

# Midwest Athletes Against Childhood Cancer, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018



# Midwest Athletes Against Childhood Cancer, Inc.

Years Ended December 31, 2019 and 2018

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## **Independent Auditor's Report**

Board of Directors  
Midwest Athletes Against Childhood Cancer, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Midwest Athletes Against Childhood Cancer, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Athletes Against Childhood Cancer, Inc. as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, Midwest Athletes Against Childhood Cancer, Inc. adopted the following Accounting Standards Updates (ASU) as of and for the year ended December 31, 2019: ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
Milwaukee, Wisconsin

May 14, 2020

# Midwest Athletes Against Childhood Cancer, Inc.

## Statements of Financial Position

December 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 637,885	\$ 1,128,854
Investments	6,475,317	5,629,505
Accounts receivable	54,200	47,552
Promises to give - Net of allowance for doubtful promises of \$6,500	658,391	1,222,334
Prepays and other assets	74,115	39,505
<b>Total current assets</b>	<b>7,899,908</b>	<b>8,067,750</b>
Furniture and office equipment - Net of accumulated depreciation of \$51,347 and \$40,849, respectively	14,055	13,699
<b>TOTAL ASSETS</b>	<b>\$ 7,913,963</b>	<b>\$ 8,081,449</b>
Liabilities and Net Assets	2019	2018
Current liabilities:		
Accounts payable	\$ 2,755	\$ 7,598
Research contributions payable	-	875,000
Contract liabilities	100	1,750
Accrued liabilities	116,495	198,458
<b>Total current liabilities</b>	<b>119,350</b>	<b>1,082,806</b>
Accrued liabilities - Net of current portion	-	117,742
<b>Total liabilities</b>	<b>119,350</b>	<b>1,200,548</b>
Net assets:		
Without donor restrictions	7,100,622	5,622,967
With donor restrictions	693,991	1,257,934
<b>Total net assets</b>	<b>7,794,613</b>	<b>6,880,901</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,913,963</b>	<b>\$ 8,081,449</b>

See accompanying notes to financial statements.

# Midwest Athletes Against Childhood Cancer, Inc.

## Statements of Activities

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Proceeds from fundraising activities:						
Contributions	\$ 3,208,308	\$ 273,405	\$ 3,481,713	\$ 3,771,561	\$ 1,205,004	\$ 4,976,565
Special event revenue	286,027	-	286,027	269,907	-	269,907
Less - Costs of direct benefits to donors	(291,098)	-	(291,098)	(276,126)	-	(276,126)
Net proceeds from fundraising activities	3,203,237	273,405	3,476,642	3,765,342	1,205,004	4,970,346
Contributions:						
Foundations	350,750	45,000	395,750	454,828	9,000	463,828
Memorials and bequests	217,113	9,045	226,158	40,809	25	40,834
General and major gifts	429,361	3,442	432,803	392,426	14,805	407,231
Total contributions	997,224	57,487	1,054,711	888,063	23,830	911,893
Net assets released from restrictions	894,835	(894,835)	-	514,999	(514,999)	-
Total revenue and support	5,095,296	(563,943)	4,531,353	5,168,404	713,835	5,882,239
Expenses:						
Program	475,194	-	475,194	716,972	-	716,972
Direct fundraising	394,210	-	394,210	592,710	-	592,710
Indirect fundraising	111,864	-	111,864	150,796	-	150,796
Administrative and general	149,861	-	149,861	180,717	-	180,717
Total expenses	1,131,129	-	1,131,129	1,641,195	-	1,641,195
Investment income (loss) - Net	975,878	-	975,878	(371,795)	-	(371,795)
Excess of revenue, support and investment						
income over expenses before research contributions	4,940,045	(563,943)	4,376,102	3,155,414	713,835	3,869,249
Research contributions	(3,462,390)	-	(3,462,390)	(3,276,025)	-	(3,276,025)
Change in net assets	1,477,655	(563,943)	913,712	(120,611)	713,835	593,224
Net assets at beginning	5,622,967	1,257,934	6,880,901	5,743,578	544,099	6,287,677
Net assets at end	\$ 7,100,622	\$ 693,991	\$ 7,794,613	\$ 5,622,967	\$ 1,257,934	\$ 6,880,901

See accompanying notes to financial statements.

