

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditor's Report .....	1 - 2
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 14

## Independent Auditor's Report

Board of Directors  
Childhood Arthritis and Rheumatology Research Alliance

### **Opinion**

We have audited the accompanying financial statements of Childhood Arthritis and Rheumatology Research Alliance (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Childhood Arthritis and Rheumatology Research Alliance as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Childhood Arthritis and Rheumatology Research Alliance and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. 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 these 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 Childhood Arthritis and Rheumatology Research Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Ritz Holman LLP**

*Serving business, nonprofits, individuals and trusts.*

330 E. Kilbourn Ave., Suite 550  
Milwaukee, WI 53202

t. 414.271.1451  
f. 414.271.7464  
ritzholman.com

### **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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Childhood Arthritis and Rheumatology Research Alliance'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 Childhood Arthritis and Rheumatology Research Alliance'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.

### **Report on Summarized Comparative Information**

We have previously audited Childhood Arthritis and Rheumatology Research Alliance's December 31, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
June 14, 2023

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
**(With Summarized Totals for December 31, 2021)**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 11,754,538	\$ 16,174,883
Accounts Receivable	5,176,447	2,548,898
Prepaid Expenses	27,724	30,467
Total Current Assets	\$ 16,958,709	\$ 18,754,248
<b>INTANGIBLE ASSETS</b>		
Intangible Assets	\$ 134,118	\$ 12,719
Less: Accumulated Amortization	(18,909)	(11,659)
Net Intangible Assets	\$ 115,209	\$ 1,060
<b>TOTAL ASSETS</b>	<b>\$ 17,073,918</b>	<b>\$ 18,755,308</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 952,639	\$ 2,700,890
Accrued Liabilities	52,910	---
Current Portion of Grants Payable	999,062	365,747
Current Portion of Deferred Revenue	307,692	329,503
Total Current Liabilities	\$ 2,312,303	\$ 3,396,140
<b>LONG-TERM LIABILITIES</b>		
Deferred Revenue	\$ 1,427,626	\$ 1,714,118
Grants Payable	1,249,062	365,747
Less: Current Portion of Grants Payable	(999,062)	(365,747)
Less: Current Portion of Deferred Revenue	(307,692)	(329,503)
Total Long-Term Liabilities	\$ 1,369,934	\$ 1,384,615
Total Liabilities	\$ 3,682,237	\$ 4,780,755
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 13,376,681	\$ 13,974,553
With Donor Restrictions	15,000	---
Total Net Assets	\$ 13,391,681	\$ 13,974,553
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,073,918</b>	<b>\$ 18,755,308</b>

The accompanying notes are an integral part of these financial statements.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>REVENUE</b>				
General Revenue				
Membership Dues	\$ 51,115	\$ ---	\$ 51,115	\$ 50,500
Interest Income	165,869	---	165,869	1,422
Donations	5,284	15,000	20,284	7,518
Registration	2,494	---	2,494	1,000
Rebates/Commissions	---	---	---	407
Total General Revenue	<u>\$ 224,762</u>	<u>\$ 15,000</u>	<u>\$ 239,762</u>	<u>\$ 60,847</u>
Grant and Contract Revenue				
Grant Revenue	\$ 625,723	\$ ---	\$ 625,723	\$ 198,350
Contract Revenue	9,696,363	---	9,696,363	6,179,527
Total Grant and Contract Revenue	<u>\$ 10,322,086</u>	<u>\$ ---</u>	<u>\$ 10,322,086</u>	<u>\$ 6,377,877</u>
Total Revenue	<u>\$ 10,546,848</u>	<u>\$ 15,000</u>	<u>\$ 10,561,848</u>	<u>\$ 6,438,724</u>
<b>EXPENSES</b>				
Program Services	\$ 9,903,942	\$ ---	\$ 9,903,942	\$ 9,131,719
Management and General	1,240,778	---	1,240,778	863,420
Total Expenses	<u>\$ 11,144,720</u>	<u>\$ ---</u>	<u>\$ 11,144,720</u>	<u>\$ 9,995,139</u>
CHANGE IN NET ASSETS	\$ (597,872)	\$ 15,000	\$ (582,872)	\$ (3,556,415)
Net Assets, Beginning of Year	<u>13,974,553</u>	<u>---</u>	<u>13,974,553</u>	<u>17,530,968</u>
NET ASSETS, END OF YEAR	<u>\$ 13,376,681</u>	<u>\$ 15,000</u>	<u>\$ 13,391,681</u>	<u>\$ 13,974,553</u>

