

SKY HIGH FOR ST. JUDE'S, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sky High for St. Jude's, Inc.
Houston, Texas

We have audited the accompanying financial statements of Sky High for St. Jude's, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 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.

Auditor's Responsibility

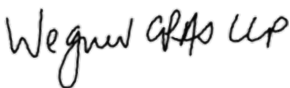
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Sky High for St. Jude's, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Waukesha, Wisconsin
April 28, 2021

SKY HIGH FOR ST. JUDE'S, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,344,486	\$ 1,573,390
Unconditional promises to give	600	27,690
Prepaid expenses	<u>76,336</u>	<u>66,895</u>
Total current assets	1,421,422	1,667,975
LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT		
Leasehold improvements	5,572	5,572
Furniture and fixtures	2,124	2,124
Computers and equipment	<u>54,276</u>	<u>54,276</u>
Leasehold improvements, furniture, and equipment	61,972	61,972
Accumulated depreciation	<u>(56,008)</u>	<u>(50,617)</u>
Leasehold improvements, furniture, and equipment, net	5,964	11,355
OTHER ASSETS		
Trademark	<u>2,250</u>	<u>-</u>
Total assets	<u><u>\$ 1,429,636</u></u>	<u><u>\$ 1,679,330</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 16,104	\$ 55,831
Accrued payroll	5,973	53,688
Refundable advance	296,903	133,669
Paycheck Protection Program advance	<u>97,504</u>	<u>-</u>
Total liabilities	416,484	243,188
NET ASSETS		
Without donor restrictions	<u>1,013,152</u>	<u>1,436,142</u>
Total liabilities and net assets	<u><u>\$ 1,429,636</u></u>	<u><u>\$ 1,679,330</u></u>

See accompanying notes.

SKY HIGH FOR ST. JUDE'S, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Special events	\$ 2,265,241	\$ 6,069,030
Direct benefit to donors	(181,489)	(541,157)
	<u>2,083,752</u>	<u>5,527,873</u>
Special events, net	2,083,752	5,527,873
General donations	497,462	769,102
In-kind contributions	91,107	81,663
Apparel sales	-	8,900
Interest	4,477	1,146
Miscellaneous	666	230
	<u>2,677,464</u>	<u>6,388,914</u>
Total support and revenue without donor restrictions	2,677,464	6,388,914
EXPENSES		
Program services		
Research	1,650,000	2,871,795
Community impact	380,125	1,477,520
	<u>2,030,125</u>	<u>4,349,315</u>
Total program services	2,030,125	4,349,315
Supporting activities		
Management and general	438,193	573,798
Fundraising	632,136	1,127,886
	<u>3,100,454</u>	<u>6,050,999</u>
Total expenses	3,100,454	6,050,999
Change in net assets	(422,990)	337,915
Net assets at beginning of year	<u>1,436,142</u>	<u>1,098,227</u>
Net assets at end of year	<u>\$ 1,013,152</u>	<u>\$ 1,436,142</u>

See accompanying notes.

SKY HIGH FOR ST. JUDE'S, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services		Supporting Activities			Total Expenses
	Research	Community Impact	Management and General	Fundraising	Direct Benefits to Donors	
Grants and other assistance	\$ 1,650,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 1,850,000
Personnel	-	116,788	246,126	318,206	-	681,120
Advertising and marketing	-	55,182	1,292	3,736	6,072	66,282
Apparel	-	-	659	-	5,819	6,478
Auction	-	-	-	26,457	10,295	36,752
Computer software and maintenance	-	-	22,428	13,656	-	36,084
Contract labor	-	-	-	4,932	-	4,932
Depreciation	-	-	5,391	-	-	5,391
Food and beverage	-	-	-	-	72,582	72,582
Games and raffles	-	-	-	-	66,226	66,226
Insurance	-	-	11,501	18,707	-	30,208
Bank and credit card fees	-	-	18,425	47,280	-	65,705
Office	-	1,777	23,303	-	-	25,080
Other event fees and supplies	-	-	-	35,072	1,356	36,428
Printing and photo	-	-	-	5,974	11,887	17,861
Professional fees	-	-	63,782	-	-	63,782
Rent	-	4,650	34,775	-	-	39,425
Event rentals	-	-	-	124,525	-	124,525
Shoots and tournaments	-	-	-	12,193	7,252	19,445
Supplies and equipment	-	1,728	-	3,589	-	5,317
Training and development	-	-	2,325	-	-	2,325
Travel	-	-	8,186	17,809	-	25,995
Total expenses	1,650,000	380,125	438,193	632,136	181,489	3,281,943
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(181,489)	(181,489)
Total expenses included in the expense section of the statement of activities	\$ 1,650,000	\$ 380,125	\$ 438,193	\$ 632,136	\$ -	\$ 3,100,454