# Midwest Athletes Against Childhood Cancer, Inc.

## Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 913,712	\$ 593,224
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation expense	10,498	10,174
Net realized and unrealized (gains) losses on investments	(847,944)	472,109
Donated investments received	(10,520)	(7,998)
Donated other assets received	(50,840)	-
Changes in operating assets and liabilities:		
Accounts receivable	(6,648)	79,060
Promises to give	563,943	(713,835)
Prepays and other assets	16,230	(3,264)
Accounts payable	(4,843)	(7,751)
Research contributions payable	(875,000)	-
Contract liabilities	(1,650)	(9,910)
Accrued liabilities	(199,705)	316,200
Net cash and cash equivalents (used in) provided by operating activities	(492,767)	728,009
Cash flows from investing activities:		
Purchases of equipment	(10,854)	(3,432)
Purchases of investments	(2,098,427)	(2,715,943)
Proceeds from sales of investments	2,111,079	2,618,785
Net cash and cash equivalents provided by (used in) investing activities	1,798	(100,590)
(Decrease) increase in cash and cash equivalents	(490,969)	627,419
Cash and cash equivalents at beginning	1,128,854	501,435
Cash and cash equivalents at end	\$ 637,885	\$ 1,128,854

See accompanying notes to financial statements.

# Midwest Athletes Against Childhood Cancer, Inc.

## Statements of Functional Expenses

Year Ended December 31, 2019

	Program	Cost of Direct Benefits to Donors	Direct Fundraising	Indirect Fundraising	Administrative and General	Total
Research contributions	\$ 3,462,390	\$ -	\$ -	\$ -	\$ -	\$ 3,462,390
Salaries and wages	167,068	-	129,942	37,126	37,126	371,262
Payroll taxes and employee benefits	131,920	-	102,604	29,316	29,316	293,156
Outside services	39,747	-	37,097	19,874	35,772	132,490
Occupancy	-	-	13,200	4,950	14,850	33,000
Telephone and internet	1,699	-	2,321	623	1,019	5,662
Supplies and printing	8,229	-	4,937	1,646	1,646	16,458
Postage and deliveries	2,469	-	3,210	247	247	6,173
Travel	6,808	-	3,676	681	2,451	13,616
Insurance	-	-	8,722	7,268	13,083	29,073
Repairs and maintenance	-	-	-	493	404	897
Participant awards, food, and entertainment	25,571	102,280	-	-	-	127,851
Auction and promotional items	59,797	83,715	-	1,495	4,485	149,492
Publicity	11,573	-	11,573	-	-	23,146
Equipment and facility rental	20,313	46,043	-	677	677	67,710
Miscellaneous, in-kind donations, and event sundries	-	59,060	-	621	2,479	62,160
Licenses and fees	-	-	45,866	5,272	1,582	52,720
Depreciation	-	-	4,199	1,575	4,724	10,498
Sales taxes	-	-	26,863	-	-	26,863
<b>Total expenses by function</b>	<b>3,937,584</b>	<b>291,098</b>	<b>394,210</b>	<b>111,864</b>	<b>149,861</b>	<b>4,884,617</b>
Less expenses reported separately on the statements of activities:						
Cost of direct benefits to donors	-	(291,098)	-	-	-	(291,098)
Research contributions	(3,462,390)	-	-	-	-	(3,462,390)
<b>Total expenses included in the expenses section on the statement of activities</b>	<b>\$ 475,194</b>	<b>\$ -</b>	<b>\$ 394,210</b>	<b>\$ 111,864</b>	<b>\$ 149,861</b>	<b>\$ 1,131,129</b>



