

SEBASTIANSTRONG FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023



SebastianStrong Foundation, Inc.
Table of Contents

Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SebastianStrong Foundation, Inc.
Miami, Florida

Opinion

We have audited the accompanying financial statements of SebastianStrong Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SebastianStrong Foundation, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

De La Hoz, Perez & Barbeito, PLLC

Coral Gables, Florida

July 17, 2024



SebastianStrong Foundation, Inc.
Statement of Financial Position
December 31, 2023

ASSETS

Cash and cash equivalents	\$ 1,426,467
Contributions receivable	5,488
Inventory	<u>18,344</u>

TOTAL ASSETS \$ 1,450,299

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 14,486
Grants payable	<u>917,372</u>

TOTAL LIABILITIES 931,858

COMMITMENTS AND CONTINGENCIES (NOTE 5)

NET ASSETS

Without donor restrictions	<u>518,441</u>
----------------------------	----------------

TOTAL NET ASSETS 518,441

TOTAL LIABILITIES AND NET ASSETS \$ 1,450,299

The accompanying notes are an integral part of these financial statements.

SebastianStrong Foundation, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES	
Contributions and grants	\$ 216,831
Donated facility	22,049
Special events, net	701,443
Interest income	40,704
Merchandise sales	<u>4,453</u>
 TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	 <u>985,480</u>
EXPENSES	
 Program services	 951,847
General and administrative	49,171
Fundraising	<u>92,029</u>
 TOTAL EXPENSES	 <u>1,093,047</u>
 CHANGE IN NET ASSETS	 <u>(107,567)</u>
 NET ASSETS - BEGINNING OF YEAR	 <u>626,008</u>
 NET ASSETS - END OF YEAR	 <u>\$ 518,441</u>

The accompanying notes are an integral part of these financial statements.

SebastianStrong Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services			Supporting Services		Total
	Pediatric Cancer Research	Public Awareness and Education	Family Services	General and Administrative	Fundraising	
EXPENSES						
Grant expense	\$ 719,792	\$ -	\$ -	\$ -	\$ -	\$ 719,792
Salaries and payroll taxes	77,779	39,381	19,142	22,252	70,141	228,695
Advertising and marketing	1,360	689	335	389	1,226	3,999
Meals and travel	7,078	3,584	1,742	2,025	6,383	20,812
Scholarships	-	7,500	-	-	-	7,500
Seminars and training	-	1,598	-	-	-	1,598
Patient events and financial support	-	-	14,229	-	-	14,229
Legal and professional services	-	-	-	600	-	600
Merchant fees	-	-	-	19,375	-	19,375
Office expenses	8,336	4,220	2,051	2,385	7,517	24,509
Donated facility	7,499	3,797	1,846	2,145	6,762	22,049
Other	-	29,889	-	-	-	29,889
TOTAL EXPENSES	\$ 821,844	\$ 90,658	\$ 39,345	\$ 49,171	\$ 92,029	\$ 1,093,047

The accompanying notes are an integral part of these financial statements.

SebastianStrong Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (107,567)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Inventory	28,628
Contribution receivables	(5,488)
Accounts payable and accrued expenses	1,833
Grants payable	<u>522,372</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>439,778</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	439,778
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>986,689</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,426,467</u></u>

The accompanying notes are an integral part of these financial statements.

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

1. Organization and Summary of Significant Accounting Policies

Organization

SebastianStrong Foundation, Inc. (the “Foundation”) was established as a Florida nonprofit organization on January 11, 2017 for the following purposes:

- To raise funds for early stage, cutting edge pediatric cancer research, including impactful research focused on less toxic and more targeted treatments.
- To raise public awareness about pediatric cancer.
- To provide families with services via support programs to care and ease the financial burden of families while their children are undergoing treatment for cancer.

The Foundation is supported through a mix of community and corporate fundraising events, corporate sponsorships and grants. 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.

Basis of Accounting

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.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities and Changes in Net Assets.

In accordance with U.S. GAAP, the Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restriction – net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its corporate documents.

Net assets with donor restriction – 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 programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences may be material.

