ASSURANCE DIMENSIONS

Financial Statements and Independent Auditor's Report

Children's Dream Fund, Inc.

December 31, 2022 and 2021

Children's Dream Fund, Inc.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Children's Dream Fund, Inc.:

Opinion

We have audited the accompanying financial statements of **Children's Dream Fund, Inc.** (the "Organization"), a not-for-profit Organization, which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant 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 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 the Organization'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 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 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.

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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 the Organization'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 the Organization'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.

Assurance Dimensions

Tampa, Florida
June 1, 2023

Children's Dream Fund, Inc.
Statements of Financial Position
As of December 31, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents	$ 367,561	$ 451,987
Contributions receivable	1,800	2,000
Current portion of pledge receivable, net	41,568	38,506
Investments	1,637,124	2,167,463
Restricted investments	23,520	23,520
Beneficial interest in assets of Community Foundation of Tampa Bay, Inc.	22,345	25,195
Prepaid expenses	5,561	6,679
Total current assets	2,099,479	2,715,350
Long-term pledge receivable, net	63,610	72,483
Operating lease right of use assset	46,899	-
Total assets	$ 2,209,987	$ 2,787,833
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 76,604	$ 56,823
Deferred revenue	-	28,950
Operating lease liabilities, current portion	11,802	-
Total current liabilities	88,406	85,773
Long-term liabilities:		
Paycheck Protection Program loans, net of current portion	-	74,915
Operating lease liabilities, net of current portion	35,360	-
Total liabilities	123,766	160,688
Net assets:		
Without donor restrictions		
Undesignated	2,052,701	2,593,625
Board designated endowment	10,000	10,000
Total without donor restrictions	2,062,701	2,603,625
With donor restrictions	23,520	23,520
Total net assets	2,086,221	2,627,145
Total liabilities and net assets	$ 2,209,987	$ 2,787,833

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

Children's Dream Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 953,439	$ -	$ 953,439
In-kind contributions	921,099	-	921,099
Bequests	21,784	-	21,784
Special events:			
Proceeds	646,883	-	646,883
Less: direct expenses	(220,623)	-	(220,623)
	426,260	-	426,260
Donated services and facilities	10,473	-	10,473
Investment loss	(342,983)	-	(342,983)
Forgiveness of Paycheck Protection Program loan	75,539	-	75,539
Total revenues, gains and other support	2,065,611	-	2,065,611
Expenditures:			
Program	2,256,672	-	2,256,672
Administration	117,782	-	117,782
Fundraising	232,081	-	232,081
Total expenditures	2,606,535	-	2,606,535
Changes in net assets	(540,924)	-	(540,924)
Beginning of year	2,603,625	23,520	2,627,145
End of year	$ 2,062,701	$ 23,520	$ 2,086,221

The accompanying notes are an integral part of this financial statement.

Children's Dream Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 944,902	$ -	$ 944,902
In-kind contributions	753,262	-	753,262
Bequests	10,670	-	10,670
Special events:			
Proceeds	97,399	-	97,399
Less: direct expenses	(28,598)	-	(28,598)
	68,801	-	68,801
Donated services and facilities	5,275	-	5,275
Investment income	357,114	-	357,114
Forgiveness of Paycheck Protection Program loan	90,518	-	90,518
Total revenues, gains and other support	2,230,542	-	2,230,542
Expenditures:			
Program	1,840,312	-	1,840,312
Administration	122,155	-	122,155
Fundraising	214,198	-	214,198
Total expenditures	2,176,665	-	2,176,665
Changes in net assets	53,877	-	53,877
Beginning of year	2,549,748	23,520	2,573,268
End of year	$ 2,603,625	$ 23,520	$ 2,627,145

The accompanying notes are an integral part of this financial statement.

