

**SKY HIGH FOR ST. JUDE'S, INC.**

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the financial statements of Sky High for St. Jude's Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sky High for St. Jude's Inc. as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sky High for St. Jude's Inc. 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 Sky High for St. Jude's Inc.'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Waukesha, Wisconsin  
July 12, 2022

**SKY HIGH FOR ST. JUDE'S, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,030,088	\$ 1,344,486
Unconditional promises to give	32,100	600
Prepaid expenses	43,033	76,336
<b>Total current assets</b>	<b>1,105,221</b>	<b>1,421,422</b>
<b>LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT</b>		
Leasehold improvements	7,572	5,572
Furniture and fixtures	2,645	2,124
Computers and equipment	61,935	54,276
Leasehold improvements, furniture, and equipment	72,152	61,972
Accumulated depreciation	(59,309)	(56,008)
<b>Leasehold improvements, furniture, and equipment, net</b>	<b>12,843</b>	<b>5,964</b>
<b>OTHER ASSETS</b>		
Trademark, net	1,800	2,250
<b>Total assets</b>	<b>\$ 1,119,864</b>	<b>\$ 1,429,636</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 22,122	\$ 16,104
Accrued payroll	34,214	5,973
Refundable advance	77,120	296,903
Paycheck Protection Program advance	-	97,504
<b>Total liabilities</b>	<b>133,456</b>	<b>416,484</b>
<b>NET ASSETS</b>		
Without donor restrictions	986,408	1,013,152
<b>Total liabilities and net assets</b>	<b>\$ 1,119,864</b>	<b>\$ 1,429,636</b>

See accompanying notes.

**SKY HIGH FOR ST. JUDE'S, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions		
Special events	\$ 3,836,719	\$ 2,265,241
Direct benefit to donors	(207,149)	(181,489)
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Special events, net	3,629,570	2,083,752
General donations	853,916	497,462
In-kind contributions	35,533	91,107
Paycheck Protection Program assistance	213,534	-
Apparel sales	1,756	-
Interest	1,151	4,477
Miscellaneous	3,046	666
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Total support and revenue without donor restrictions	4,738,506	2,677,464
<b>EXPENSES</b>		
Program services		
Research	2,751,000	1,650,000
Community impact	542,669	380,125
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Total program services	3,293,669	2,030,125
Supporting activities		
Management and general	682,922	438,193
Fundraising	788,659	632,136
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Total expenses	4,765,250	3,100,454
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<b>Change in net assets</b>	(26,744)	(422,990)
Net assets at beginning of year	1,013,152	1,436,142
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<b>Net assets at end of year</b>	<u>\$ 986,408</u>	<u>\$ 1,013,152</u>

See accompanying notes.

**SKY HIGH FOR ST. JUDE'S, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2021

	Program Services		Supporting Activities			Total Expenses
	Research	Community Impact	Management and General	Fundraising	Direct Benefits to Donors	
Grants and other assistance	\$ 2,751,000	\$ 369,148	\$ -	\$ -	\$ -	\$ 3,120,148
Personnel	-	117,384	367,387	304,956	-	789,727
Advertising and marketing	-	52,774	1,588	34,237	-	88,599
Apparel	-	-	1,005	-	4,246	5,251
Auction	-	-	-	35,751	719	36,470
Computer software and maintenance	-	-	22,612	14,255	-	36,867
Contract labor	-	-	-	42,559	-	42,559
Depreciation and amortization	-	-	3,751	-	-	3,751
Food and beverage	-	-	-	-	156,071	156,071
Games and raffles	-	-	-	-	41,187	41,187
Insurance	-	-	4,352	17,861	-	22,213
Bank and credit card fees	-	-	84,925	1,434	-	86,359
Office	-	1,501	34,850	-	-	36,351
Other event fees and supplies	-	-	-	38,494	-	38,494
Printing and photo	-	-	-	17,088	-	17,088
Professional fees	-	-	99,859	9,404	-	109,263
Rent	-	-	24,369	-	-	24,369
Event rentals	-	-	-	183,491	-	183,491
Shoots and tournaments	-	-	-	27,337	4,926	32,263
Supplies and equipment	-	1,862	312	5,513	-	7,687
Training and development	-	-	23,682	-	-	23,682
Travel	-	-	14,230	56,279	-	70,509
<b>Total expenses</b>	<b>2,751,000</b>	<b>542,669</b>	<b>682,922</b>	<b>788,659</b>	<b>207,149</b>	<b>4,972,399</b>
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(207,149)	(207,149)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 2,751,000</b>	<b>\$ 542,669</b>	<b>\$ 682,922</b>	<b>\$ 788,659</b>	<b>\$ -</b>	<b>\$ 4,765,250</b>

