

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018  
*(With Independent Auditor's Report Thereon)*

**Insight. Oversight. Foresight.<sup>SM</sup>**

 **DoerenMayhew**  
CPAs AND ADVISORS

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**TABLE OF CONTENTS**

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	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statement of Functional Expenses - Year Ended December 31, 2019 .....	5
Statement of Functional Expenses - Year Ended December 31, 2018 .....	6
Statements of Cash Flows.....	7
Notes to Financial Statements .....	8

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
of **The Sunshine Kids Foundation**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Sunshine Kids Foundation (the Foundation) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019 and 2018, 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.

A handwritten signature in cursive script that reads "Doeren Mayhew".

Houston, Texas  
August 13, 2020

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

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<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents (Note 3)	\$ 1,669,365	\$ 1,801,792
Contributions receivable	110,982	468,801
Note receivable (Note 4)	72,243	84,119
Inventory	23,159	19,970
Prepaid expenses and other assets	61,873	67,015
Investments (Note 5)	3,059,881	3,051,263
Property and equipment, net (Note 7)	<u>446,756</u>	<u>447,854</u>
 Total assets	 <u>\$ 5,444,259</u>	 <u>\$ 5,940,814</u>
 <b><u>Liabilities and Net Assets</u></b>		
 Liabilities - accounts payable and accrued liabilities	 <u>\$ 12,977</u>	 <u>\$ 8,398</u>
Net assets:		
Without donor restrictions	5,359,039	5,848,297
With donor restrictions (Note 8)	<u>72,243</u>	<u>84,119</u>
 Total net assets	 <u>5,431,282</u>	 <u>5,932,416</u>
 Total liabilities and net assets	 <u>\$ 5,444,259</u>	 <u>\$ 5,940,814</u>

See accompanying notes to financial statements.

**THE SUNSHINE KIDS FOUNDATION**  
(a Texas Non-Profit Corporation)

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>			<b>2018</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and other:						
Contributions (Notes 3 and 10)	\$ 4,143,284	\$ -	\$ 4,143,284	\$ 4,586,549	\$ -	\$ 4,586,549
Investment income, net (Note 6)	181,834	-	181,834	32,648	-	32,648
Other income	5,774	-	5,774	6,310	-	6,310
Net assets released from restrictions (Note 8)	11,876	(11,876)	-	11,790	(11,790)	-
<b>Total public support, revenue and other</b>	<b>4,342,768</b>	<b>(11,876)</b>	<b>4,330,892</b>	<b>4,637,297</b>	<b>(11,790)</b>	<b>4,625,507</b>
Expenses:						
Program services	4,281,390	-	4,281,390	3,745,857	-	3,745,857
Management and general	191,194	-	191,194	192,539	-	192,539
Fundraising	359,442	-	359,442	287,277	-	287,277
<b>Total expenses</b>	<b>4,832,026</b>	<b>-</b>	<b>4,832,026</b>	<b>4,225,673</b>	<b>-</b>	<b>4,225,673</b>
Change in net assets	(489,258)	(11,876)	(501,134)	411,624	(11,790)	399,834
Net assets, beginning of year	5,848,297	84,119	5,932,416	5,436,673	95,909	5,532,582
Net assets, end of year	<u>\$ 5,359,039</u>	<u>\$ 72,243</u>	<u>\$ 5,431,282</u>	<u>\$ 5,848,297</u>	<u>\$ 84,119</u>	<u>\$ 5,932,416</u>

See accompanying notes to financial statements.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accommodations/meals	\$ 1,130,294	\$ 16,721	\$ 105,376	\$ 1,252,391
Activity supplies and support	1,228,647	687	32,485	1,261,819
Contract labor	9,232	-	-	9,232
Consulting fees	52,470	-	-	52,470
Depreciation and amortization	41,493	3,661	3,661	48,815
Dues and fees	36,183	5,268	12,652	54,103
Equipment rental	51,288	4,240	6,573	62,101
Insurance	157,810	28,400	28,400	214,610
Legal and professional	8,417	8,638	6,167	23,222
Office supplies and expenses	100,383	21,650	18,235	140,268
Payroll taxes	66,012	5,755	5,755	77,522
Photography and video production	49,312	85	2,512	51,909
Printing and duplicating	7,233	4,359	6,077	17,669
Rent	71,293	-	-	71,293
Repairs and maintenance	40,632	2,198	1,625	44,455
Salaries	795,384	69,605	69,603	934,592
Telephone	25,384	6,155	6,549	38,088
Travel	404,110	11,719	51,435	467,264
Utilities	5,598	2,053	2,337	9,988
Miscellaneous	215	-	-	215
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 4,281,390</u>	<u>\$ 191,194</u>	<u>\$ 359,442</u>	<u>\$ 4,832,026</u>