SKY HIGH FOR ST. JUDE'S, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services		Supporting Activities			Total Expenses
	Research	Community Impact	Management and General	Fundraising	Direct Benefits to Donors	
Grants and other assistance	\$ 2,871,795	\$ 1,150,089	\$ -	\$ -	\$ -	\$ 4,021,884
Personnel	-	190,783	114,170	337,016	-	641,969
Advertising and marketing	-	16,828	52,322	4,250	58,279	131,679
Apparel	-	-	-	-	4,863	4,863
Auction	-	-	-	83,988	78,756	162,744
Computer software and maintenance	-	-	25,230	19,403	-	44,633
Contract labor	-	-	-	93,761	-	93,761
Depreciation	-	-	8,884	-	-	8,884
Food and beverage	-	-	-	-	203,427	203,427
Games and raffles	-	-	-	-	97,127	97,127
Insurance	-	-	18,730	20,142	-	38,872
Bank and credit card fees	-	-	136,997	-	-	136,997
Office	-	3,462	34,896	-	-	38,358
Other event fees and supplies	-	56,398	-	30,578	23,952	110,928
Printing and photo	-	-	4,226	34,589	17,050	55,865
Professional fees	-	-	110,685	33,393	-	144,078
Rent	-	4,926	25,389	-	-	30,315
Event rentals	-	-	-	353,058	28,289	381,347
Shoots and tournaments	-	-	-	66,059	29,414	95,473
Supplies and equipment	-	2,478	-	5,663	-	8,141
Training and development	-	-	34,543	-	-	34,543
Travel	-	52,556	7,726	45,986	-	106,268
Total expenses	2,871,795	1,477,520	573,798	1,127,886	541,157	6,592,156
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(541,157)	(541,157)
Total expenses included in the expense section of the statement of activities	\$ 2,871,795	\$ 1,477,520	\$ 573,798	\$ 1,127,886	\$ -	\$ 6,050,999

SKY HIGH FOR ST. JUDE'S, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (422,990)	\$ 337,915
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,391	8,884
(Increase) decrease in assets		
Unconditional promises to give	27,090	16,393
Prepaid expenses	(9,441)	93,303
Security deposit	-	1,308
Increase (decrease) in liabilities		
Accounts payable	(39,727)	30,914
Accrued payroll	(47,715)	36,587
Refundable advance	163,234	20,859
Paycheck Protection Program advance	97,504	-
Net cash flows from operating activities	(226,654)	546,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computers and equipment	-	(3,176)
Purchase of trademark	(2,250)	-
Net cash flows from investing activities	(2,250)	(3,176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on office equipment lease	-	(207)
Change in cash	(228,904)	542,780
Cash at beginning of year	1,573,390	1,030,610
Cash at end of year	\$ 1,344,486	\$ 1,573,390

See accompanying notes.

SKY HIGH FOR ST. JUDE'S, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Sky High for St. Jude's, Inc. (Sky High) brings communities together to provide comfort, fund research and save lives of those fighting pediatric cancer and other life-threatening conditions. Its efforts benefit leading hospitals and research centers by closing the gap in childhood cancer rates globally. The Sky High team is saving kids through advanced medical studies and healing families who are battling cancer now through its comfort programs.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Leasehold Improvements, Furniture, and Equipment

Leasehold improvements, furniture, and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Paycheck Protection Program Advance

Sky High received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, rent, and utilities. Sky High expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. Sky High recognizes amounts when conditions are met and formal forgiveness has been received.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions received in advance for events are reported as refundable advances and will be recognized when the event takes place.

