

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(With Summarized Totals for the Year Ended December 31, 2022)**

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**

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## 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, 2023, 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, 2023, 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, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 15, 2024

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**  
**(With Summarized Totals for December 31, 2022)**

	ASSETS	
	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 14,686,074	\$ 11,754,538
Accounts Receivable	2,604,039	5,176,447
Prepaid Expenses	23,105	27,724
Biobank Supplies	1,979	---
Total Current Assets	\$ 17,315,197	\$ 16,958,709
<b>INTANGIBLE ASSETS</b>		
Intangible Assets	\$ 135,168	\$ 134,118
Less: Accumulated Amortization	(43,346)	(18,909)
Net Intangible Assets	\$ 91,822	\$ 115,209
<b>TOTAL ASSETS</b>	<b>\$ 17,407,019</b>	<b>\$ 17,073,918</b>
	LIABILITIES AND NET ASSETS	
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,349,866	\$ 952,639
Accrued Liabilities	69,434	52,910
Current Portion of Grants Payable	926,234	999,062
Current Portion of Deferred Revenue	625,664	307,692
Total Current Liabilities	\$ 2,971,198	\$ 2,312,303
<b>LONG-TERM LIABILITIES</b>		
Deferred Revenue	\$ 1,864,524	\$ 1,427,626
Grants Payable	1,424,861	1,249,062
Less: Current Portion of Grants Payable	(926,234)	(999,062)
Less: Current Portion of Deferred Revenue	(625,664)	(307,692)
Total Long-Term Liabilities	\$ 1,737,487	\$ 1,369,934
Total Liabilities	\$ 4,708,685	\$ 3,682,237
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 12,698,334	\$ 13,376,681
With Donor Restrictions	---	15,000
Total Net Assets	\$ 12,698,334	\$ 13,391,681
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,407,019</b>	<b>\$ 17,073,918</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, 2023**  
**(With Summarized Totals for the Year Ended December 31, 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>REVENUE</b>				
General Revenue				
Membership Dues	\$ 44,010	\$ ---	\$ 44,010	\$ 51,115
Corporate Council Membership Dues	33,334	---	33,334	---
Interest Income	565,525	---	565,525	165,869
Donations	85,552	---	85,552	20,284
Registration	1,500	---	1,500	2,494
Rebates/Commissions	541	---	541	---
Net Assets Released From Restrictions	15,000	(15,000)	---	---
Total General Revenue	<u>\$ 745,462</u>	<u>\$ (15,000)</u>	<u>\$ 730,462</u>	<u>\$ 239,762</u>
Grant and Contract Revenue				
Grant Revenue	\$ 438,907	\$ ---	\$ 438,907	\$ 625,723
Contract Revenue	9,671,635	---	9,671,635	9,696,363
Total Grant and Contract Revenue	<u>\$ 10,110,542</u>	<u>\$ ---</u>	<u>\$ 10,110,542</u>	<u>\$ 10,322,086</u>
Total Revenue	<u>\$ 10,856,004</u>	<u>\$ (15,000)</u>	<u>\$ 10,841,004</u>	<u>\$ 10,561,848</u>
<b>EXPENSES</b>				
Program Services	\$ 10,030,574	\$ ---	\$ 10,030,574	\$ 9,903,942
Management and General	1,313,636	---	1,313,636	1,240,778
Fundraising	190,141	---	190,141	---
Total Expenses	<u>\$ 11,534,351</u>	<u>\$ ---</u>	<u>\$ 11,534,351</u>	<u>\$ 11,144,720</u>
CHANGE IN NET ASSETS	\$ (678,347)	\$ (15,000)	\$ (693,347)	\$ (582,872)
Net Assets, Beginning of Year	<u>13,376,681</u>	<u>15,000</u>	<u>13,391,681</u>	<u>13,974,553</u>
NET ASSETS, END OF YEAR	<u><u>\$ 12,698,334</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 12,698,334</u></u>	<u><u>\$ 13,391,681</u></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, 2023**  
**(With Summarized Totals for the Year Ended December 31, 2022)**