The accompanying notes are an integral part of these financial statements.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Program Services	Management and General	2022 Total	2021 Total
Advertising/Marketing	\$ ---	\$ 6,580	\$ 6,580	\$ 22,287
Amortization Expense	---	7,250	7,250	4,240
Audio Visual and Equipment	---	---	---	47,227
Bank and Credit Card Fees	---	2,419	2,419	1,840
Bio Sample	249,997	---	249,997	355,267
Executive Leadership Management	175,449	---	175,449	307,153
Executive Leadership Research	37,979	---	37,979	229,468
Food and Beverage	---	296	296	205
Conferences and Meetings	95,048	---	95,048	---
Grant Support to Others	2,002,352	---	2,002,352	1,015,671
Honorarium	2,250	---	2,250	4,500
Informatics Contracts	555,468	---	555,468	490,235
Insurance	---	33,949	33,949	33,433
Dues/Subscriptions	2,224	---	2,224	140
Management Fees	283,802	94,601	378,403	1,296,050
Manuscripts	54,267	---	54,267	16,610
Medidata Platform	---	---	---	16,500
Member Travel	---	---	---	14,325
Membership Recruitment and Retention	---	21,098	21,098	2,129
Miscellaneous Expenses	---	4,456	4,456	298
Office Supplies	---	1,857	1,857	291
Postage and Shipping	---	3,955	3,955	4,298
Printing and Copying	---	25	25	1,625
Professional Fees	171,055	542,564	713,619	42,077
RAVE Database Platform	---	---	---	80,800
Registry Operations	4,199,338	---	4,199,338	3,957,915
Research Discretionary Funding	---	---	---	44,611
Salary Support	343,202	314,401	657,603	55,813
Payroll Taxes	21,957	25,775	47,732	---
Employee Benefits	43,386	50,932	94,318	---
Site Payments	1,267,466	---	1,267,466	1,262,093
Software	---	42,932	42,932	47,016
Staff Travel	1,497	1,497	2,994	1,357
Staff Training and Development	---	---	---	43,245
Steering Committee Contracts	368,474	---	368,474	437,948
Telephone	---	---	---	157
Venue Rental	---	---	---	139,754
Website	28,731	86,191	114,922	18,561
<b>TOTALS</b>	<b>\$ 9,903,942</b>	<b>\$ 1,240,778</b>	<b>\$ 11,144,720</b>	<b>\$ 9,995,139</b>

The accompanying notes are an integral part of these financial statements.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (582,872)	\$ (3,556,415)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Amortization Expense	7,250	4,240
(Increase) Decrease in Accounts Receivable	(2,627,549)	(1,113,345)
(Increase) Decrease in Pledges Receivable	---	4,333,333
(Increase) Decrease in Prepaid Expenses	2,743	39,710
Increase (Decrease) in Accounts Payable	(1,748,251)	1,615,835
Increase (Decrease) in Grants Payable	883,315	365,747
Increase (Decrease) in Accrued Liabilities	52,910	---
Increase (Decrease) in Deferred Revenue	(286,492)	1,632,944
	<b>\$ (4,298,946)</b>	<b>\$ 3,322,049</b>
Net Cash (Used) Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Intangible Assets	\$ (121,399)	\$ ---
	<b>\$ (121,399)</b>	<b>\$ ---</b>
Net Cash Used by Investing Activities		
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (4,420,345)	\$ 3,322,049
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,174,883	12,852,834
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$ 11,754,538</b>	<b>\$ 16,174,883</b>

The accompanying notes are an integral part of these financial statements.



**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Childhood Arthritis and Rheumatology Research Alliance's (the "Organization") purpose is to conduct collaborative research to prevent, treat and cure pediatric rheumatic diseases.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Allowance for Uncollectible Accounts**

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**Fixed Assets**

Fixed assets are recorded at cost. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$10,000 or more will be capitalized and depreciated over its useful life using the straight-line method of depreciation.

**Intangible Assets**

The Organization capitalizes all expenditures for intangible assets that have a useful life greater than one year. The intangible assets are recorded at cost and amortized over the estimated useful lives of the respective assets on a straight-line basis.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions.

When a donor 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. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions. Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions. When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**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.

**Functional Expenses**

The Organization allocates costs directly to program and management when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Those expenses include management fees, which are allocated based on estimates of time and effort.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B - Accounting Standards Changes and Future Accounting Pronouncements**

The Organization's financial statements include implementation of the following accounting standards updates:

*Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This update requires contributed nonfinancial assets to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs.* This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases.* The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Organization adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Using this method, a cumulative-effect adjustment to net assets would be recognized in the period of adoption. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. The Organization only a finance lease and the accounting for finance leases remained substantially unchanged. The financial statements include the change from capital leases to finance leases and new disclosures.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B - Accounting Standards Changes and Future Accounting Pronouncements (continued)**

**Future Accounting Pronouncement**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2022. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information**

The financial information shown for 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**NOTE D - Concentration of Risk**

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's uninsured cash balances total \$11,231,817.

The Organization's accounts receivable comes from two sources which is 89% of the balance. Accounts payable come from three sources which is 65% of the accounts payable balance.

