CAVETT KIDS FOUNDATION

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

HSPG & ASSOCIATES

ACCOUNTING | TAX | ADVISORY

CAVETT KIDS FOUNDATION

Table of Contents

December 31, 2021 and 2020

AUDITED FINANCIAL STATEMENTS

H S
P G

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cavett Kids Foundation
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Cavett Kids Foundation (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Cavett Kids Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Cavett Kids Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Foundation'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

HSPG & ASSOCIATES, PC

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In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgement 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 Cavett Kids Foundation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cavett Kids Foundation'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.

HSPG & Associates, P.C.

August 15, 2022

CAVETT KIDS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 673,248	$ 535,390
Contributions receivable	1,500	40,000
Prepaid expenses	13,759	17,693
Beneficial interest in assets held by others	64,740	59,437
Property and equipment, net of $10,479 and $9,371 of accumulated depreciation, respectively	597	1,705
TOTAL ASSETS	$ 753,844	$ 654,225
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 2,633	$ 3,204
Accrued payroll	7,878	8,669
TOTAL LIABILITIES	10,511	11,873
NET ASSETS		
Without donor restrictions:		
Undesignated	523,769	370,262
Board designated - emergency reserve	10,305	10,255
Total without donor restrictions	534,074	380,517
With donor restrictions	209,259	261,835
TOTAL NET ASSETS	743,333	642,352
TOTAL LIABILITIES AND NET ASSETS	$ 753,844	$ 654,225

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

CAVETT KIDS FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUES				
Contributions	$ 214,983	$ -	$ 214,983	$ 208,685
Special event revenues	220,057	-	220,057	74,178
Grants and sponsorships	106200	-	106,200	145,735
Program service revenue	25,607	-	25,607	25,607
Investment income	1,693	-	1,693	1,328
Change in beneficial interest in assets held by others	7,971	-	7,971	6,363
In-kind donations	9,623	-	9,623	18,003
Paycheck protection program forgivable loan	34,325	-	34,325	34,325
Other income	2,698	-	2,698	89
Restrictions released	52,576	(52,576)	-	-
Total support and revenues	675,733	(52,576)	623,157	514,313
EXPENSES				
Program services	310,895	-	310,895	132,775
Management and general	113,617	-	113,617	108,554
Costs of direct benefits to donors	26,099	-	26,099	19,064
Fundraising	71,565	-	71,565	93,841
Total expenses	522,176	-	522,176	354,234
CHANGE IN NET ASSETS	153,557	(52,576)	100,981	160,079
NET ASSETS, BEGINNING OF YEAR	380,517	261,835	642,352	482,273
NET ASSETS, END OF YEAR	$ 534,074	$ 209,259	$ 743,333	$ 642,352

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

CAVETT KIDS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 115,700	$ 92,985	$ 208,685
Special event revenues	74,178	-	74,178
Grants and sponsorships	70,609	75,126	145,735
Program service revenue	25,607	-	25,607
Investment income	1,328	-	1,328
Change in beneficial interest in assets held by others	6,363	-	6,363
In-kind donations	18,003	-	18,003
Other income	89	-	89
Paycheck Protection Program	34,325	-	34,325
Restrictions released	-	-	-
Total operating support and revenues	346,202	168,111	514,313
EXPENSES			
Program services	132,775	-	132,775
Management and general	108,554	-	108,554
Costs of direct benefits to donors	19,064	-	19,064
Fundraising	93,841	-	93,841
Total expenses	354,234	-	354,234
CHANGE IN NET ASSETS	(8,032)	168,111	160,079
NET ASSETS, BEGINNING OF YEAR	388,549	93,724	482,273
NET ASSETS, END OF YEAR	$ 380,517	$ 261,835	$ 642,352

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

CAVETT KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (with comparative totals for 2020)