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 and amortization	-	-	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
<b>Total expenses</b>	<b>1,650,000</b>	<b>380,125</b>	<b>438,193</b>	<b>632,136</b>	<b>181,489</b>	<b>3,281,943</b>
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(181,489)	(181,489)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 1,650,000</b>	<b>\$ 380,125</b>	<b>\$ 438,193</b>	<b>\$ 632,136</b>	<b>\$ -</b>	<b>\$ 3,100,454</b>

See accompanying notes.



**SKY HIGH FOR ST. JUDE'S, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (26,744)	\$ (422,990)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	3,751	5,391
(Increase) decrease in assets		
Unconditional promises to give	(31,500)	27,090
Prepaid expenses	33,303	(9,441)
Increase (decrease) in liabilities		
Accounts payable	6,018	(39,727)
Accrued payroll	28,241	(47,715)
Refundable advance	(219,783)	163,234
Paycheck Protection Program advance	(97,504)	97,504
<b>Net cash flows from operating activities</b>	<b>(304,218)</b>	<b>(226,654)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of computers and equipment	(10,180)	-
Purchase of trademark	-	(2,250)
<b>Net cash flows from investing activities</b>	<b>(10,180)</b>	<b>(2,250)</b>
<b>Change in cash</b>	<b>(314,398)</b>	<b>(228,904)</b>
Cash at beginning of year	1,344,486	1,573,390
<b>Cash at end of year</b>	<b>\$ 1,030,088</b>	<b>\$ 1,344,486</b>

See accompanying notes.

**SKY HIGH FOR ST. JUDE'S, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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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. Sky High is primarily supported by contributions.

**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.

**Trademark**

The trademark is being amortized over five years. Amortization expense for the year ended December 31, 2021 was \$450. There was no amortization for the year ended December 31, 2020. Estimated amortization expense for the next four years is \$450 per year.

**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, 2021 and 2020

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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 July 12, 2022, 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, 2021 and 2020, Sky High's uninsured cash balances total approximately \$743,000 and \$1,348,000, respectively.

NOTE 3—CONDITIONAL GRANTS

Sky High has three research grants that are conditional upon Sky High meeting specific fundraising goals at various dates through December 31, 2032. At December 31, 2021, these conditional grants totaled \$31,958,205. 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 on April 30, 2026.

**SKY HIGH FOR ST. JUDE'S, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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NOTE 4—OPERATING LEASE (continued)

Future minimum lease payments are as follows:

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, 2021 and 2020, Sky High received \$55,562 and \$144,760, 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, 2021 and 2020, Sky High entered into four and five sponsorship agreements totaling \$83,917 and \$112,500, respectively, with businesses owned or operated by certain directors.

NOTE 6—PAYCHECK PROTECTION PROGRAM

Sky High received loans totaling \$213,534 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 Sky High's first draw loan totaling \$97,504. On September 20, 2021, the SBA preliminarily approved forgiveness of Sky High's second draw loan totaling \$116,030.

Sky High must retain PPP documentation in its files for six years after the date the loan was forgiven 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.

**SKY HIGH FOR ST. JUDE'S, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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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 \$192,000.

NOTE 8—LIQUIDITY AND AVAILABILITY

Sky High has \$1,062,188 and \$1,345,086, respectively, of financial assets consisting of cash and unconditional promises to give at December 31, 2021 and 2020. 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 statements 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.