales consist of items sold on the Foundation's website, such as apparel and accessories. Merchandise revenue is recognized at a point in time when the merchandise is shipped to the customer, as this is when the performance obligation has been satisfied by transferring the control of the goods to the customer. The amount recognized is the amount that reflects the consideration expected to be received in exchange for providing the merchandise. Customers are charged upon placing the order.

#### [12] Contributed services and other nonfinancial assets:

The Foundation recognizes contributions of services received if such services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed services are valued at the estimated fair value based on current rates for similar services.

During 2023, the Foundation received contributed services of \$367,582, which consist of \$81,133 for legal services, \$36,389 for investment advisory, which is allocated among program and general and administrative expenses, and \$250,060 for photography services, which is included in family services in the accompanying statement of activities and changes in net assets.

During 2022, the Foundation received contributed services of \$317,912, which consist of \$35,261 for investment advisory services, \$57,708 for legal services, \$11,448 for shipping services, which is allocated among program and general and administrative expenses, and \$213,495 for photography services, which is included in family services in the accompanying statement of activities and changes in net assets.

In addition, the Foundation receives services from a large number of volunteers who give significant amounts of their time to the Foundation's administration and management, fundraising, and education and public awareness program services. No amounts have been included for these types of donated services, as they do not meet the criteria outlined above.

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [13] Grants payable:

The Foundation's grant spending is approved by the Foundation's Board of Directors. The Foundation has established scientific advisory and review boards to review grant applications. The scientific boards makes grant recommendations, based upon the Foundation's guidelines and criteria, to the Foundation's Executive Directors who have final authority over grant-making decisions. The Foundation records grants payable when the grants are approved by the Foundation's Executive Directors, which is when the Foundation considers the grant awards to be unconditionally promised. A grant is deemed to be conditional if it includes one or more measurable barriers and a right of return or forfeiture. All grant liabilities as of December 31, 2023 and 2022 are payable within one year of the respective statements of financial position dates.

Conditional commitments and intentions to award grants to others are not recorded as an expense until the measurable barriers have been met (see Note N).

##### [14] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, general and administrative, and fundraising. Salaries, payroll taxes, and benefits are charged to the different functions based on the employees' actual functions performed. Expenses related to more than one function are allocated among the functions benefited, as follows: computer/software expense, licenses and fees, office supplies, travel, office rent, office repairs and maintenance, office utilities, insurance, telephone, depreciation, and amortization - based on employee gross salaries or estimates of time and effort depending on the employee's function.

##### [15] Income taxes:

The Internal Revenue Service has classified the Foundation as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability if the Foundation has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Foundation recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended December 31, 2023 or 2022.

##### [16] Advertising and promotional costs:

Advertising and promotional costs are expensed in the year incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$125,780 and \$95,030, respectively.



## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [17] Leases:

The Foundation determines if an arrangement is a lease at inception.

Operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities (current portion and long-term portion) on the accompanying statements of financial position. Operating lease ROU assets and the related lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The operating lease ROU assets also include lease incentives and initial direct costs incurred. For operating leases, interest on the lease liability and the amortization of ROU asset result in straight-line rent expense over the lease term.

Leases may include options to extend or terminate the lease, which are included in the ROU operating lease assets and operating lease liability when they are reasonably certain of exercise. Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term. When additional payments are based on usage or vary based on other factors, they are considered variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized as an expense in the period in which the related obligation was incurred.

##### [18] Reclassification:

Certain amounts as of and for the year ended December 31, 2022 have been reclassified to conform to the current year presentation.

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2023 and 2022:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	<b>\$ 21,144,117</b>	\$ 20,363,535
Investments	<b>6,773,907</b>	5,828,487
Contributions and other receivables	<b>4,068,856</b>	1,194,077
Cash and cash equivalents held for endowment	<b>145,254</b>	34,022
Investments held for endowment	<b>3,563,048</b>	2,978,170
	<hr/>	<hr/>
Total financial assets	<b>35,695,182</b>	30,398,291
	<hr/>	<hr/>
Less: amounts not available to be used within one year:		
Contributions receivable greater than a year	<b>2,059,526</b>	65,745
Net assets with donor restrictions subject to the Foundation's spending policy and appropriation	<b>3,404,208</b>	2,825,244
Board-designated for specific purpose	<b>828,599</b>	1,188,807
	<hr/>	<hr/>
	<b>6,292,333</b>	4,079,796
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 29,402,849</b>	\$ 26,318,495
	<hr/>	<hr/>

General expenditures include program services expenses, general and administrative expenses, and fundraising expenses expected to be paid in the subsequent year.

The Foundation's total investments consist of operating investments, donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds of \$3,404,208 and \$2,825,244 as of December 31, 2023 and 2022, respectively, are not available for general expenditure.