# Midwest Athletes Against Childhood Cancer, Inc.

## Statements of Functional Expenses (Continued)

Year Ended December 31, 2018

	Program	Cost of Direct Benefits to Donors	Direct Fundraising	Indirect Fundraising	Administrative and General	Total
Research contributions	\$ 3,276,025	\$ -	\$ -	\$ -	\$ -	\$ 3,276,025
Salaries and wages	305,748	-	237,804	67,944	67,944	679,440
Payroll taxes and employee benefits	201,519	-	156,737	44,782	44,782	447,820
Outside services	18,971	-	17,707	9,486	17,074	63,238
Occupancy	-	-	13,200	4,950	14,850	33,000
Telephone and internet	1,763	-	2,410	646	1,058	5,877
Supplies and printing	20,258	-	12,155	4,052	4,052	40,517
Postage and deliveries	6,091	-	7,919	609	609	15,228
Travel	10,581	-	5,713	1,058	3,809	21,161
Insurance	-	-	8,951	7,459	13,427	29,837
Repairs and maintenance	-	-	-	583	477	1,060
Participant awards, food, and entertainment	26,673	106,687	-	-	-	133,360
Auction and promotional items	50,906	71,269	-	1,273	3,818	127,266
Publicity	51,240	-	51,240	-	-	102,480
Equipment and facility rental	23,222	52,635	-	774	774	77,405
Miscellaneous, in-kind donations, and event sundries	-	45,535	-	479	1,913	47,927
Licenses and fees	-	-	45,019	5,175	1,552	51,746
Depreciation	-	-	4,070	1,526	4,578	10,174
Sales taxes	-	-	29,785	-	-	29,785
<b>Total expenses by function</b>	<b>3,992,997</b>	<b>276,126</b>	<b>592,710</b>	<b>150,796</b>	<b>180,717</b>	<b>5,193,346</b>
Less expenses reported separately on the statements of activities:						
Cost of direct benefits to donors	-	(276,126)	-	-	-	(276,126)
Research contributions	(3,276,025)	-	-	-	-	(3,276,025)
<b>Total expenses included in the expenses section on the statement of activities</b>	<b>\$ 716,972</b>	<b>\$ -</b>	<b>\$ 592,710</b>	<b>\$ 150,796</b>	<b>\$ 180,717</b>	<b>\$ 1,641,195</b>

See accompanying notes to financial statements.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

Midwest Athletes Against Childhood Cancer, Inc. (the “MACC Fund” or the “Organization”) is a nonprofit organization created for the sole purpose of supporting research with respect to treatments and cures for childhood cancer and other related blood disorders. To accomplish this purpose, the MACC Fund seeks public support through various fundraising projects and events, and from direct contributions. The MACC Fund supports research at the Medical College of Wisconsin in the MACC Fund Research Center, at the Carbone Cancer Center of the University of Wisconsin in the MACC Fund UW Childhood Cancer Research Wing, and at the MACC Fund Center at Children’s Hospital of Wisconsin.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”).

#### Use of Estimates

The preparation of the accompanying financial statements in accordance with GAAP requires management to make certain estimates and assumptions that directly affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Change in Accounting Policies

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance effective January 1, 2019 as required under the standard. The Organization applied Topic 606 on a retrospective basis and elected the practical expedient in paragraph FASB ASC 606-10-65-1(f)(1), under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider. The Organization has applied the amendments in this ASU on a retrospective basis. There was no change on opening balances of net assets and no prior period results were restated.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Net Assets

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

***Net Assets Without Donor Restrictions*** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

***Net Assets with Donor Restrictions*** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit 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.

#### Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### Investments and Investment Income

Investments are measured at fair value in the accompanying statements of financial position. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of the donation).

Investment income (including realized and unrealized gains and losses, interest, and dividends) is reported as revenue without donor restrictions unless the income is restricted by donor or law. Realized gains or losses are determined by specific identification. Investment expenses, including direct internal investment expenses, if any, are netted with return on the statements of activities.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Accounts Receivable**

Accounts receivable are generally unconditional donations, without donor restrictions, that have been collected by a third-party online credit card processing agency but that have not yet been remitted to the MACC Fund as of December 31, 2019 and 2018. The Organization considers these receivables to be fully collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time.

#### **Furniture and Office Equipment**

Furniture and office equipment is stated at cost if purchased or fair value at date of gift if donated and capitalized. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated lives of furniture and office equipment are three to five years. Expenditures for repairs and maintenance costs are expensed as incurred.

The MACC Fund reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the MACC Fund reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Research Contributions Payable**

Contributions made by the MACC Fund to research organizations, including unconditional promises to give, are recognized as expenses in the period approved.

#### **Revenue Recognition**

##### ***Special Event Revenue from Contracts with Customers***

The exchange portion of proceeds from certain fundraising activities represent the Organization's only source of revenues from contracts with customers. Fundraising events include bike rides, golf outings, and other sporting and recreational events. The Organization's contracts related to fundraising activities include a performance obligation for event hosting. The Organization's fundraising activities are single-day events and proceeds are recognized on the date the fundraising event obligation is satisfied by delivery or performance of services. The Organization determines the base transaction price based on similar events and may provide discounts for early registration to certain events.

Generally, payment is due from customers upon registration for an event or by the date of the event. Refunds of registration fees are subject to Organization approval. Registration for events is generally limited to less than one-year in advance of the event.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization rarely has material unsatisfied or partially unsatisfied performance obligations at fiscal year-end. Advance registrations are recorded as contract liabilities and the proceeds are not recognized in revenues until the performance obligation is satisfied as described above.

