



Fighting Pediatric Cancer. Funding Hope.

PAIGE'S BUTTERFLY RUN, INC.

FINANCIAL STATEMENTS

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DECEMBER 31, 2022 AND 2021

Independent Accountant's Review Report

July 20, 2023

To the Board of Directors of
Paige's Butterfly Run, Inc.

We have reviewed the accompanying financial statements of Paige's Butterfly Run, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Paige's Butterfly Run, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dannible & McKee, LLP

PAIGE'S BUTTERFLY RUN, INC.
STATEMENTS OF FINANCIAL POSITION

	<u>December 31,</u>	
<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents (Notes 1 and 2)	\$ 108,527	\$ 120,511
Contributions receivable (Note 1)	2,000	-
Employee Retention Credit receivable (Note 1)	-	15,619
Other current assets	7,251	10,404
Equipment, net of depreciation (Note 1)	<u>1,771</u>	<u>841</u>
Total assets	<u>\$ 119,549</u>	<u>\$ 147,375</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 7,687	\$ 678
Deferred revenue (Note 1)	4,500	3,500
Accrued liabilities	<u>2,885</u>	<u>3,024</u>
Total current liabilities	<u>15,072</u>	<u>7,202</u>
Net assets (Note 1):		
Without donor restriction:		
Board designated	25,000	25,000
Other	<u>79,477</u>	<u>115,173</u>
Total net assets	<u>104,477</u>	<u>140,173</u>
Total liabilities and net assets	<u>\$ 119,549</u>	<u>\$ 147,375</u>

See accompanying notes and independent accountant's review report.

PAIGE'S BUTTERFLY RUN, INC.

STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSES

	Year ended December 31,					
	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total
Revenue:						
Contributions	\$ 154,513	\$ -	\$ 154,513	\$ 179,060	\$ -	\$ 179,060
In-kind contributions (Notes 1 and 3)	60,214	-	60,214	33,451	-	33,451
Grants (Note 1)	-	5,000	5,000	13,050	9,769	22,819
Sponsorships and fundraising	68,490	-	68,490	72,063	-	72,063
Event registration fees	43,111	-	43,111	16,287	-	16,287
Salable goods	-	-	-	83	-	83
Other income, net	586	-	586	13,581	-	13,581
Net assets released from restrictions:						
Satisfaction of donor restrictions	5,000	(5,000)	-	9,769	(9,769)	-
Total revenue	331,914	-	331,914	337,344	-	337,344
Expenses:-						
Program services:						
Program expense	230,408	-	230,408	125,955	-	125,955
Salaries and fringe benefits	3,581	-	3,581	4,854	-	4,854
	233,989	-	233,989	130,809	-	130,809
Support services:-						
Management and general:						
Salaries and fringe benefits	4,093	-	4,093	5,547	-	5,547
Professional services	14,217	-	14,217	6,097	-	6,097
Insurance expense	2,101	-	2,101	3,186	-	3,186
Occupancy expense	6,600	-	6,600	6,720	-	6,720
Depreciation and amortization	785	-	785	538	-	538
Other expenses	5,180	-	5,180	8,483	-	8,483
	32,976	-	32,976	30,571	-	30,571
Fundraising:						
Salaries and fringe benefits	43,503	-	43,503	58,897	-	58,897
Supplies and services	38,524	-	38,524	16,464	-	16,464
Advertising and printing	6,838	-	6,838	2,444	-	2,444
Registration processing fees	2,272	-	2,272	3,214	-	3,214
Other expenses	9,508	-	9,508	2,704	-	2,704
	100,645	-	100,645	83,723	-	83,723
Total expenses	367,610	-	367,610	245,103	-	245,103
Change in net assets	(35,696)	-	(35,696)	92,241	-	92,241
Net assets, beginning of year	140,173	-	140,173	47,932	-	47,932
Net assets, end of year	\$ 104,477	\$ -	\$ 104,477	\$ 140,173	\$ -	\$ 140,173

See accompanying notes and independent accountant's review report.