See accompanying notes to financial statements.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accommodations/meals	\$ 967,887	\$ 7,664	\$ 79,159	\$ 1,054,710
Activity supplies and support	1,024,551	50	8,743	1,033,344
Contract labor	1,682	-	-	1,682
Consulting fees	70,245	3,300	-	73,545
Depreciation and amortization	43,874	3,871	3,871	51,616
Dues and fees	34,374	3,715	7,499	45,588
Equipment rental	61,378	4,760	4,760	70,898
Insurance	132,505	25,582	25,582	183,669
Legal and professional	7,967	15,980	6,836	30,783
Office supplies and expenses	56,426	19,578	11,231	87,235
Payroll taxes	66,195	5,841	5,841	77,877
Photography and video production	8,669	-	5,588	14,257
Printing and duplicating	11,864	3,334	5,067	20,265
Rent	71,245	-	-	71,245
Repairs and maintenance	37,874	1,488	724	40,086
Salaries	797,075	70,275	70,385	937,735
Telephone	22,624	6,666	6,912	36,202
Travel	322,722	18,328	42,972	384,022
Utilities	5,616	2,015	2,015	9,646
Miscellaneous	1,084	92	92	1,268
	<u>1,084</u>	<u>92</u>	<u>92</u>	<u>1,268</u>
Total expenses	<u>\$ 3,745,857</u>	<u>\$ 192,539</u>	<u>\$ 287,277</u>	<u>\$ 4,225,673</u>

See accompanying notes to financial statements.



**THE SUNSHINE KIDS FOUNDATION**  
(a Texas Non-Profit Corporation)

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ (501,134)	\$ 399,834
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	48,815	51,616
Unrealized and realized (gain) loss on investments	(108,618)	35,033
Loss on sale of property	1,435	-
Changes in operating assets and liabilities:		
Contributions receivable	357,819	286,835
Note receivable	11,876	11,790
Inventory	(3,189)	7,117
Prepaid expenses and other assets	5,142	(14,124)
Accounts payable and accrued liabilities	4,579	1,913
	<u>(183,275)</u>	<u>780,014</u>
 Cash flows from investing activities:		
Purchases of investments	(1,000,000)	(500,000)
Sales of investments	1,100,000	335,000
Purchases of property and equipment	(52,717)	(1,718)
Proceeds from sale of property and equipment	3,565	-
	<u>50,848</u>	<u>(166,718)</u>
 Net (decrease) increase in cash and cash equivalents	 (132,427)	 613,296
 Cash and cash equivalents, beginning of year	 <u>1,801,792</u>	 <u>1,188,496</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 1,669,365</u></u>	 <u><u>\$ 1,801,792</u></u>
 Non-cash investing activity -		
Donation of property and equipment	<u>\$ -</u>	<u>\$ 5,200</u>

See accompanying notes to financial statements.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 1 - Organization**

The Sunshine Kids Foundation (the Foundation) was incorporated on March 1, 1982 under the provisions of the Texas Nonprofit Corporation Act. The Foundation provides group activity programs for children confronted with cancer, from hospitals across the country. The Foundation is funded by contributions from individuals, corporations and foundations. All of the Foundation's activities are completely free of charge to the children's families and hospitals.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors or grantors. Donor-imposed restrictions may be 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

If donor-imposed restrictions are met in the same reporting period as the contribution was recognized as revenue, the Foundation reports such contributions as an increase in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions and when the restriction expires or is satisfied, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted to estimate the present value of future cash flows if material. Conditional promises to give are not included as support until the conditions are met. At December 31, 2019 and 2018, the Foundation had no long-term contributions receivable. Management of the Foundation considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded as of December 31, 2019 or 2018. If amounts become uncollectible, they will be charged to operations when the determination is made.

Note receivable

Note receivable represents a promissory note received by the Foundation in connection with a bequest.

Inventory

Inventory consists of T-shirts, hats, bandanas, visors and other supplies for the program participants. Inventory is valued using the first-in first-out method and is stated at the lower of cost or net realizable value.