The Organization records sales taxes on a gross basis (included in expenses). Total sales taxes for 2019 and 2018 were \$26,863 and \$29,785, respectively.

#### **Contributions and Promises to Give**

Contributions and promises to give are evaluated to determine if they contain conditions prior to recognizing revenue. Unconditional contributions are recognized as revenue when cash or other assets are received. Unconditional promises to give are recognized as revenue and a receivable when the promise is received from the donor. Conditional contributions, promises to give, and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. Assets received for which the condition has not been satisfied are recorded as deferred revenue.

Donor contributions are received through fundraising events and activities sponsored by the MACC Fund as well as events and activities sponsored by other organizations. The gifts are reported as donor-restricted if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restrictions in the accompanying financial statements.

Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

Management periodically reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. Promises to give are anticipated to be collected entirely within the next year.

#### **Donations In-Kind and Contributed Goods**

Material gifts in-kind used to operate the Organization's programs and donated goods distributed, including auction items and raffle prizes, are recorded as income and expense at the donor's estimated fair value at the time the items are placed into service or distributed.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

The Organization maintains an agreement with the Medical College of Wisconsin to occupy, at no charge, 1,500 square feet of office space. The fair value of the donated space was estimated at \$33,000 in 2019 and 2018 and has been recorded as contribution revenue and rent expense in the accompanying statements of activities.

#### **Promotional Costs**

Promotional costs are expensed as incurred. Promotional costs charged to expense in 2019 and 2018 were \$149,669 and \$197,682, respectively.

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, payroll taxes and employee benefits, and outside services have been allocated based on time spent. Occupancy and depreciation have been allocated based on square footage. All other expenses have been allocated based upon utilization.

#### **Reclassifications**

Certain amounts as previously reported in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Specifically, costs of direct benefits to donors are now netted with proceeds from fundraising events on the statements of activities. Such reclassifications had no effect on reported amounts of net assets or the change in net assets.

#### **Income Taxes**

The Organization is a nonprofit corporation 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. The Organization is also exempt from state taxes on related income.

The Organization recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

Subsequent events have been evaluated through May 14, 2020, which is the date the financial statements were available to be issued.

#### *Business Conditions*

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis including financial markets, supply chains, businesses, and communities. Specific to the MACC Fund, COVID-19 may impact various parts of its 2020 operations and financial results including the timing and proceeds from fundraising events and activities. Management believes the MACC Fund is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

### Note 2: Investments

Investments recorded in the accompanying statements of financial position consisted of the following:

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
Equities	\$ 2,575,786	\$ 1,908,599
Fixed income mutual funds	2,672,729	2,431,048
Equity mutual funds	1,226,802	1,289,858
<b>Total investments</b>	<b>\$ 6,475,317</b>	<b>\$ 5,629,505</b>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Net investment income (loss) was as follows:

<i>Years Ended December 31,</i>	<b>2019</b>	<b>2018</b>
Interest and dividends	\$ 181,932	\$ 153,102
Net realized gains	49,094	238,713
Net unrealized gains (losses)	798,850	(710,822)
Investment expenses	(53,998)	(52,788)
<b>Total net investment income (loss)</b>	<b>\$ 975,878</b>	<b>\$ (371,795)</b>

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 3: Research Contributions Payable

Research contributions payable consist of the following:

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
Unconditional, one-year commitment to the Medical College of Wisconsin with quarterly payments of \$437,500 through June 2019	\$ -	\$ 875,000

### Note 4: Conditional Gift Agreement

In June 2013, the Organization entered into a conditional gift agreement restricted for childhood cancer research with Children’s Hospital of Wisconsin (the “Hospital”). Under the terms of the gift agreement, the Organization committed to an initial pledge of \$10,000,000 to the Hospital. Payments under the gift agreement are subject to the Organization’s access to funds and the approval of the Organization’s Scientific Advisory Board and Board of Directors. The funds are also conditioned upon specific performance of certain activities of the Hospital. In both 2019 and 2018, payments under this gift agreement totaled \$1,000,000. Payments of \$1,000,000 per year are expected to continue to be paid in 2020 and there afterwards. An additional \$500,000 payment will be made during the 10-year grant period at times chosen by the Organization.

As the gift agreement is conditional, the Organization has not recorded a liability on the statements of financial position for amounts expected to be paid in the future under the agreement. Through 2019, gifts from the Organization under the agreement total \$4,500,000.