**NOTE E - Liquidity**

Financial assets available for use are those assets considered liquid and expected they could be readily convertible to cash within one year of the statement of financial position date to meet cash needs for general expenditures and to pay obligations as they become due. Financial assets that are restricted by contract or the donor are considered unavailable for general expenditures and excluded from financial assets available for use.

Financial assets available for use consist of the following as of December 31, 2022:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$11,754,538
Accounts Receivable	5,176,447
Less: Net Assets with Donor Restrictions	<u>(15,000)</u>
Available for Use	<u>\$16,915,985</u>

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE F - Accounts Receivable**

Accounts receivable consists of \$5,176,429 related to contract revenue as of December 31, 2022.

**NOTE G - Intangible Assets**

Intangible assets presented on the statement of financial position as of December 31, 2022, consists of the following:

<u>Amortized Asset</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Residual Value</u>	<u>Life</u>
Website	\$ 12,719	\$ 12,719	\$ ---	3 years
Website Redesign	96,399	1,607	94,792	5 years
Mobile App	<u>25,000</u>	<u>4,583</u>	<u>20,417</u>	5 years
Total	<u>\$134,118</u>	<u>\$18,909</u>	<u>\$115,209</u>	

Estimated amortization expense for next year is as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 24,280
2024	24,280
2025	24,280
2026	24,280
2027	<u>18,089</u>
Total	<u>\$115,209</u>

**NOTE H - Grants Payable**

The Organization has \$1,249,062 of grants payable as of December 31, 2022, which is related to the contracts signed with various corporations.

Future grants payable payments are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 999,062
2024	<u>250,000</u>
Total	<u>\$1,249,062</u>

**NOTE I - Net Assets With Donor Restrictions**

The Organization has \$15,000 of net assets with donor restrictions as of December 31, 2022, which is related to a grant for development of a Biobanking mobile application.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE J - Management Arrangement**

Under an arrangement with Executive Director, Inc., the Organization is provided with office facilities, management, record-keeping, accounting, storage, and other significant services, plus related overhead costs. Under this contract, which ended March 31, 2022, the total charges of \$378,403 for the year ended December 31, 2022, consist of the following:

<u>Description</u>	<u>Amount</u>
Management Fees	<u>\$378,403</u>
Total	<u>\$378,403</u>

**NOTE K - Revenue from Contracts with Customers**

**Membership Dues**

The Organization offers a membership which provides members with a package of benefits. In general, membership in the Organization provides the member with the ability to apply for CARRA grants and travel awards, have access to the CARRA members only collaboration site, receive travel support to attend the annual scientific meeting, and opportunities to engage with CARRA research committees. The member dues revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the member access to the requisite member benefits. The Organization's membership dues are billed annually in advance of the membership year which runs from January 1 to December 31 and are recorded as a contract liability (deferred membership dues) until earned. These revenues are recognized over a period of time which corresponds with the membership year.

Beginning Deferred Membership Dues	\$ 21,810
Revenue Recognized from Prior Year Deferred	(21,810)
New Memberships Issued	72,315
Revenue Recognized on New Membership	<u>(29,305)</u>
Ending Deferred Membership Dues	<u>\$ 43,010</u>

**Conventions and Meetings**

The Organization hosts an annual convention and various conferences and meetings for professionals in the industry. Registration fees for these events are billed to the participant at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed.

All components of revenue are recognized at a point in time. The Organization had \$2,494 of convention and meeting registration revenue for the year ended December 31, 2022.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE K - Revenue from Contracts with Customers (continued)**

**Contract Service Fee Revenue**

Contract service fee revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for contract services. The Organization bills the customer for fees after the services are completed. Revenue from the services are recognized at the point in time the service is held and the Organization's performance obligation to provide the service is completed. The Organization signed multi-year contracts relating to future services. As of December 31, 2022, the Organization has available contract funds of \$19,069,091, which are available through 2031.

Beginning Deferred Contract Service Fees	\$ 1,692,308
Revenue Recognized from Prior Year Deferred	(1,692,308)
New Contract Service Fee Revenue	9,388,671
Revenue Recognized on Contract Service Fees	<u>(8,004,055)</u>
Ending Deferred Contract Service Fees	<u>\$ 1,384,616</u>

**NOTE L - Conditional Contributions**

The Organization has contracts with governmental agencies which include specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2022, the Organization has grant funds of \$520,753 available for its programs through September 30, 2023.

**NOTE M - Retirement Plan**

The Organization maintains a 401(k) retirement plan covering employees who worked at least six months. The contributions are immediately vested upon employee eligibility. The Organization made contributions of 5% of eligible employees' monthly gross wages for January through December of 2022. Total retirement expense December 31, 2022, was \$24,770.

**NOTE N - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2022, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE O - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2022, the date of the most recent statement of financial position, through the date financial statements are available to be issued, June 14, 2023, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.