Children's Dream Fund, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets:	$ (540,924)	$ 53,877
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Realized gains on investments	(10,506)	(100,989)
Unrealized (gains) losses on investments	449,042	(117,960)
Forgiveness of Paycheck Protection Program loan	(75,539)	(90,518)
Change in beneficial interest in assets of Community Foundation of Tampa Bay, Inc.	2,850	(3,370)
Increase (decrease)		
Pledge and contributions receivables	6,012	(26,999)
Prepaid expenses	1,118	(2,934)
Accounts payable and accrued liabilities	20,668	(13,907)
Deferred revenue	(28,950)	28,950
Operating lease right of use asset, net	263	-
Net cash used by operating activities	(176,229)	(273,850)
Cash flows from investing activities:		
Proceeds from sale of investments	241,034	331,199
Purchases of investments	(149,231)	(300,579)
Net cash provided by investing activities	91,803	30,620
Cash flows from financing activities:		
Proceeds from issuance of Paycheck Protection Program loan	-	74,915
Net cash provided by financing activities	-	74,915
Net decrease in cash and cash equivalents	(84,426)	(168,315)
Cash and cash equivalents, beginning of period	451,987	620,302
Cash and cash equivalents, end of period	$ 367,561	$ 451,987
Supplemental and Non-Cash Disclosures:		
In-kind donations	$ 921,099	$ 753,262
Donated services and facilities	$ 10,473	$ 5,000
Interest received	$ 33	$ 469
Operating lease right of use asset and liability recorded on adoption of ACS 842.	$ 58,475	$ -

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

Children's Dream Fund, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

Expenditures	Program	Supporting Services Administration	Supporting Services Fundraising	Total
In-kind program expenses	$ 921,099	$ -	$ -	$ 921,099
Program expenses	827,689	-	-	827,689
Salaries	349,312	86,681	155,527	591,520
Office and occupancy expense	58,596	7,324	7,325	73,245
Employee benefits	36,534	9,066	16,266	61,866
Payroll taxes	26,233	6,509	11,679	44,421
Professional services	16,185	4,017	7,207	27,409
Fundraising expense	-	-	27,399	27,399
Rent expense	7,260	1,801	3,232	12,293
In-kind rent and services expense	8,378	1,048	1,047	10,473
Staff development and travel	5,386	1,336	2,399	9,121
Total expenditures	$ 2,256,672	$ 117,782	$ 232,081	$ 2,606,535

The accompanying notes are an integral part of this financial statement.

Children's Dream Fund, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

Expenditures	Program	Supporting Services Administration	Supporting Services Fundraising	Total
In-kind program expenses	$ 753,262	$ -	$ -	$ 753,262
Program expenses	635,287	-	-	635,287
Salaries	299,262	88,951	150,373	538,586
Office and occupancy expense	66,388	8,298	8,299	82,985
Employee benefits	29,445	8,752	14,796	52,993
Payroll taxes	22,033	6,548	11,071	39,652
Professional services	16,720	4,970	8,402	30,092
Fundraising expense	-	-	13,766	13,766
Staff development and travel	7,430	2,209	3,733	13,372
Rent expense	6,485	1,927	3,258	11,670
In-kind rent and services expense	4,000	500	500	5,000
Total expenditures	$ 1,840,312	$ 122,155	$ 214,198	$ 2,176,665

The accompanying notes are an integral part of this financial statement.

Note A – Organization and Description of Business

The Children's Dream Fund, Inc. (the "Organization") is a nonprofit organization incorporated in the State of Florida on December 9, 1981. It was created with the single purpose of fulfilling dreams for children on the West Coast of Florida. The Organization grants dreams to children between the ages of three and twenty-one who have been diagnosed with a life-threatening medical condition. In 2001, the Organization changed its name from Suncoast Children's Dream Fund, Inc. to the Children's Dream Fund, Inc.

The Organization granted its first dream in 1981 and has granted over 4,000 dreams through December 2022.

Note B – Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The accompanying financial statements include the accounts of the Organization. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reasons
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, split-interest agreements, investments, valuation of contributions receivable, accrued pending dream costs, and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. See Note N for cash held in excess of FDIC limits.

Contributions Receivable

The Organization recognizes contributions received before the year end but not yet deposited as contributions receivable.

