

**SKY HIGH FOR KIDS, INC.**

FINANCIAL STATEMENTS

December 31, 2023 and 2022

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sky High for Kids, Inc.  
Houston, Texas

### ***Opinion***

We have audited the financial statements of Sky High for Kids, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Kids, Inc. as of December 31, 2023 and 2022, 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 Kids, 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 Kids, 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 Kids, 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 Kids, 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  
December 24, 2024

**SKY HIGH FOR KIDS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,185,670	\$ 1,508,531
Unconditional promises to give	321,000	43,550
Prepaid expenses	171,130	128,688
Total current assets	1,677,800	1,680,769
<b>LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET</b>	7,658	10,872
<b>OTHER ASSETS</b>		
Unconditional promises to give, net	1,083,447	-
Trademark, net	900	1,350
Operating lease right-of-use asset	117,167	166,354
Total other assets	1,201,514	167,704
<b>Total assets</b>	<b>\$ 2,886,972</b>	<b>\$ 1,859,345</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 20,001	\$ 12,184
Grant payable	-	647,334
Accrued payroll	19,904	15,699
Refundable advance	-	60,125
Current portion of operating lease liability	51,003	48,850
Total current liabilities	90,908	784,192
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability less current portion	71,228	122,231
Total liabilities	162,136	906,423
<b>NET ASSETS</b>		
Without donor restrictions	1,341,389	952,922
Restricted by donors for subsequent years' activities	1,383,447	-
Total net assets	2,724,836	952,922
<b>Total liabilities and net assets</b>	<b>\$ 2,886,972</b>	<b>\$ 1,859,345</b>

See accompanying notes.

**SKY HIGH FOR KIDS, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2023 and 2022

	2023	2022
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions		
Special events	\$ 6,250,360	\$ 6,047,994
Direct benefit to donors	(379,735)	(363,678)
	<u>5,870,625</u>	<u>5,684,316</u>
Special events, net	5,870,625	5,684,316
General donations	2,231,024	1,557,819
In-kind contributions	40,600	17,880
Apparel sales	940	2,125
Interest	100,100	14,767
Miscellaneous	14,356	11,790
	<u>8,257,645</u>	<u>7,288,697</u>
Total support and revenue without donor restrictions	8,257,645	7,288,697
<b>EXPENSES AND LOSSES</b>		
Program services		
Research	4,830,801	4,351,334
Community impact	799,771	898,683
	<u>5,630,572</u>	<u>5,250,017</u>
Total program services	5,630,572	5,250,017
Supporting activities		
Management and general	939,962	759,925
Fundraising	1,298,644	1,310,594
	<u>2,238,606</u>	<u>2,070,519</u>
Total expenses	7,869,178	7,320,536
Loss on disposal of equipment	-	1,647
	<u>7,869,178</u>	<u>7,322,183</u>
Total expenses and losses	7,869,178	7,322,183
Change in net assets without donor restrictions	388,467	(33,486)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	1,383,447	-
<b>Change in net assets</b>	1,771,914	(33,486)
Net assets at beginning of year	952,922	986,408
<b>Net assets at end of year</b>	<u>\$ 2,724,836</u>	<u>\$ 952,922</u>

See accompanying notes.

