

SKY HIGH FOR KIDS, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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
Waukesha, Wisconsin
December 3, 2025

SKY HIGH FOR KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,035,974	\$ 1,185,670
Unconditional promises to give	398,688	321,000
Prepaid expenses	68,966	171,130
Total current assets	1,503,628	1,677,800
LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET	4,595	7,658
OTHER ASSETS		
Unconditional promises to give, net	651,351	1,083,447
Trademark, net	450	900
Operating lease right-of-use asset	67,375	117,167
Cash surrender value of life insurance policy	958,647	-
Total other assets	1,677,823	1,201,514
Total assets	\$ 3,186,046	\$ 2,886,972
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 26,644	\$ 20,001
Accrued payroll	125,591	19,904
Refundable advance	63,750	-
Current portion of operating lease liability	53,183	51,003
Total current liabilities	269,168	90,908
LONG-TERM LIABILITIES		
Operating lease liability less current portion	18,044	71,228
Total liabilities	287,212	162,136
NET ASSETS		
Without donor restrictions	2,147,483	1,341,389
Restricted by donors for subsequent years' activities	751,351	1,383,447
Total net assets	2,898,834	2,724,836
Total liabilities and net assets	\$ 3,186,046	\$ 2,886,972

See accompanying notes.

SKY HIGH FOR KIDS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions		
Special events	\$ 6,305,772	\$ 6,250,360
General donations	3,002,722	2,231,024
In-kind contributions	70,390	40,600
Apparel sales	240	940
Interest	147,516	100,100
Miscellaneous	7,393	14,356
	<u>9,534,033</u>	<u>8,637,380</u>
EXPENSES		
Program services		
Research	5,302,163	4,830,801
Community impact	1,217,334	799,771
	<u>6,519,497</u>	<u>5,630,572</u>
Supporting activities		
Management and general	832,028	939,962
Fundraising	2,008,510	1,678,379
	<u>2,840,538</u>	<u>2,618,341</u>
Total expenses	9,360,035	8,248,913
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of time restrictions	632,096	-
	<u>632,096</u>	<u>-</u>
Change in net assets without donor restrictions	806,094	388,467
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	1,383,447
Net assets released from restrictions	(632,096)	-
	<u>(632,096)</u>	<u>1,383,447</u>
Change in net assets with donor restrictions	(632,096)	1,383,447
Change in net assets	173,998	1,771,914
Net assets at beginning of year	2,724,836	952,922
Net assets at end of year	<u>\$ 2,898,834</u>	<u>\$ 2,724,836</u>

See accompanying notes.

SKY HIGH FOR KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services		Supporting Activities		Total Expenses
	Research	Community Impact	Management and General	Fundraising	
Grants and other assistance	\$ 5,302,163	\$ 902,648	\$ -	\$ -	\$ 6,204,811
Personnel	-	314,686	458,208	563,396	1,336,290
Advertising and marketing	-	-	-	140,463	140,463
Apparel	-	-	1,755	10,610	12,365
Computer software and maintenance	-	-	105,274	17,785	123,059
Contract labor	-	-	20,966	186,737	207,703
Depreciation and amortization	-	-	3,513	-	3,513
Food and beverage	-	-	3,030	460,598	463,628
Games and raffles	-	-	-	97,408	97,408
Insurance	-	-	18,767	23,506	42,273
Bank and credit card fees	-	-	63,000	-	63,000
Office	-	-	26,945	8,478	35,423
Other event fees and supplies	-	-	-	52,599	52,599
Printing and photo	-	-	3,488	57,372	60,860
Professional fees	-	-	58,089	25,576	83,665
Rent	-	-	57,993	-	57,993
Event rentals	-	-	-	258,213	258,213
Supplies and equipment	-	-	-	41,730	41,730
Training and development	-	-	9,272	-	9,272
Travel	-	-	1,728	64,039	65,767
Total expenses	\$ 5,302,163	\$ 1,217,334	\$ 832,028	\$ 2,008,510	\$ 9,360,035

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	
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	27,520	30,031
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	-	-	35,329	2,569	37,898
Other event fees and supplies	-	-	-	90,445	90,445
Printing and photo	-	-	3,234	49,300	52,534
Professional fees	-	-	101,403	17,358	118,761
Rent	-	-	54,282	-	54,282
Event rentals	-	-	1,193	308,516	309,709
Supplies and equipment	-	-	1,690	20,982	22,672
Training and development	-	-	44,944	-	44,944
Travel	-	-	1,562	52,100	53,662
Total expenses	\$ 4,830,801	\$ 799,771	\$ 939,962	\$ 1,678,379	\$ 8,248,913

See accompanying notes.