Note B – Significant Accounting Policies (continued)

Pledges Receivable, Net

Pledges receivables are discounted at the time the receivable is initially recognized at an effective interest rate of 5%. The discount is amortized to contribution revenue over the life of the receivable. Unamortized discounts were approximately $12,000 and $13,000 at December 31, 2022 and 2021, respectively.

		2022		2021
Current portion of pledge receivable	$	43,645	$	40,480
Pledge receivable discount, current		(2,077)		(1,974)
Current portion of pledge receivable, net	$	41,568	$	38,506
Long-term pledge receivable	$	73,585	$	83,530
Pledge receivable discount, long-term		(9,975)		(11,047)
Long-term pledge receivable, net	$	63,610	$	72,483

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities. Investment incomes and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the incomes and gains are recognized. Income from investments is reflected net of related expenses.

Deferred Revenue

Revenues are deferred when funds are received in advance of an event and are recognized at the point in time the event has taken place. At December 31, 2022 and 2021 the deferred revenue balance was approximately $0 and $29,000, respectively. During the year ended December 31, 2022 approximately $0 was recognized as revenue.

Contributions

All contributions are recorded in accordance with ASC 958, *Not-for-Profit Entities* as contributions with or without donor restrictions. Contributions, including unconditional promises to give due in future periods, are recognized as revenues in the period made or received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as the contribution are reported initially as revenues of net assets with donor restrictions, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date received.

Revenue

All revenue is recorded in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

Note B – Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of programs and other activities have been summarized on a functional basis as follows:

Program – Program expenses include all direct and allocated expenses directly attributable to providing dreams.

Administration – Administration expenses include all expenses not directly attributable to providing dreams or fundraising.

Fundraising – Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Facilities, telecommunications, office, printing, supplies and insurance expenses are allocated based on salary allocations.

Income Taxes

The Organization qualifies as an exempt organization for state and federal income tax purposes, under Internal Revenue Code Section 501(c)(3). The Organization is a public charity and contributions to it qualify as a charitable tax deduction for the contributor. Management evaluated the Organization's tax positions and concluded that the Organization has maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Accordingly, there is no provision or liability for income taxes included in the financial statements. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2020 and 2021 are subject to examination by the IRS, generally for 3 years after they are filed.

Recently Issued Accounting Standards Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization has elected the package of practical expedients permitted in Accounting Standards Codification (ASC) 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC 842, (b) whether classification of the operating lease would be different in accordance with ASC 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 (a) a lease liability of approximately $58,000, which represents the present value of the remaining lease payments of approximately $47,000, discounted using the risk-free rate of 1.37%, and (b) a right-of-use asset approximately of $58,000.

Note C – Investments

Investments are reported at market value at December 31, 2022 and 2021 and are comprised of the following:

Year ending December 31, 2022	Cost	Market Value	Unrealized Appreciation (Depreciation)
Cash & cash equivalents	$ 81,464	$ 81,464	$ -
Mutual funds	1,510,861	1,579,180	68,319
Total	$ 1,592,325	$ 1,660,644	$ 68,319

Year ending December 31, 2021	Cost	Market Value	Unrealized Appreciation (Depreciation)
Cash & cash equivalents	$ 82,314	$ 82,314	$ -
Mutual funds	1,598,220	2,108,669	510,449
Total	$ 1,680,534	$ 2,190,983	$ 510,449

Note D – Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Organization follows the provisions of ASU 2009-12 for certain investments in funds that do not have readily determinable fair values. This guidance amends ASC Topic 820 and allows for the estimation of fair value of investments for which the investment does not have a readily determinable fair value using Net Asset Value (NAV) per share or its equivalent. NAV, in many instances, may not equal fair values that would be calculated pursuant to ASC Topic 820.