The Foundation evaluates its endowment spending policy for the next fiscal year after the second quarter results of that year. In the third quarter or fourth quarter of that year, the Board of Directors determine its election on the endowment spending policy.

As part of the Foundation's liquidity management plan, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in money market funds and other short-term investments.

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE D - CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables, which are receivable in more than one year, are discounted at a risk-free rate of return appropriate for the expected term of the promise to give, and approximate the net present value of the estimated future cash flows. In determining fair value, the Foundation considers the creditworthiness of the donors, the Foundation's past collection experience and its procedures to collect promises to give.

Contributions, pledges and grants receivable as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	<b>\$ 2,009,330</b>	\$ 1,128,332
One year to five years	<b>2,678,000</b>	75,419
	<hr/>	<hr/>
Total receivables	<b>4,687,330</b>	1,203,751
	<hr/>	<hr/>
Less: total discounts to net present value	<b>618,474</b>	9,674
	<hr/>	<hr/>
Total net receivables	<b><u>\$ 4,068,856</u></b>	<b><u>\$ 1,194,077</u></b>

Pledges which are receivable in more than one year are discounted at rates ranging from 2.62% to 3.49%.

#### NOTE E - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash in various financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation also maintains cash and cash equivalents in various nonbank money market funds that are uninsured. As of December 31, 2023 and 2022, the Foundation has uninsured balances of approximately \$19,846,000 and \$19,196,000, respectively.

#### NOTE F - INVESTMENTS

Investments consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investments:		
Mutual funds:		
Equity funds	<b>\$ 4,959,976</b>	\$ 2,467,274
Bond funds	<b>1,807,000</b>	1,968,403
Exchange-traded funds	<b>6,931</b>	1,392,810
	<hr/>	<hr/>
	<b>6,773,907</b>	5,828,487
	<hr/>	<hr/>
Investments restricted for endowment:		
Mutual funds:		
Equity funds	<b>2,489,710</b>	1,166,026
Bond funds	<b>1,073,338</b>	1,003,083
Exchange-traded funds	-	809,061
	<hr/>	<hr/>
	<b>3,563,048</b>	2,978,170
	<hr/>	<hr/>
	<b><u>\$ 10,336,955</u></b>	<b><u>\$ 8,806,657</u></b>

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE G - FAIR VALUE MEASUREMENTS

The fair value of each investment is determined at the statement of financial position date in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. Accordingly, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in the market in which the reporting entity transacts, and fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; or inputs that are derived principally from or corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The financial instruments within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodology used for instruments measured at fair value. This valuation methodology was applied to all of the Foundation's assets and liabilities that are carried at fair value as of December 31, 2023 and 2022.

*Mutual funds* - the fair value of securities is the market value based on quoted market prices in a market deemed to be active, when available, or market prices provided by recognized broker dealers (Level 1).

The following tables set forth, by level, the Foundation's investments at fair value, within the aforementioned fair value hierarchy, as of December 31, 2023 and 2022:

	<b>Investment Assets at Fair Value as of December 31, 2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Mutual funds:				
Equity funds	\$ 7,449,686	\$ 7,449,686	\$ -	\$ -
Bond funds	2,880,338	2,880,338	-	-
Exchange-traded funds	6,931	6,931	-	-
Total investment assets at fair value	<u>\$ 10,336,955</u>	<u>\$ 10,336,955</u>	<u>\$ -</u>	<u>\$ -</u>

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

	Investment Assets at Fair Value as of			
	December 31, 2022			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Equity funds	\$ 3,633,300	\$ 3,633,300	\$ -	\$ -
Bond funds	2,971,486	2,971,486	-	-
Exchange-traded funds	2,201,871	2,201,871	-	-
Total investment assets at fair value	<u>\$ 8,806,657</u>	<u>\$ 8,806,657</u>	<u>\$ -</u>	<u>\$ -</u>

#### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2023 and 2022, there were no transfers into or out of Levels 1, 2, or 3.

#### NOTE H - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment and vehicle	\$ 247,523	\$ 378,624
Software and website development	<u>1,291,177</u>	<u>1,280,592</u>
	1,538,700	1,659,216
Less: accumulated depreciation and amortization	<u>1,384,525</u>	<u>1,480,035</u>
	<u>\$ 154,175</u>	<u>\$ 179,181</u>

Depreciation for the years ended December 31, 2023 and 2022 was \$34,120 and \$28,378, respectively. Amortization of software and website development for the years ended December 31, 2023 and 2022 was \$60,274 and \$82,826, respectively.