	2021					2020
	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total	Total
Salaries	$ 71,125	$ 39,283	$ -	$ 53,514	$ 163,922	$ 189,249
Employee benefits	3,488	9,081	-	3,272	15,841	18,234
Payroll taxes	5,592	2,899	-	4,204	12,695	14,301
Contract labor	744	19,766	-	1,360	21,870	15,210
	80,949	71,029	-	62,350	214,328	236,994
Family assistance	23,205	-	-	-	23,205	5,393
Marketing and promotion	4,325	-	-	-	4,325	2,243
Fundraising events	20,746	2,049	26,099	4,345	53,239	23,750
Office expenses	2,640	14,310	-	17	16,967	16,056
Information technology	5,488	2,958	-	4,484	12,930	23,215
Occupancy	10,063	10,623	-	-	20,686	18,077
Travel	33,838	-	-	46	33,884	34
Development and training	240	-	-	175	415	3,237
Camp facilities and food	79,221	-	-	-	79,221	387
Depreciation	111	996	-	-	1,107	1,568
Insurance	-	11,310	-	-	11,310	10,882
Special activities	47,373	-	-	-	47,373	8,648
Appreciation	2,696	342	-	148	3,186	3,750
Total expenses	$ 310,895	$ 113,617	$ 26,099	$ 71,565	$ 522,176	$ 354,234

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

CAVETT KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total
Salaries	$ 75,140	$ 35,708	$ -	$ 78,401	$ 189,249
Employee benefits	7,261	3,942	-	7,031	18,234
Payroll taxes	5,670	2,720	-	5,911	14,301
Contract labor	-	15,210	-	-	15,210
	88,071	57,580	-	91,343	236,994
Family assistance	5,393	-	-	-	5,393
Marketing and promotion	2,243	-	-	-	2,243
Fundraising events	4,686	-	19,064	-	23,750
Office expenses	2,032	14,024	-	-	16,056
Information technology	14,952	5,765	-	2,498	23,215
Occupancy	-	18,077	-	-	18,077
Travel	-	34	-	-	34
Development and training	2,474	763	-	-	3,237
Camp facilities and food	387	-	-	-	387
Depreciation	157	1,411	-	-	1,568
Insurance	-	10,882	-	-	10,882
Special activities	8,648	-	-	-	8,648
Appreciation	3,732	18	-	-	3,750
Total expenses	$ 132,775	$ 108,554	$ 19,064	$ 93,841	$ 354,234

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

CAVETT KIDS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 100,981	$ 160,079
Adjustments to reconcile change in net assets to net cash flows provided by operations:		
Depreciation and amortization	1,107	1,568
Change in beneficial interest in assets held by others	(7,971)	(6,363)
Paycheck protection program loan forgiveness	(34,325)	(34,325)
Changes in operating assets and liabilities:		
Contributions receivable	38,500	(40,000)
Prepaid expenses	3,934	7,081
Accounts payable	(571)	1,846
Accrued payroll	(791)	3,248
Net cash provided by operating activities	100,864	93,134
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distributions received from beneficial interest in assets held by others	2,669	2,602
Proceeds from sale of property and equipment	-	190
Net cash provided by investing activities	2,669	2,792
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program forgivable loan	34,325	34,325
Net cash provided by financing activities	34,325	34,325
CHANGE IN CASH AND CASH EQUIVALENTS	137,858	130,251
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	535,390	405,139
END OF YEAR	$ 673,248	$ 535,390

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

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Cavett Kids Foundation (the "Foundation") is an Oklahoma not-for-profit organization with the mission of promoting character, coping, and connection for kids battling life-threatening illness. The Foundation serves patients and families each year through various camps, events, and programs.

The Foundation serves patients up to the age of 24 at no charge so that every child has the opportunity to experience life-changing camps. Most of the patients that participate with the Foundation are based out of OU Medical Center, The Children's Hospital, and OU Children's Physicians in Oklahoma City. The Foundation's programs serve children from all socioeconomic paths.

Basis of Accounting – The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities as follows:

Net assets without donor restrictions – Net assets available for use in general operations that are not subject to donor-imposed restrictions.

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.

Revenue recognition and other support – Revenues that have characteristics of exchange transactions, such as service contracts, are not recognized until earned. Fees received prior to services being provided are recorded as unearned revenue. Contributions are recognized as support in the period unconditional promises to give are received and are reported as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, the contributions should be classified as without donor restriction.

The Foundation's revenue and other support during the year ended December 31, 2021 and 2020 primarily include the following:

Contributions, grants, and sponsorships – The Foundation recognizes contributions, grants, and sponsorships as support in the period received and are reported as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Program service revenue – Revenue from diversionary play coordination service agreements include a single performance obligation which is recognized over time as services are provided. Monies collected for this program before services are provided are recorded as unearned revenue.