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Advertising/Marketing	\$ ---	\$ 2,863	\$ ---	\$ 2,863	\$ 6,580
Amortization Expense	---	24,437	---	24,437	7,250
Audio Visual and Equipment	79,966	---	---	79,966	---
Bank and Credit Card Fees	---	7,392	---	7,392	2,419
Bio Sample	279,721	---	---	279,721	249,997
Dues/Subscriptions	---	3,814	---	3,814	2,224
Employee Recruitment and Retention	---	1,649	---	1,649	21,098
Executive Committee Management	112,361	112,361	---	224,722	175,449
Food and Beverage	196,985	430	---	197,415	296
Conferences and Meetings	11,593	---	36,222	47,815	95,048
Grant Support to Others	1,281,584	135	---	1,281,719	2,002,352
Honorarium	---	---	---	---	2,250
Informatics Contracts	247,393	---	---	247,393	555,468
Insurance	---	39,277	---	39,277	33,949
Management Fees	---	---	---	---	378,403
Manuscripts	5,710	---	---	5,710	54,267
Member Travel	182,682	---	---	182,682	---
Miscellaneous Expenses	---	17,472	---	17,472	4,456
Office Supplies	---	1,096	---	1,096	1,857
Postage and Shipping	---	235	---	235	3,955
Printing and Copying	1,260	2,004	---	3,264	25
Professional Fees	120,653	123,997	---	244,650	713,619
Registry Operations	4,484,090	---	---	4,484,090	4,199,338
Salary Support	569,535	641,595	128,252	1,339,382	657,603
Payroll Taxes	38,912	43,836	8,763	91,511	47,732
Employee Benefits	75,067	84,565	16,904	176,536	94,318
Site Payments	1,806,473	---	---	1,806,473	1,267,466
Software	2,502	96,752	---	99,254	42,932
Staff Travel	9,767	12,357	---	22,124	2,994
Website	---	97,369	---	97,369	114,922
Work Effort - Contracts	490,395	---	---	490,395	368,474
Work Effort - Mentorship	33,925	---	---	33,925	37,979
<b>TOTALS</b>	<b>\$ 10,030,574</b>	<b>\$ 1,313,636</b>	<b>\$ 190,141</b>	<b>\$ 11,534,351</b>	<b>\$ 11,144,720</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, 2023**  
**(With Summarized Totals for the Year Ended December 31, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (693,347)	\$ (582,872)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Amortization Expense	24,437	7,250
(Increase) Decrease in Accounts Receivable	2,572,408	(2,627,549)
(Increase) Decrease in Prepaid Expenses	4,619	2,743
(Increase) Decrease in Biobank Supplies	(1,979)	---
Increase (Decrease) in Accounts Payable	397,227	(1,748,251)
Increase (Decrease) in Grants Payable	175,799	883,315
Increase (Decrease) in Accrued Liabilities	16,524	52,910
Increase (Decrease) in Deferred Revenue	<u>436,898</u>	<u>(286,492)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,932,586</u>	<u>\$ (4,298,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Intangible Assets	<u>\$ (1,050)</u>	<u>\$ (121,399)</u>
Net Cash Used by Investing Activities	<u>\$ (1,050)</u>	<u>\$ (121,399)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,931,536	\$ (4,420,345)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>11,754,538</u>	<u>16,174,883</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 14,686,074</u></u>	<u><u>\$ 11,754,538</u></u>

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



**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 based on an estimate of current expected credit losses and past experience. 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, 2023**

**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, 2023**

**NOTE B - Accounting Change**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* is 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 GAAP 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. The implementation of this standard did not materially impact the financial statements of the Organization.

**NOTE C - Comparative Financial Information**

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023. 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, 2022, 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, 2023, the Organization's uninsured cash balances total \$14,178,899.

One source of the Organization's accounts receivable is 53% of the balance. Of the accounts payable balance, 69% comes from one source. Four sources of grants payable represent 70% of the grants 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. The Organization has a credit card with available credit of \$100,000, of which \$10,227 was in use as of December 31, 2023.

Financial assets available for use consist of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$14,686,074
Accounts Receivable	<u>2,604,039</u>
Available for Use	<u>\$17,290,113</u>

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE F - Accounts Receivable**

Accounts receivable consists of \$2,604,039 related to contract revenue as of December 31, 2023. All amounts are expected to be collected in 2024.

**NOTE G - Intangible Assets**

Intangible assets presented on the statement of financial position as of December 31, 2023, 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	20,886	75,513	5 years
Mobile App	25,000	9,583	15,417	5 years
App Trademark	<u>1,050</u>	<u>158</u>	<u>892</u>	5 years
Total	<u>\$135,168</u>	<u>\$43,346</u>	<u>\$91,822</u>	

Estimated amortization expense for next years are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2024	\$24,490
2025	24,490
2026	24,490
2027	18,300
2028	<u>52</u>
Total	<u>\$91,822</u>

**NOTE H - Grants Payable**

The Organization has \$1,424,861 of grants payable as of December 31, 2023, 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>
2024	\$ 926,234
2025	<u>498,627</u>
Total	<u>\$1,424,861</u>

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE I - Deferred Revenue**

Deferred revenue consists of the following amounts as of December 31, 2023:

<u>Source</u>	<u>Amount</u>
Contract Revenue	\$585,503
Membership Dues	23,495
Corporate Council Membership Dues	<u>16,666</u>
Total Current Portion of Deferred Revenue	<u>\$625,664</u>
<u>Source</u>	<u>Amount</u>
Contract Revenue	\$1,226,295
Membership Dues	<u>12,565</u>
Total Non-Current Portion of Deferred Revenue	<u>\$1,238,860</u>
Total Deferred Revenue	<u>\$1,864,524</u>

Future recognition of deferred revenue goes as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 625,664
2025	619,765
2026	465,247
2027	<u>153,848</u>
Total Deferred Revenue	<u>\$1,864,524</u>

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

**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 \$1,500 of convention and meeting registration revenue for the year ended December 31, 2023.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

**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	\$ 43,010
Revenue Recognized from Prior Year Deferred	(43,010)
New Memberships Issued	87,060
Revenue Recognized on New Membership	<u>(34,334)</u>
Ending Deferred Membership Dues	<u>\$ 52,726</u>

**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, 2023, the Organization has available contract funds of \$10,693,690, which are available through 2031.

Beginning Deferred Contract Service Fees	\$ 1,384,616
Revenue Recognized from Prior Year Deferred	(1,384,616)
New Contract Service Fee Revenue	10,009,817
Revenue Recognized on Contract Service Fees	<u>(8,287,019)</u>
Ending Deferred Contract Service Fees	<u>\$ 1,811,798</u>

**NOTE K - 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, 2023, the Organization has grant funds of \$558,081 available for its programs through September 30, 2024.

**CHILDHOOD ARTHRITIS AND RHEUMATOLOGY RESEARCH ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE L - 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 2023. Total retirement expense December 31, 2023, was \$46,500.

**NOTE M - 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, 2023, 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 N - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2023, the date of the most recent statement of financial position, through the date financial statements are available to be issued, June 15, 2024, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.