#### NOTE I - PAYCHECK PROTECTION PROGRAM LOAN

In May 2021, the Foundation received a loan for \$718,215, pursuant to the CARES Act PPP. The loan was used for qualified expenses and to maintain certain employment levels. It was eligible for forgiveness subject to bank approval in accordance with the SBA guidelines. The Foundation received notification from the SBA on October 3, 2022, that the full amount of the PPP loan was forgiven and would not have to be repaid. For the year ended December 31, 2022, \$718,215 of the grant was recognized as gain on forgiveness of PPP loan payable on the statement of activities and changes in net assets.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or period as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
Crazy 8 research initiative	\$ 4,272,240	\$ -
Target research grants	1,015,372	861,450
Travel for Care program	1,202,149	874,191
Other cancer research and programs	<u>1,270,817</u>	<u>1,023,805</u>
	<u>7,760,578</u>	<u>2,759,446</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for:		
Pediatric Oncology Student Training	106,268	37,685
Travel for Care program	<u>644,872</u>	<u>326,136</u>
	<u>751,140</u>	<u>363,821</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Investments in perpetuity:		
Pediatric Oncology Student Training	431,649	330,399
Travel for Care program	<u>2,221,419</u>	<u>2,131,024</u>
	<u>2,653,068</u>	<u>2,461,423</u>
Total endowments	<u>3,404,208</u>	<u>2,825,244</u>
	<u>\$ 11,164,786</u>	<u>\$ 5,584,690</u>

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by the passage of time specified by the donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Spinal cord research	\$ -	\$ 387,301
Target research grants	611,774	329,877
Travel for Care program	378,547	360,466
Other cancer research and programs	356,616	280,474
	<u>1,346,937</u>	<u>1,358,118</u>
Restricted purpose spending-rate distributions and appropriations:		
Pediatric Oncology Student Training	9,600	-
Travel for Care program	47,600	-
	<u>57,200</u>	<u>-</u>
	<u>\$ 1,404,137</u>	<u>\$ 1,358,118</u>

#### NOTE K - BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENTS

The Foundation has a Board-designated endowment consisting of two basic funds: Pediatric Oncology Student Training Award Fund and Fund for the Future. The Foundation also has donor-restricted endowment funds that are included in nets assets with donor restrictions.

The Foundation's donor-restricted endowments consist of five funds: Rita's Fund for Hope, Shirley Stein POST Award Fund, David Cohn Fund for the Future, Bellin Travel Fund, and Michael and Rosemary Gillet Fund for Early Career Childhood Cancer Scientists. These endowments were established to support the Foundation's pediatric oncology student training and Travel for Care program. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors for endowment, are classified based on the existence or absence of donor-imposed restrictions.

#### [1] Interpretation of relevant law:

The Commonwealth of Pennsylvania has not adopted Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). State law allows nonprofit organizations to make an election to adopt a total return investment policy as provided by Act 141 (1988) of Pennsylvania legislature, 15 Pa. C.S.A. Section 5548, *Total Return Election*. For the year ended December 31, 2022, the Foundation did not make a total return election; therefore, the Foundation is permitted to only spend interest and dividends.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE K - BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

#### [2] Return objectives and risk parameters:

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as Board-designated funds. Accordingly, the investment objective is the preservation of capital as well as providing a predictable stream of funding to the program supported by its endowments without bearing risk of market fluctuation.

#### [3] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Foundation relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). As a result, the Foundation has elected to adopt an asset allocation consisting of equity and fixed-income securities. The Foundation's current asset allocation for endowment funds targets a composition of approximately 60% in equity mutual funds and 40% in fixed-income mutual funds.

#### [4] Spending policy:

In accordance with donor instructions, earnings on the donor-restricted endowments are considered restricted; as such, earnings may only be used for the program purpose specified by the donors. Interest and dividend income on the funds' investments is appropriated as determined by the Board of Directors. The Foundation has adopted a formal spending policy. During the years ended December 31, 2023 and 2022, it was elected by the Board to appropriate 3% and 0%, respectively, based on a four-year moving average market value, of the endowments based on June 30 point valuations (subject to annual review).

#### [5] Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift (underwater endowments). Such deficiencies are recorded as net assets with donor restrictions. In the event that an endowment fund is underwater, all income and distributions will be reinvested into the endowment fund until the market value of the endowment fund has recovered. As of December 31, 2023 and 2022, there were no deficiencies of this nature.

Endowment funds as of December 31, 2023 and 2022 comprise the following:

	<b>2023</b>		
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds:			
Pediatric Oncology Student Training Award Fund	\$ 80,704	\$ -	\$ 80,704
Fund for the Future	127,629	-	127,629
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	2,653,068	2,653,068
Accumulated investment gains	-	751,140	751,140
	<b>\$ 208,333</b>	<b>\$ 3,404,208</b>	<b>\$ 3,612,541</b>



# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE K - BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

	<b>2022</b>		
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds:			
Pediatric Oncology Student Training Award Fund	\$ 73,057	\$ -	\$ 73,057
Fund for the Future	115,750	-	115,750
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	2,461,423	2,461,423
Accumulated investment gains	-	363,821	363,821
	<u>\$ 188,807</u>	<u>\$ 2,825,244</u>	<u>\$ 3,014,051</u>