SKY HIGH FOR KIDS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 173,998	\$ 1,771,914
Adjustments to reconcile change in net assets to net cash in cash		
Depreciation and amortization	3,513	3,664
Amortization of operating lease right-of-use asset	49,792	49,187
Amortization of discounts on unconditional promises to give	(67,904)	216,553
Donated life insurance policy	(958,647)	-
(Increase) decrease in assets		
Unconditional promises to give	422,312	(1,577,450)
Prepaid expenses	102,164	(42,442)
Increase (decrease) in liabilities		
Accounts payable	6,643	7,817
Grant payable	-	(647,334)
Accrued payroll	105,687	4,205
Refundable advance	63,750	(60,125)
Operating lease liability	(51,004)	(48,850)
Change in cash	(149,696)	(322,861)
Cash at beginning of year	1,185,670	1,508,531
Cash at end of year	\$ 1,035,974	\$ 1,185,670
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Donated life insurance policy	\$ 958,647	\$ -

See accompanying notes.

SKY HIGH FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. 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.

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 calculated using the straight-line method.

Trademark

The trademark is being amortized over five years. Amortization expense for the years ended December 31, 2024 and 2023 was \$450 per year. Estimated amortization expense for the next year 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

SKY HIGH FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 can generally be directly identified with a specific program service or supporting activity. Personnel 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 3, 2025, 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, 2024 and 2023, Sky High's uninsured cash balances total approximately \$1,900,000 and \$2,926,000, respectively.

SKY HIGH FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

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

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 398,688	\$ 321,000
Receivable in one to five years	800,000	900,000
Receivable in more than five years	<u>-</u>	<u>400,000</u>
Total unconditional promises to give	1,198,688	1,621,000
Discounts to net present value at 3.88%	<u>(148,649)</u>	<u>(216,553)</u>
Unconditional promises to give, net	<u>\$ 1,050,039</u>	<u>\$ 1,404,447</u>

NOTE 4—LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT

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

	<u>2024</u>	<u>2023</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>(64,429)</u>	<u>(61,366)</u>
Leasehold improvements, furniture, and equipment, net	<u>\$ 4,595</u>	<u>\$ 7,658</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 loan.

SKY HIGH FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023, Sky High received \$330,415 and \$268,083, 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, 2024 and 2023, Sky High entered into one and three sponsorship agreements totaling \$25,621 and \$77,500, 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 30, 2026.

Total lease cost for the years ended December 31, 2024 and 2023 was \$50,938 per year.

Other information related to the operating lease is as follows:

	<u>2024</u>	<u>2023</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liability	\$ 52,150	\$ 46,212
Weighted-average remaining lease term	1.33 years	2.33 years
Weighted-average discount rate	1.21%	1.21%

The maturities of operating lease liability as of December 31, 2024, are as follows:

Year ending December 31:		
2025		\$ 53,699
2026		<u>18,071</u>
Total minimum lease payments		71,770
Imputed interest		<u>(543)</u>
Total lease liability		<u>\$ 71,227</u>

NOTE 8—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, 2024, these conditional grants totaled \$18,217,871. These grants will be recognized as expense when the respective conditions are met in future years.

SKY HIGH FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9—IN-KIND CONTRIBUTIONS

In-kind contributions recognized within the statement of activities include:

	2024	2023
Raffle items	\$ 60,390	\$ 40,600
Entertainment services	10,000	-
	\$ 70,390	\$ 40,600

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

Contributed services recognized comprise of entertainment services for an event. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

In-kind contributions did not have donor-imposed restrictions.

NOTE 10—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 or other restrictions.

	2024	2023
Cash	\$ 1,035,974	\$ 1,185,670
Unconditional promises to give, net	1,050,039	1,404,447
Cash surrender value of life insurance policy	958,647	-
Total financial assets at year-end	3,044,660	2,590,117
Less those unavailable for general expenditures within one year:		
Unconditional promises to give collected in more than one year	(651,351)	(1,083,447)
Cash surrender value of life insurance policy	(958,647)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,434,662	\$ 1,506,670

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.