PAIGE'S BUTTERFLY RUN, INC.STATEMENTS OF CASH FLOWS

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received from donors and grants	\$ 349,148	\$ 312,753
Cash paid for donations	(233,989)	(130,809)
Cash paid to suppliers	(125,966)	(111,761)
Interest received	<u>538</u>	<u>28</u>
Net cash provided by (used for) operating activities	<u>(10,269)</u>	<u>70,211</u>
Cash flows used for investing activities:		
Purchase of equipment	<u>(1,715)</u>	<u>-</u>
Cash flows used for financing activities:		
Repayments of long-term debt	<u>-</u>	<u>(40,000)</u>
Net increase (decrease) in cash and cash equivalents	(11,984)	30,211
Cash and cash equivalents, beginning of year	<u>120,511</u>	<u>90,300</u>
Cash and cash equivalents, end of year	<u>\$ 108,527</u>	<u>\$ 120,511</u>

See accompanying notes and independent accountant's review report.

PAIGE'S BUTTERFLY RUN, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies

Nature of activities - Paige's Butterfly Run, Inc. (the "Organization") was formed in 1999 as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization's mission is to raise funds with integrity to benefit current and future pediatric cancer patients and their families in Central New York through the sponsorship of pediatric oncology research and patient programs at Upstate Golisano Children's Hospital (the "Hospital") in Syracuse. The Organization operates several events, including an annual run/walk, a "Pedaling 4 Paige" event and the annual "Clams 4 Cures Clambake" event, receiving individual and corporate donations. All net proceeds fund pediatric oncology research and patient programs at the Hospital.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Basis of presentation - The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board's ("FASB") authoritative guidance on financial statements of not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its assets, liabilities, revenues and expenses according to the two classes of net assets: without donor restriction and with donor restriction.

New accounting pronouncement - The FASB issued Accounting Standards Update ("ASU") No. 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires the breakout of the amount of in-kind gifts recognized within the statements of activities and disclose by category the type of in-kind-gift. The Organization adopted ASU 2020-07 on January 1, 2022, and applied the provisions retrospectively. The adoption of ASU 2020-07 had no impact on changes in net assets or total net assets.

Without donor restriction - Net assets without donor restriction consist of the net assets of the Organization that are without donor-imposed stipulations. These amounts are available for the support of operations. The Board of Directors designated \$25,000 to be utilized for future payroll costs.

With donor restriction - Net assets with donor restriction consist of the net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations. When a restriction expires, the net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the statements of activities and functional expenses as net assets released from restrictions. Additionally, net assets with donor restriction consist of the net assets of the Organization that include a donor-imposed restriction that stipulates those resources be maintained permanently but permit the Organization to use up or expend part or all the earnings derived from the donated assets. The Organization had no net assets with donor restriction at December 31, 2022 or 2021.

Revenue recognition - Contributions are recognized as revenue in the year an unconditional promise is received and are recorded at their fair value. Revenue from various grants is recognized as qualifying expenses are incurred or milestones are achieved. Revenue

from sponsorships is recognized at the time of the event. Amounts received prior to incurring qualifying expenses, prior to the event, or achieving milestones are reported as deferred revenue in the statements of financial position.

Cash and cash equivalents - The Organization considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.

Equipment - Equipment is recorded at cost or, for donated assets, at the estimated fair market value at the date of acquisition. Depreciation is computed on the straight-line method over the assets' estimated useful lives. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the change in net assets.

Equipment consists of the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Equipment	\$ 6,853	\$ 5,138
Less - Accumulated depreciation	<u>(5,082)</u>	<u>(4,297)</u>
	<u>\$ 1,771</u>	<u>\$ 841</u>

Depreciation expense of \$785 and \$538 for the years ended December 31, 2022 and 2021, respectively, has been included in the change in net assets.

Financial instruments and credit risks - The Organization maintains its cash in a bank account which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

Deferred revenue - Deferred revenue represents cash advances received for future events for which expenditures have not yet been incurred.

Income taxes - Pursuant to FASB guidance related to not-for-profit entities, the Organization is exempt from Federal income tax under Section 501(c)(3) of the IRC and has been determined not to be a private foundation under Section 509(a) of the IRC.

The Organization has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Organization will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. The Organization is no longer subject to Federal or state examinations by tax authorities for the closed tax years before 2019.

Expense allocation - The costs of program and support services have been summarized on a functional basis in the statements of activities and functional expenses. The costs are functionalized on a direct basis where possible. Indirect costs are allocated based on an estimate of the time spent by the Organization's management and staff in each functional area.

Program services - Net proceeds of the Organization's events are utilized to fund pediatric cancer research and to help families of patients undergoing treatment at the Hospital.