Note D – Fair Value Measurement (continued)

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at December 31, 2022 and 2021:

	Fair Value Measurements at Reporting Date Using:	
	Assets Measured at Fair Value at 12/31/2022	(Level 1)
Cash and cash equivalents	$ 81,464	$ 81,464
Mutual funds:		
Domestic equity	1,020,542	1,020,542
International equity	122,621	122,621
Fixed income	329,011	329,011
Real estate	104,913	104,913
Other	2,093	2,093
	$ 1,660,644	$ 1,660,644

	Assets Measured at Fair Value at 12/31/2021	(Level 1)
Cash and cash equivalents	$ 82,314	$ 82,314
Mutual funds:		
Domestic equity	1,353,943	1,353,943
International equity	152,395	152,395
Fixed income	455,648	455,648
Real estate	142,850	142,850
Other	3,833	3,833
	$ 2,190,983	$ 2,190,983

The Organization's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended December 31, 2022 and 2021. The Organization held no assets valued at Level 2 or Level 3 inputs at December 31, 2022 or 2021.

Allocation of Investment Strategies

In addition to traditional stocks and fixed-income securities, the Organization may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts ("REITS") or commercial real estate through sole-member entities. Private equity and real asset strategies, therefore, often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material.

Note D – Fair Value Measurement (continued)

Allocation of Investment Strategies (continued)

Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales price, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Organization's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair values of the funds' underlying net assets.

Note E – Beneficial Interest

In 2005, the Organization entered into a non-revocable agreement to transfer and assign assets in the amount of $10,000 to the Community Foundation of Tampa Bay, Inc. (the "Foundation"). Its purpose is to establish a permanent, designated endowment fund that directly benefits the Organization. Any person may make an irrevocable gift to the Foundation as an addition to the fund. Each year, the Organization may make a grant request from the Foundation, not to exceed 7% of the fair market value of the fund as of January 1st of said year, from the fund based on the average annual total return. Total return is defined as income plus or minus realized and unrealized capital gains or losses earned by the investment of the assets of the fund. There will be no grants from the principal of the fund. The fair market value at December 31, 2022 and 2021 was approximately $22,000 and $25,000, respectively. The change in investment value for the years ended December 31, is shown below:

	2022	2021
Opening balance	$ 25,195	$ 21,825
Dividends and interest	403	457
Net investment earnings (loss)	(3,080)	3,091
Fees	(173)	(178)
Closing balance	$ 22,345	$ 25,195

Note F – Paycheck Protection Program Loans

In May 2020, the Organization participated in the Paycheck Protection Program under the CARES Act and secured financing through a financial institution for $89,600 at 1.00% interest. The loan will mature in April 2022 and has a deadline for forgiveness of 10 months and 24 weeks. The loan is guaranteed by the Small Business Administration. The loan was completely forgiven in May 2021 including interest of approximately $1,000.

In March 2021, the Organization participated in the Paycheck Protection Program under the CARES Act and secured financing through a financial institution for $74,915 at 1.00% interest. The loan will mature in May 2026 and has a deadline for forgiveness of 62 months. The loan is guaranteed by the Small Business Administration. The loan was completely forgiven in January 2022 including interest of approximately $600.

Note G – Net Assets with Donor Restrictions

Net assets with donor restrictions represent a memorial donation of $23,520. The donation is invested in a certificate of deposit and is reported as restricted investments on the statements of financial position. The interest earned on the donation is used to fulfill the dreams of children with life-threatening illnesses.

Note H – In-Kind Contributions

The majority of in-kind contributions consist of donations to fulfill children's dreams. In-kind contributions are recorded as both revenue and expense, based upon the donor's estimate of the fair market value of services or items provided. In-kind contributions for the years ended December 31, 2022 and 2021, amounted to approximately $921,000 and $753,000 respectively, and are included in the accompanying statements of activities and functional expenses.

Note I – Donated Services and Facilities

In accordance with ASC Topic 958, *NPO Entities*, the value of donated use of facilities and donated services that require specialized skills that would have been purchased if not donated are reflected in the accompanying financial statements. Donated use of facilities is recorded at fair rental value during the period of use, since the free use of facilities is not promised for a specified period of time. These recorded donated services and facilities for the years ended December 31, 2022 and 2021, consisted of:

	2022	2021
Printing services	$ 10,473	$ 5,000
	$ 10,473	$ 5,000

In addition, a number of other volunteers have donated significant amounts of their time to the operations of the Organization. However, they are not reflected in the accompanying financial statements, since they do not meet the criteria for recognition under ASC Topic 958.