Investments and Investment Income

Investments are stated at fair value as described in Note 5. Marketable securities donated to the Foundation are recorded at fair value on the date of donation. Investment income, including unrealized gains and losses, is included as a change to net assets without donor restrictions unless otherwise specified by donor restrictions. If donor-imposed restrictions are met in the same reporting period as the investment income was recognized as revenue, the Foundation reports such income as an increase in net assets without donor restrictions. Investment income is reported net of investment related expenses.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at fair value at the date of the gift. Expenditures greater than \$1,000 that materially increase values or extend useful lives are capitalized. Routine maintenance and replacement costs are charged against operations in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of 15 to 30 years for building and building improvements and 3 to 10 years for equipment and vehicles.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

*Contributions* are recorded as revenue when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as donor-restricted revenue. Contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted revenue. Conditional contributions are those that contain a measurable performance obligation or other barrier, as well as right of return, and are not recognized as revenue until the conditions on which they depend have been met. There were no conditional contributions as of December 31, 2019 or 2018.

*Contributed property and equipment* are reflected at estimated fair value at the date of receipt. Contributed property and equipment are recognized as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support and absent explicit donor stipulations about how long those long-lived assets must be maintained, are released from donor restrictions when the assets are placed in service.

*Contributed services* that meet the revenue recognition requirements of GAAP are recorded at estimated fair value when received. To be recognized as revenue, the donated services must either (a) create or enhance nonfinancial 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.

*Special events revenue* is recognized when the event is held.

Functional Allocation of Expenses

The costs of providing program and supporting service activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimated use or time and effort, or other reasonable methods for allocating multiple program expenditures. The statements of functional expenses present the natural classification detail of expenses by function.

Income Taxes

The Foundation is exempt from Federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi) and §509(a)(1) and §509(a)(1). The Foundation files annual Federal information returns and its filings are still open to examination by taxing authorities for fiscal years 2016 and later, though there are no known years under examination. The Foundation follows the provisions of the Financial Accounting Standards Board (FASB) ASC Topic 740-10, *Accounting for Income Taxes*, and management believes it has no material uncertain tax positions or any related penalties and interest to accrue or disclose for the years ended December 31, 2019 and 2018.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Use of Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Accordingly, actual results could vary from the estimates that were used.

Changes in Accounting Principles

On January 1, 2019, the Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and all related amendments (collectively, ASC 606) using the modified retrospective method. ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers or clients in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The adoption of ASC 606 resulted in no changes to the Foundation's financial reporting. Accordingly, no adjustment to beginning net assets was necessary.

On January 1, 2019, the Foundation adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* using the modified prospective method. This ASU improved the clarity on existing guidance for the determination of exchange transactions and distinguishing between conditional and unconditional contributions. The adoption of this ASU had no impact on the Foundation's financial statements.

**Note 3 - Concentrations**

Credit Risk

The Foundation is subject to concentration of credit risk relating primarily to cash and investments. The Foundation's cash deposits are maintained in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the FDIC up to \$250,000 per depositor. At December 31, 2019 and 2018, amounts in excess of the insured limits were \$1,037,401 and \$1,338,677, respectively. Management believes the Foundation's credit risk has been mitigated by the financial strength of the financial institution in which the funds are held.

Source of Revenue

The Foundation is subject to concentration of revenue through its relationship with Berkshire Hathaway HomeServices, which adopted the Foundation as their network-wide charity in 1991. For the years ended December 31, 2019 and 2018, contributions from Berkshire Hathaway HomeServices represented approximately 38% and 47%, respectively, of total contributions.

**THE SUNSHINE KIDS FOUNDATION**  
(a Texas Non-Profit Corporation)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 4 - Note Receivable**

In connection with a bequest, the Foundation received a promissory note in the original amount of \$123,750 and bearing interest at 6%. Under the terms of the note, the first installment of \$5,000 was due in March 2016 and payments of \$1,250 are due monthly until March 2021, whereupon the remaining principal balance is due. Prepayments are allowed. At December 31, 2019 and 2018, the principal balance due on the promissory note is \$72,243 and \$84,119, respectively.

**Note 5 - Fair Value Measurements**

GAAP requires that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is 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 reporting date. The Foundation's investments are measured at fair value on a recurring basis. The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical securities as of the reporting date.

Level 2 - Pricing inputs other than quoted priced included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.

Level 3 - Pricing inputs include those that are significant to the fair value and are generally unobservable.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Financial instruments measured at fair value on a recurring basis at December 31, 2019 and 2018 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2019</u>				
Fixed income securities - Government Sponsored Enterprise Securities	<u>\$ 3,059,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,059,881</u>
<u>December 31, 2018</u>				
Fixed income securities - Government Sponsored Enterprise Securities	<u>\$ 3,051,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,051,263</u>

**THE SUNSHINE KIDS FOUNDATION**  
(a Texas Non-Profit Corporation)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 5 - Fair Value Measurements (Continued)**

Fixed income securities are valued at the closing price reported in the active market in which the individual securities are traded. Other financial instruments that are not valued on a recurring or nonrecurring basis are contributions receivable, note receivable and accounts payable. Management believes the carrying amounts of these financial instruments approximate their fair values.