**SKY HIGH FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2023

	Program Services		Supporting Activities			Total Expenses
	Research	Community Impact	Management and General	Fundraising	Direct Benefits to Donors	
Grants and other assistance	\$ 4,830,801	\$ 620,183	\$ -	\$ -	\$ -	\$ 5,450,984
Personnel	-	179,588	397,173	637,282	-	1,214,043
Advertising and marketing	-	-	10,282	75,418	-	85,700
Apparel	-	-	2,511	-	8,395	10,906
Computer software and maintenance	-	-	94,438	18,255	-	112,693
Contract labor	-	-	30,570	5,750	-	36,320
Depreciation and amortization	-	-	3,664	-	-	3,664
Food and beverage	-	-	2,066	-	308,876	310,942
Games and raffles	-	-	-	-	43,339	43,339
Insurance	-	-	12,005	20,669	-	32,674
Bank and credit card fees	-	-	143,616	-	-	143,616
Office	-	-	45,098	2,569	-	47,667
Other event fees and supplies	-	-	-	90,445	-	90,445
Printing and photo	-	-	3,234	49,300	-	52,534
Professional fees	-	-	91,634	17,358	-	108,992
Rent	-	-	54,282	-	-	54,282
Event rentals	-	-	1,193	276,441	-	277,634
Shoots and tournaments	-	-	-	32,075	19,125	51,200
Supplies and equipment	-	-	1,690	20,982	-	22,672
Training and development	-	-	44,944	-	-	44,944
Travel	-	-	1,562	52,100	-	53,662
<b>Total expenses</b>	<b>4,830,801</b>	<b>799,771</b>	<b>939,962</b>	<b>1,298,644</b>	<b>379,735</b>	<b>8,248,913</b>
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(379,735)	(379,735)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 4,830,801</b>	<b>\$ 799,771</b>	<b>\$ 939,962</b>	<b>\$ 1,298,644</b>	<b>\$ -</b>	<b>\$ 7,869,178</b>

See accompanying notes.

**SKY HIGH FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2022

	Program Services		Supporting Activities			Total Expenses
	Research	Community Impact	Management and General	Fundraising	Direct Benefits to Donors	
Grants and other assistance	\$ 4,351,334	\$ 635,667	\$ -	\$ -	\$ -	\$ 4,987,001
Personnel	-	168,574	386,558	569,826	-	1,124,958
Advertising and marketing	-	93,152	1,283	38,112	-	132,547
Apparel	-	-	206	-	4,523	4,729
Computer software and maintenance	-	-	33,960	16,245	-	50,205
Contract labor	-	-	-	28,055	-	28,055
Depreciation and amortization	-	-	5,011	-	-	5,011
Food and beverage	-	-	-	-	270,627	270,627
Games and raffles	-	-	-	-	63,136	63,136
Insurance	-	-	10,081	20,735	-	30,816
Bank and credit card fees	-	-	108,640	29,612	-	138,252
Office	-	720	26,843	-	-	27,563
Other event fees and supplies	-	-	-	107,683	13,058	120,741
Printing and photo	-	-	-	39,258	-	39,258
Professional fees	-	-	104,584	13,913	-	118,497
Rent	-	-	50,622	-	-	50,622
Event rentals	-	-	-	323,372	-	323,372
Shoots and tournaments	-	-	-	32,474	12,334	44,808
Supplies and equipment	-	570	1,040	6,057	-	7,667
Training and development	-	-	10,864	-	-	10,864
Travel	-	-	20,233	85,252	-	105,485
<b>Total expenses</b>	<b>4,351,334</b>	<b>898,683</b>	<b>759,925</b>	<b>1,310,594</b>	<b>363,678</b>	<b>7,684,214</b>
Less expenses included with support and revenue on the statement of activities	-	-	-	-	(363,678)	(363,678)
<b>Total expenses included in the expense section of the statement of activities</b>	<b>\$ 4,351,334</b>	<b>\$ 898,683</b>	<b>\$ 759,925</b>	<b>\$ 1,310,594</b>	<b>\$ -</b>	<b>\$ 7,320,536</b>

See accompanying notes.



**SKY HIGH FOR KIDS, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,771,914	\$ (33,486)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	3,664	5,011
Amortization of operating lease right-of-use asset	49,187	48,612
Amortization of discounts on unconditional promises to give	216,553	-
Loss on disposal of equipment	-	1,647
Increase in assets		
Unconditional promises to give	(1,577,450)	(11,450)
Prepaid expenses	(42,442)	(85,655)
Increase (decrease) in liabilities		
Accounts payable	7,817	(9,938)
Grant payable	(647,334)	647,334
Accrued payroll	4,205	(18,515)
Refundable advance	(60,125)	(16,995)
Operating lease liability	(48,850)	(43,885)
<b>Net cash flows from operating activities</b>	<u>(322,861)</u>	<u>482,680</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of computers and equipment	<u>-</u>	<u>(4,237)</u>
<b>Change in cash</b>	(322,861)	478,443
Cash at beginning of year	<u>1,508,531</u>	<u>1,030,088</u>
<b>Cash at end of year</b>	<u><u>\$ 1,185,670</u></u>	<u><u>\$ 1,508,531</u></u>

See accompanying notes.