Note J – Investment Income

The following schedule summarizes investment income for the years ending December 31, 2022 and 2021, respectively:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 28,555	$ -	$ 28,555
Unrealized loss	(449,042)	-	(449,042)
Change in beneficial interest	(2,850)	-	(2,850)
Capital gains reinvested	69,848	-	69,848
Realized gains	10,506	-	10,506
Total investment income	$ (342,983)	$ -	$ (342,983)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 23,150	$ -	$ 23,150
Unrealized gains	117,960	-	117,960
Change in beneficial interest	3,370	-	3,370
Capital gains reinvested	111,646	-	111,646
Realized gains	100,988	-	100,988
Total investment income	$ 357,114	$ -	$ 357,114

Note K – Retirement Plan

In 2007, the Organization agreed to provide retirement benefits to its employees through a simplified employee pension plan. Eligible employees have met all of the following requirements: have worked for the Organization in at least one of the last five years, have reached age 21, and have received the minimum compensation requirement. The Organization may make discretionary contributions each year, up to 25 percent of eligible compensation. Contributions to the plan during the years ended December 31, 2022 and 2021 were approximately $32,000 and $27,000, respectively.

Note L –Leases

The Organization leased office facilities and equipment under a cancelable operating lease on a month-to-month basis. The office is leased under a non-cancelable operating lease for three years and extended for another three years with an annual base rent of approximately $12,000. The lease matures in November 2026.

As of December 31, 2022, the Organization recorded right-of-use asset (ROU) of approximately $47,000 and total lease liability of approximately $47,000 based on a weighted average discount rate of 1.37% at lease inception.

The ROU asset for the year ended December 31, 2022 is summarized below:

Operating lease ROU asset	$	58,475
Less accumulated reduction		(11,576)
Balance of ROU asset	$	46,899

Operating lease liability related to the ROU asset is summarized below:

Operating lease liability	$	58,475
Reduction of lease liability		(11,313)
Total	$	47,162

As of December 31, 2022, the minimum lease payments under these leases are as follows:

2023	$	12,360
2024		12,360
2025		12,360
2026		11,330
Total lease payments		48,410
Less: interest		(1,248)
Present value of lease payments		47,162
Less: current portion		(11,802)
Lease payments, net of current portion	$	35,360

Total lease and rent expense for the years ended December 31, 2022 and 2021 was approximately $12,000, respectively.

Weighted average remaining lease terms were as follows as of December 31, 2022:

4 years

Weighted average discount rates were as follows as of December 31, 2022:

1.37%

Note M – Liquidity and Availability of Financial Assets

The Organization's management monitors its liquidity so that it is able to cover operating expenses. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the board of directors in December for the following year.

Management has budgeted approximately $2,995,171 of operating expenses to be paid within one year of the balance sheet date. The Organization has the following financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2022
Financial assets:	
Cash and cash equivalents	$ 367,561
Current portion of pledge receivable, net	41,568
Investments	1,637,124
Restricted investments	23,520
Long-term pledge receivable, net	63,610
Total financial assets	2,133,383
Less: financial assets held to meet donor-imposed restrictions	(23,520)
Less: financial assets not available within one year	(63,610)
	$ 2,046,253

As part of the Organization'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. The Organization expects to cover operating expenses through contributions, available cash and investments.

Note N – Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Organization places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount of the FDIC Insurance coverage limit of $250,000. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits ("FDIC"). As of December 31, 2022 and 2021, the Organization had cash and cash equivalents balance of approximately $368,000 and $452,000, respectively, in cash in excess of FDIC limits.

Note O – Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the statements of financial position.

The Organization receives the majority of its support through contributions and in-kind contributions. Should these contribution levels decrease, the Organization may be adversely affected.

Note P – Subsequent Events

Subsequent events have been evaluated through June 1, 2023, which is the date the financial statements were available to be issued.