Contributions are reported as increases in the appropriate net asset category. Expenses are reported as decreases in net assets without donor restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Gifts of property and equipment are recorded as support without donor restrictions unless explicit donor stipulations specify how the assets must be used, in which case the gift is recorded as support with donor restrictions. Expirations of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions which are received and whose restrictions are met in the same period are recognized as contributions without donor restrictions.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Foundation considers all cash on hand, demand deposit bank accounts and temporary investments with an original maturity of three months or less, when purchased, to be cash equivalents except those cash equivalents included in investment accounts.

Beneficial Interest in Assets Held by Others – The Foundation accounts for assets that are contributed by the Foundation to the Oklahoma City Community Foundation (the "Community Foundation") as an asset of the Foundation, if it has been specified as the beneficiary of those assets. All contributions of this type, and the activity associated with the asset held at the Community Foundation, are reported at fair value as beneficial interest in assets held by others in the statements of financial position, with the related changes in fair value reported in the statements of activities. Distributions to the Foundation from these funds reduce the Foundation's beneficial interest in assets held by others.

Property and equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value, based on donor appraisal, at the date of donation. The Foundation's capitalization threshold is $1,500 for assets acquired with an economic useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to fifteen years.

Concentration of Credit Risk – The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2021 and 2020, the Foundation's balances with financial institutions subject to FDIC coverage exceeded such coverage by $420,751 and $283,489, respectively. The Foundation has not experienced any losses in such accounts, and does not believe that it is exposed to any significant credit risk on cash.

In-kind Support – The Foundation recognizes various types of in-kind support including professional services, materials, and use of property and equipment to support the Foundation. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or property and equipment.

The Foundation receives donated services from unpaid volunteers assisting in the activities of the Foundation which do not meet the two recognition criteria described above. Accordingly, the value of these contributed services has not been determined and is not reflected in the accompanying financial statements.

Functional Expenses **–** Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are allocated between program services, management and general, costs of direct benefits to donors, and fundraising based on evaluations of the related activities. Management and general expenses are those expenses which are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Estimates **–** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosed 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.

Tax Status **–** The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is classified as other than a private foundation under Section 509(a) of the Code. Generally, all revenue earned outside the purpose for which the Foundation is created is taxable as earned income. With few exceptions, the Foundation is not subject to examination by any tax jurisdiction for years prior to 2018.

Fair Value Measurements – The Foundation follows Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

Financial assets subject to fair value measurement disclosure requirements include beneficial interest in assets held by others (see Note 4). The Foundation has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at December 31, 2021 and 2020.

Subsequent Events **–** The Foundation has evaluated subsequent events through August 15, 2022, which is the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the accompanying financial statements.

Recent accounting pronouncements **–** In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02 *Leases (Topic 842)*. The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-07 "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" which increases transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit ("NFP") organizations including transparency on how those assets are used and how they are valued. The ASU requires an NFP to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose certain information related to the types of contributed nonfinancial assets received, whether they were utilized or monetized, the NFP's policy, if any, about monetizing rather than utilizing such assets, and valuation techniques used to determine the valuation of such contributed assets. The amendments for this ASU are to be applied retrospectively and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted.

Management is currently evaluating the impact that adopting the above recent accounting pronouncements will have on the Foundation's financial statements in future reporting periods.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	$ 673,248	$ 535,390
Distributions from funds held by community foundations	2,907	2,778
Total financial assets	676,155	538,168
Less:		
Board designated assets - emergency reserve	(10,305)	(10,255)
Donor restricted assets - heart camp fund	(93,724)	(93,724)
Financial assets available to meet cash needs for general expenditures within one year	$ 572,126	$ 434,189

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Foundation receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In previous years, the Foundation transferred funds to the Community Foundation and specified itself as the beneficiary of the funds. The statements of financial position as of December 31, 2021 and 2020 include the beneficial interest in assets held by others as unrestricted net assets of $64,740 and $59,437, respectively, related to these funds. The statements of activities include an increase of $7,971 and $6,363 for the years ended December 31, 2021 and 2020, respectively, related to the change in value of the Foundation's beneficial interest in the assets held by others. The Foundation received distributions of $2,669 and $2,602 related to these reciprocal transfer for the years ended December 31, 2021 and 2020, respectively.