### Note 5: Contract Balances

Opening and closing balances for contract assets, contract liabilities, and accounts receivable arising from contracts with customers include:

<i>As of</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>January 1, 2018</b>
Contract liabilities	\$ 100	\$ 1,750	\$ 11,660

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. As of December 31, 2019 and 2018, and as of January 1, 2018, the Organization did not have any contract assets or receivables. Contract liabilities represent the Organization’s obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.



# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 6: Disaggregation of Revenues from Contracts with Customers

The Organization's revenues from contracts with customers are accounted for at the point in time when control of the goods or services transfers to the customer and the Organization's performance obligation is satisfied. Revenue from contracts with customers recognized at a point in time consist of the exchange-portion of special event proceeds and totaled \$286,027 and \$269,907 for the years ended December 31, 2019 and 2018, respectively.

### Note 7: Net Assets With Donor Restrictions

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

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
Subject to the passage of time - Unconditional promises to give	\$ 658,391	\$ 1,222,334
Subject to expenditure for specific purpose - Childhood cancer and other related blood disorders research fellowships	35,600	35,600
<b>Total net assets with donor restrictions</b>	<b>\$ 693,991</b>	<b>\$ 1,257,934</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

### Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 637,885	\$ 1,128,854
Investments	6,475,317	5,629,505
Accounts receivable	54,200	47,552
Unconditional promises to give	658,391	1,222,334
<b>Total financial assets</b>	<b>7,825,793</b>	<b>8,028,245</b>
Less - Restricted program contributions included in cash and cash equivalents	(35,600)	(35,600)
<b>Total financial assets available for general expenditure</b>	<b>\$ 7,790,193</b>	<b>\$ 7,992,645</b>

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents and investments for approximately two years of expected contributions for research.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

### Note 9: Fair Value Measurements

Information regarding assets measured at fair value on a recurring basis is as follows:

<i>As of December 31, 2019</i>	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities:				
U.S. equities	\$ 1,102,129	\$ 1,102,129	\$ -	\$ -
Developed foreign equities	489,829	489,829	-	-
Exchange-traded funds	983,828	983,828	-	-
Mutual funds:				
Fixed income funds	2,672,729	2,672,729	-	-
Equity funds	557,182	557,182	-	-
Emerging foreign funds	280,823	280,823	-	-
Real estate funds	318,080	318,080	-	-
Commodities	70,717	70,717	-	-
<b>Totals</b>	<b>\$ 6,475,317</b>	<b>\$ 6,475,317</b>	<b>\$ -</b>	<b>\$ -</b>

<i>As of December 31, 2018</i>	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities:				
U.S. equities	\$ 841,212	\$ 841,212	\$ -	\$ -
Developed foreign equities	445,232	445,232	-	-
Exchange-traded funds	622,155	622,155	-	-
Mutual funds:				
Fixed income funds	2,431,048	2,431,048	-	-
Equity funds	498,926	498,926	-	-
Emerging foreign funds	129,304	129,304	-	-
Hedged equity funds	283,036	283,036	-	-
Real estate funds	259,191	259,191	-	-
Commodities	119,401	119,401	-	-
<b>Totals</b>	<b>\$ 5,629,505</b>	<b>\$ 5,629,505</b>	<b>\$ -</b>	<b>\$ -</b>

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### Note 9: Fair Value Measurements (Continued)

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Equities are valued at the closing price reported on the active market on which the individual securities are traded.
- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization does not have any liabilities measured at fair value on a recurring basis, nor any assets or liabilities measured at fair value on a nonrecurring basis.

### Note 10: Concentrations

Concentrations of promises to give are as follows:

<i>As of December 31,</i>	<b>2019</b>	<b>2018</b>
Donor A	14 %	10 %
Donor B	51 %	82 %

Concentrations of gross proceeds from fundraising events in relation to total revenue and support are as follows:

<i>Years Ended December 31,</i>	<b>2019</b>	<b>2018</b>
Event A	21 %	17 %
Event B	*	14 %

\* Event does not represent a significant concentration for the year ended December 31.

The Organization maintains depository relationships with a local financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk on cash.

# Midwest Athletes Against Childhood Cancer, Inc.

## Notes to Financial Statements

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### **Note 11: Retirement Plan**

The MACC Fund has a salary reduction 403(b) plan covering substantially all employees which provides for employer supplemental contributions equal to a percentage of each participant's compensation at the discretion of the MACC Fund. The MACC Fund is also required to match 50% of a participant's salary reduction contributions, not to exceed \$2,500 annually. Expense related to the plan was \$10,000 and \$11,750 in 2019 and 2018, respectively.