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

1. Organization and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which potentially expose the Foundation to concentrations of credit risk consist primarily of cash balances in excess of the Federal Deposit of Insurance Corporation (“FDIC”) limit of \$250,000. To mitigate this risk, the Foundation utilizes a cash management service that distributes funds across multiple high-quality financial institutions within a network, ensuring all deposits remain within FDIC insurance limits.

Cash and Cash Equivalents

Cash and cash equivalents include cash, and deposits with financial institutions with original maturities of three months or less.

Contribution Receivables

Contribution receivables consist primarily of donations and pledges, which 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.

Inventory

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 reasonable predictable cost of completion, disposal and transportation.

Revenue Recognition – Grants and Contributions

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Foundation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition – Grants and Contributions (continued)

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 to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions”. Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

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 statement of financial 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.

Revenue Recognition – Merchandise Sales

Merchandise sales consist of items sold on the Foundation’s website or at events, 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.

Contributed Nonfinancial Assets – Donated Facility

The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the Foundation’s service area. The use of the donated facility is reflected in the accompanying statement of activities and statement of functional expenses under the captions “Donated facility”. The donated facility is being used as a location for which the Foundation operates. The estimated rental value of the donated facility was approximately \$22,000 for the year ended December 31, 2023.

Grants Payable

Grants payable represent unconditional promises to give and are recognized as expenses in the period the promises are made and as decreases of assets or increases of liabilities depending on the form of the benefits given. Unconditional promises to give that are expected to be paid in more than one year are measured in the aggregate using present value techniques that consider the promised cash flows and the Foundation’s year end incremental borrowing rate. Conditional promises to give are recognized when the conditions on which they depend are substantially met. A grant is deemed to be conditional if it includes one or more measure barriers and a right of return or forfeiture.

Advertising and Marketing

Advertising and marketing costs are expensed in the year incurred.

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

1. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation is exempt from income taxes as an organization formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. During the year ended December 31, 2023, The Foundation had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, change in net assets or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's federal and state income tax returns are generally open to examination beginning with fiscal year ended 2020.

Adoption of Recent Accounting Pronouncements

Effective January 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Updated No. 2016-02, Leases (Topic 842). The Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Foundation accounted for its operating lease as an operating lease under the new guidance. The Foundation has one short-term lease, and the adoption of the new lease accounting guidance had no effect to the Foundation.

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU No 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard was applied retrospectively to all years presented herein.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to program services, general and administrative, and fundraising. Salaries and payroll taxes are charged to different functions based on the employees' actual functions performed. Expenses related to more than one function are allocated among the functions benefited based on employees' gross salaries or estimates of time and effort depending on the employees' function.

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

1. Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 17, 2024, the date that the financial statements were available to be issued.

2. Liquidity and Availability Resources

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31, 2023:

Cash and cash equivalents	\$	1,426,467
Contributions receivable		5,488
 Total financial assets available for management and general expenditures within on year	 \$	 1,431,955

3. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) during the year ended December 31, 2023 were as follows:

Nonfinancial Asset	Revenue Recognized December 31, 2023	Utilization in Programs / Activities	Donor Restrictions	Valuation Techniques and Inputs
Facility	\$ 22,049	All program activities and administration	Without donor restrictions	The Foundation estimated the fair value of the contributed facility based on rent per square foot, using the property appraiser value, a capitalization rate and expected net operating income. This value is comparable to rental prices in the area.

4. Grants Payable

Aggregate maturities of grants payable are as follows as of December 31, 2023:

In less than one year	\$	669,872
In more than one year		247,500
	\$	917,372

SebastianStrong Foundation, Inc.
Notes to Financial Statements
December 31, 2023

5. Commitments and Contingencies

Conditional Grants

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, conditional future payments are not recorded in the financial statements. Conditional commitments for future grant payments as of December 31, 2023 totaled approximately \$730,000.

Litigation

The Foundation, from time to time, may be subject to potential claims encountered in the normal course of business. In the opinion of management, the resolution of such claims will not have a material adverse effect on the Foundation's financial position, results of operations or cash flows.