**SKY HIGH FOR KIDS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Sky High for Kids, 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 that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor.

**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 years ended December 31, 2023 and 2022 was \$450 per year. Estimated amortization expense for the next two years is \$450 per year.

**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 statement 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 KIDS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

---

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 service or supporting activity. Personnel and rent expenses are allocated on the basis of estimates of time and effort.

**Leases**

Sky High does not recognize short-term leases in the statement of financial position. For these leases, Sky High recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Sky High also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Sky High uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**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 December 24, 2024, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

Sky High maintains cash balances at one financial institution located in Houston, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023 and 2022, Sky High's uninsured cash balances total approximately \$2,926,000 and \$1,296,000, respectively.

**SKY HIGH FOR KIDS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at the end of the year are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 321,000	\$ 43,550
Receivable in one to five years	900,000	-
Receivable in more than five years	<u>400,000</u>	<u>-</u>
Total unconditional promises to give	1,621,000	43,550
Discounts to net present value at 3.88%	<u>(216,553)</u>	<u>-</u>
Unconditional promises to give, net	<u>\$ 1,404,447</u>	<u>\$ 43,550</u>

NOTE 4—LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT

Leasehold improvements, furniture, and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 7,572	\$ 7,572
Furniture and fixtures	2,645	2,645
Computers and equipment	<u>58,807</u>	<u>58,807</u>
Leasehold improvements, furniture, and equipment	69,024	69,024
Accumulated depreciation	<u>(61,366)</u>	<u>(58,152)</u>
Leasehold improvements, furniture, and equipment, net	<u>\$ 7,658</u>	<u>\$ 10,872</u>

NOTE 5—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 KIDS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

---

**NOTE 6—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, 2023 and 2022, Sky High received \$268,083 and \$198,024, 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, 2023 and 2022, Sky High entered into three and four sponsorship agreements totaling \$77,500 and \$62,500, respectively, with businesses owned or operated by certain directors.

**NOTE 7—LEASES**

Sky High leases office space and storage for its event supplies and equipment. The lease has a remaining lease term through April 1, 2026.

Total lease cost for the years ended December 31, 2023 and 2022 was \$50,938 per year.

Other information related to the operating lease is as follows:

	<u>2023</u>	<u>2022</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liability	\$ -	\$ 46,212
Weighted-average remaining lease term	2.33 years	3.33 years
Weighted-average discount rate	1.21%	1.21%

The maturities of operating lease liability as of December 31, 2023, are as follows:

Year ending December 31:		
2024		\$ 52,150
2025		53,699
2026		<u>18,071</u>
Total minimum lease payments		123,920
Imputed interest		<u>(1,689)</u>
Total lease liability		<u>\$ 122,231</u>

**NOTE 8—IN-KIND CONTRIBUTIONS**

Sky High recognized in-kind contributions within revenue, including raffle items. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.

Contributed raffle items were utilized for fundraising activities. In valuing raffle items, Sky High used third-party sources of comparable prices.

**SKY HIGH FOR KIDS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

---

NOTE 9—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, 2023, these conditional grants totaled \$23,517,871. These grants will be recognized as expense when the respective conditions are met in future years.

NOTE 10—COMMMITMENTS

Sky High has a contract with a hotel for a future planned event. The contract contains a penalty clause for cancellation. The potential liability for damages if the contract was canceled is approximately \$67,000. Sky High does not intend to cancel this contract.

NOTE 11—LIQUIDITY AND AVAILABILITY

The following table reflects Sky High's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,185,670	\$ 1,508,531
Unconditional promises to give, net	<u>1,404,447</u>	<u>43,550</u>
Total financial assets at year-end	2,590,117	1,552,081
Less those unavailable for general expenditures within one year:		
Unconditional promises to give collected in more than one year	<u>(1,083,447)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,506,670</u>	<u>\$ 1,552,081</u>

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.