SKY HIGH FOR ST. JUDE'S, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses other than personnel and rent expenses can generally be directly identified with a specific program services or supporting activity. Personnel and rent expenses are allocated on the basis of estimates of time and effort.

Estimates

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

Income Tax Status

Sky High is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Sky High qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management's Review

Management has evaluated subsequent events through April 28, 2021, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

Sky High maintains cash balances at two financial institutions located in Houston, Texas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 and 2019, Sky High's uninsured cash balances total approximately \$1,348,000 and \$1,400,000, respectively.

NOTE 3—CONDITIONAL GRANTS

Sky High has four research grants that are conditional upon Sky High meeting specific fundraising goals at various dates through December 31, 2032. At December 31, 2020, these conditional grants totaled \$34,803,205. These grants will be recognized as expense when the respective conditions are met in future years.

NOTE 4—OPERATING LEASE

Sky High leases office space and storage for its event supplies and equipment under non-cancelable operating leases that expire at various dates through April 30, 2021. Subsequently, the leases were extended through April 30, 2026.

SKY HIGH FOR ST. JUDE'S, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4—OPERATING LEASE (continued)

Future minimum lease payments are as follows:

2021	\$	25,781
2022		50,762
2023		55,151
2024		56,700
2025		58,249
2026		19,588

NOTE 5—RELATED PARTY TRANSACTIONS

Sky High's board of directors is heavily involved in fulfilling Sky High's mission. The directors volunteer their time and services to Sky High throughout the year. Many of the directors and their affiliated businesses also donate to Sky High. During the years ended December 31, 2020 and 2019, Sky High received \$144,760 and \$628,900, respectively, from directors and their affiliated businesses.

From time to time, Sky High engages businesses owned or operated by certain directors to perform services for Sky High's events. Sky High also occasionally enters into sponsorship agreements with these businesses. During the years ended December 31, 2020 and 2019, Sky High entered into five sponsorship agreements totaling \$112,500 and \$225,000, respectively, with businesses owned or operated by certain directors.

NOTE 6—PAYCHECK PROTECTION PROGRAM

On May 8, 2020, Sky High received a \$97,504 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On April 13, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. Sky High must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Sky High's good-faith certification concerning the necessity of its loan request, whether Sky High calculated the loan amount correctly, whether Sky High used loan proceeds for the allowable uses specified in the CARES Act, and whether Sky High is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Sky High was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 7—COMMITMENTS

Sky High has entered into numerous contracts with various hotels and facilities for future planned events. Some of these contracts contain penalty clauses for cancellation, which could be material depending upon the particular contract and the date of cancellation. The penalties are based upon rooms reserved; anticipated hotel and facility charges, food, and beverage revenues; and other damages. The potential liability for such damages, if all the contracts were cancelled, is approximately \$95,000.

SKY HIGH FOR ST. JUDE'S, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8—LIQUIDITY AND AVAILABILITY

Sky High has \$1,345,086 and \$1,601,080 of financial assets consisting of cash and unconditional promises to give at December 31, 2020 and 2019. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of Sky High'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.

NOTE 9—COVID-19 CONSIDERATIONS

The COVID-19 outbreak has caused disruption for nonprofit organizations and has resulted in significant volatility in the financial markets. Sky High has cancelled certain planned in-person events or moved them to virtual events. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions on gatherings and potential economic impacts. At this time, the potential related financial impact cannot be reasonably estimated.

NOTE 10—SUBSEQUENT EVENT

On February 22, 2021 Sky High received a \$116,030 loan under the Paycheck Protection Program Second Draw Loans established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Sky High during the covered period. Eligible expenses include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years.