The Foundation's endowments had the following activity for the years ended December 31, 2023 and 2022:

	<b>2023</b>				<b>Total</b>
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>			
	<b>Board- Designated</b>	<b>Subject to Appropriation</b>	<b>Perpetual in Nature</b>	<b>Subtotal</b>	
Endowment net assets at beginning of year	<u>\$ 188,807</u>	<u>\$ 363,821</u>	<u>\$ 2,461,423</u>	<u>\$ 2,825,244</u>	<u>\$ 3,014,051</u>
Investment return, net	19,526	444,519	-	444,519	464,045
Contributions	-	-	191,645	191,645	191,645
Appropriation of endowment assets pursuant to spending-rate policy	-	(57,200)	-	(57,200)	(57,200)
Change in net assets	<u>19,526</u>	<u>387,319</u>	<u>191,645</u>	<u>578,964</u>	<u>598,490</u>
Endowment net assets at end of year	<u>\$ 208,333</u>	<u>\$ 751,140</u>	<u>\$ 2,653,068</u>	<u>\$ 3,404,208</u>	<u>\$ 3,612,541</u>

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE K - BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

	2022				
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
	Board - Designated	Subject to Appropriation	Perpetual in Nature	Subtotal	
Endowment net assets at beginning of year	\$ 216,166	\$ 837,475	\$ 2,260,045	\$ 3,097,520	\$ 3,313,686
Investment loss, net	(27,359)	(473,654)	-	(473,654)	(501,013)
Contributions	-	-	201,378	201,378	201,378
Change in net assets	(27,359)	(473,654)	201,378	(272,276)	(299,635)
Endowment net assets at end of year	<u>\$ 188,807</u>	<u>\$ 363,821</u>	<u>\$ 2,461,423</u>	<u>\$ 2,825,244</u>	<u>\$ 3,014,051</u>

#### NOTE L - RETIREMENT PLAN

The Foundation offers eligible employees the opportunity to participate in a Simple IRA plan whereby employees may elect to contribute up to 100% of their income on a pre-tax basis, subject to limitations specified by the Internal Revenue Code. The Foundation matches each employee's contribution on a one-to-one basis, up to 3% of compensation. The Foundation made matching contributions into the plan of \$104,544 and \$94,120 during the years ended December 31, 2023 and 2022, respectively.

#### NOTE M - OPERATING LEASE

The Foundation has a lease agreement for office space that has been recorded in accordance with ASC 842 as operating lease agreements. The lease expires in May 2026. Monthly base rent under this lease is approximately \$26,600 with increases over the life of certain leases.

The liabilities under the operating lease is recorded at the present value of the minimum lease payments. Lease expense of \$316,769 and \$290,372 for the years ended December 31, 2023 and 2022, respectively, relating to operating leases, consisting of right-of-use asset amortization and lease liability interest, is included in office rent on the statements of functional expenses.

## ALEX'S LEMONADE STAND FOUNDATION

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE M - OPERATING LEASE (CONTINUED)

The following maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2023 is approximately as follows:

<u>Year Ending December 31,</u>	<u>Debt</u>	
2024	\$	337,250
2025		346,250
2026		<u>147,383</u>
		830,883
Less: amount representing interest		<u>(15,560)</u>
Total	\$	<u><u>815,323</u></u>

  

<u>Operating Leases Reported as of December 31,</u>	<u>2023</u>	<u>2022</u>
Current portion of lease liabilities	\$ 326,847	\$ 312,633
Lease liabilities, net of current portion	<u>488,476</u>	<u>815,324</u>
Total	<u><u>\$ 815,323</u></u>	<u><u>\$ 1,127,957</u></u>

  

<u>Year Ended December 31,</u>	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 328,250</u>	<u>\$ 213,333</u>

As of December 31, 2023 and 2022, the operating lease ROU assets were \$749,766 and \$1,050,918, respectively, and operating lease liabilities related to these agreements were \$815,323 and \$1,127,957, respectively. The weighted average remaining lease term of these agreements is 2.5 years and weighted average discount rate is 1.63%.

# ALEX'S LEMONADE STAND FOUNDATION

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE N - CONDITIONAL COMMITMENTS

The Foundation has conditional commitments to fund various medical research grants. The future funding of the grants is conditional upon a noncompetitive review and demonstration of satisfactory completion of proposed research objectives and appropriate budget expenditures and, therefore, the conditional future payments are not recorded in the financial statements. Conditional commitments for future grant payments as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 12,163,570
2025	9,080,892
2026	4,185,534
2027	<u>2,400,000</u>
	<u>\$ 27,829,996</u>

### NOTE O - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 6, 2024, which is the date the financial statements were available to be issued.