Management and general - Management and general expenses include the functions necessary to oversee the Organization's daily operations and activities and manage the Organization's financial and budgetary functions.

Fundraising - Fundraising expenses include the functions necessary to run the Organization's major fundraising events.

In-kind contributions - Contributed nonfinancial assets include donated professional services, donated space and equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 3). The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute a significant amount of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. During the years ended December 31, 2022 and 2021, the Organization received in-kind contributions of \$60,214 and \$33,451, respectively, for various goods and services. These amounts are reflected as contributions in the accompanying statements of activities and functional expenses. See Note 3.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Federal assistance programs - On December 27, 2020, The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act") was enacted, extending the authority to make Paycheck Protection Program ("PPP") loans through March 31, 2021, revising certain PPP requirements, and permitting second draw PPP loans. Under the terms of the Coronavirus Aid, Relief, and Economic Security ("CARES Act"), Economic Aid Act and the PPP, the Organization could apply for and be granted forgiveness for all or a portion of the second PPP loan to the extent the proceeds are used for qualifying expenses, including payment of eligible payroll costs, mortgage payments, lease payments, utility payments or interest payments on other business debts that were in place before February 15, 2020.

In January 2021, the Organization was granted a second PPP loan of \$13,000 from a financial institution. The second PPP loan had an initial payment deferment period of ten months from the end of the 24-week covered period. The Organization expended the entire loan proceeds for qualifying expenses and submitted an application for forgiveness of the second PPP loan. During December 2021, they received notification from the SBA that the loan was fully forgiven and, as a result, the \$13,000 is included in grant revenue in the statements of activities and functional expenses for the year ended December 31, 2021. The loan forgiveness is subject to review by the SBA for six years from the date that the loan is forgiven.

The Consolidated Appropriations Act (“CAA”), enacted in December 2020 and the American Rescue Plan Act (“ARPA”) expanded and extended the eligibility requirements of the Federal Employee Retention Credit (“ERC”) program. The Organization determined that it was eligible to receive an ERC of \$15,619 for wages paid to employees during 2020 and 2021. The ERC can either be used to reduce payroll taxes owed by the Organization or requested as a refund from the Federal government through the filing of amended payroll tax filings. Since the full amount of payroll taxes were remitted with each payroll for 2020 and 2021, the credit resulted in a refund during 2022. The Organization has recognized a current asset of \$15,619 in the statements of financial position as of December 31, 2021, and corresponding other income in the accompanying statements of activities and functional expenses for the year ended December 31, 2021. The ERC is subject to audit under the Federal payroll tax regulations.

Subsequent events - Management has evaluated subsequent events through July 20, 2023, the date which the financial statements were available for issue.

Note 2 - Availability and liquidity

The following represents the Organization’s financial assets:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 108,527	\$ 120,511
Contributions receivable	2,000	-
Employee Retention Credit receivable	-	15,619
Less amounts not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 110,527</u>	<u>\$ 136,130</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in a savings account to be designed as a salary reserve, if necessary, throughout the year, and utilizes sponsorship dollars to cover remaining operational expenses in the first six months of the year before the run takes place.

Note 3 - In-kind contributions

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2022</u>	<u>2021</u>
Books	\$ 34,070	\$ 14,986
Marketing materials	11,150	1,250
Office space	6,000	6,000
Event services	4,750	9,215
Event facilities and equipment	2,800	800
Event food and beverage	<u>1,444</u>	<u>1,200</u>
	<u>\$ 60,214</u>	<u>\$ 33,451</u>

Contributed books represents new books donated to the Organization from a retailer. The Organization then donates the books to the pediatric cancer unit at Golisano Children's Hospital as part of the Organization's core support program services. Books are individually inventoried and valued at the retail price.

Contributed marketing materials represent videos contributed by a professional videographer and signage contributed by a professional marketing firm. The contributions are recognized at fair market value based on current rates for similar materials. Contributed marketing materials is used for fundraising.

Contributed office space represents the fair market rental value of office space contributed by the landlord. The Organization utilizes this office space for administrative functions.

Contributed event services, event facilities and equipment and event food and beverage are valued using estimated prices of similar products and services at the time of contribution. Such contributions are utilized at their various fundraising events.

All in-kind contributions received during the years ended December 31, 2022 and 2021 were unrestricted.