Annually, distributions from the funds are paid to the Foundation according to the Community Foundation's spending policy. The Community Foundation maintains variance power over these funds. Variance power assures donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. In addition to the funds discussed above, the Community Foundation maintains other funds that have been contributed by various donors to the Community Foundation for the benefit of the Foundation. These funds are not included as assets of the Foundation. The earnings from these funds are paid to the Foundation each year in accordance with the Community Foundation's spending policy. For the years ended December 31, 2021 and 2020, the Foundation received $3,778 and $3,489, respectively, from the funds which are reported in contributions in the statements of activities. At December 31, 2021 and 2020 the fair value of the funds was $113,068 and $102,948, respectively. The Foundation has no remainder interest in the corpus of these funds.

4. FAIR VALUE MEASUREMENTS

Following is a description of methodologies used for assets valued at fair value.

Beneficial interest in assets held by others: The fair value of the Foundation's beneficial interest in assets held by others is based on the fair value of fund investments as reported by the Community Foundation. These are considered to be level 3 investments.

Assets measured at fair value consist of the following:

	As of December 31, 2021				
	Carrying Value	Total Fair Value	Fair Value Measurements Level 1	Level 2	Level 3
ASSETS					
Beneficial interest in assets held by others	$ 64,740	$ 64,740	$ -	$ -	$ 64,740

	As of December 31, 2020				
	Carrying Value	Total Fair Value	Fair Value Measurements Level 1	Level 2	Level 3
ASSETS					
Beneficial interest in assets held by others	$ 59,437	$ 59,437	$ -	$ -	$ 59,437

5. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, information technology, occupancy, and insurance which are allocated on the basis of estimates of time and effort.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020.

	2021	2020
Subject to expenditure for specified purposes:		
Heart camp	$ 93,724	$ 93,724
Camp Cavett	108,378	149,238
Family support	4,223	15,373
Diversionary play	2,934	3,500
	$ 209,259	$ 261,835

7. LEASES

The Foundation has a lease agreement for office facilities under which rent expense was $17,832 and $16,202, respectively, for the years ended December 31, 2021 and 2020. Approximate future minimum annual rental payments for leases with remaining noncancelable lease terms in excess of one year as of December 31, 2021 are as follows:

Year Ended	
2022	$ 16,631
2023	2,781
	$ 19,412

8. RETIREMENT PLAN

In 2020, the Foundation established a 401(k) plan for the benefit of all employees after 90 days of service. The plan provides for the Foundation to make safe harbor contributions to the plan based on matching 100% of the first 3% and 50% of the next 2% of salary deferrals elected by each employee for a total of 4%. The Foundation's matching contributions for the years ended December 31, 2021 and 2020 totaled $6,379 and $6,900, respectively.

9. COVID-19

In the first quarter of 2020, the World Health Organization declared a global pandemic related to the proliferation of the COVID-19 virus. Significant uncertainty about the duration and effects of the pandemic created uncertainty with federal, state, and local governments recommending significant decreases in person-to-person interactions in addition to changes in other common business practices during the duration of the pandemic including the temporary closures of all non-essential businesses. As a result, the Foundation cancelled camps and many group events and relied on online services.

The Foundation's management believes they have been able to adjust to the temporary change in normal operations in a manner to minimize the impact to their financial position.

10. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

In February 2021, the Foundation applied for and received a forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of $34,325 bearing annual interest of 1.00%. Based on the Foundation incurring qualifying expenses during the defined Covered Period as well as meeting other criteria related to employee retention, principal and interest of this loan was fully forgiven by the SBA in June 2021. These funds are recognized as grant income in the accompanying statement of activities for the year ended December 31, 2021.

In April 2020, the Foundation applied for and received a forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of $34,325 bearing annual interest of 1.00%. Based on the Foundation incurring qualifying expenses during the defined Covered Period as well as meeting other criteria related to employee retention, principal and interest of this loan was fully forgiven by the SBA in November 2020. These funds are recognized as grant income in the accompanying statement of activities for the year ended December 31, 2020.

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