The valuation methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values and the inputs or methodology used to measure investments are not necessarily indicative of the risk of investing in a particular security. Furthermore, although management of the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 6 - Investment Income**

Investment income is net of related investment fees and is as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest	\$ 77,366	\$ 67,681
Net realized and unrealized gain (loss), net of fees	<u>104,468</u>	<u>(35,033)</u>
Total investment income, net	<u>\$ 181,834</u>	<u>\$ 32,648</u>

**Note 7 - Property and Equipment**

Following is a summary of property and equipment at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 100,000	\$ 105,000
Building and improvements	961,183	909,866
Office equipment	228,270	228,270
Computer equipment	245,007	243,607
Vehicles	<u>110,241</u>	<u>133,741</u>
Total property and equipment	1,644,701	1,620,484
Less: accumulated depreciation	<u>(1,197,945)</u>	<u>(1,172,630)</u>
Property and equipment, net	<u>\$ 446,756</u>	<u>\$ 447,854</u>

Depreciation expense for the years ended December 31, 2019 and 2018 is \$48,815 and \$51,616, respectively.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 8 - Net Assets With Donor Restrictions**

At December 31, 2019 and 2018, there was \$72,243 and \$84,119, respectively, of net assets with donor restrictions related to timing. Net assets with donor restrictions of \$11,876 and \$11,790 were released from donor restrictions during the years ended December 31, 2019 and 2018, respectively, through the passage of time.

**Note 9 - Liquidity and Availability of Resources**

The following table reflects the Foundation's financial assets at December 31, 2019, reduced by amounts not available for general expenditure within one year of the statement of financial position date. Financial assets are considered unavailable when illiquid or they are not convertible to cash within one year. Financial assets are available for general expenditure if they do not have donor or other restrictions limiting their use through purpose restrictions.

Financial assets:

Cash and cash equivalents	\$ 1,669,365
Contributions receivable	110,982
Note receivable	72,243
Investments	<u>3,059,881</u>
Total financial assets at year-end	4,912,471
Less those unavailable for general expenditure within one year:	
Note receivable collectible beyond one year	<u>(62,450)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,850,021</u>

The Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations become due.

**Note 10 - Donated Materials and Services**

Donated lodging, meals, materials and property are recorded at fair value as contributions when an unconditional commitment is received from the donor. Included in public support is approximately \$1,349,000 and \$1,127,000 of contributed goods and services in 2019 and 2018, respectively.

A substantial number of volunteers have donated significant amounts of their time to the Foundation's programs. No value for these volunteer hours has been recorded in the statements of activities because they do not meet the criteria for recognition under GAAP.



**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 11 - Defined Contribution Plan**

The Foundation employees participate in a 401(k) defined contribution plan (the Plan) into which the Foundation makes a matching contribution equal to 50% of a participant's elective deferrals provided, however, that the matching contribution shall be made only with respect to the first 6% of the participant's compensation for each payroll period. The Foundation's contribution to the Plan for the years ended December 31, 2019 and 2018 approximated \$22,500 and \$21,400, respectively.

**Note 12 - Operating Leases**

The Foundation has various operating leases for office space and equipment expiring through fiscal year 2024. The minimum rental commitments under the noncancelable operating leases at December 31, 2019 are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 32,570
2021	27,115
2022	23,135
2023	10,200
2024	<u>7,650</u>
Total	<u>\$ 100,670</u>

Rental expense related to operating leases approximated \$71,000 and \$57,000 for the years ended December 31, 2019 and 2018, respectively.

**Note 13 - Subsequent Events**

During March 2020, a global pandemic was declared by the World Health Organization related to the outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S. and globally, accelerating during the first half of March, as federal, state and local governments reacted to the public health crisis. The impact on the Foundation since the pandemic began has been significant, resulting in the cancellation of upcoming national, regional and local group events for children with cancer. To continue program services, the Foundation has adapted by providing virtual activities for children with cancer across the country. In addition, some of the upcoming fundraisers have also been affected and either cancelled or postponed. The Foundation's national sponsor, Berkshire Hathaway HomeServices, continues to raise money for the Foundation through their property listings.

Management is assessing the impact that COVID-19 may ultimately have on the Foundation's operations and cash flows. Management believes that the extent to which COVID-19 will impact the Foundation's operations will depend on future developments, which are highly uncertain, and for which the ultimate effects are unknown at this time.

**THE SUNSHINE KIDS FOUNDATION**  
**(a Texas Non-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**Note 13 - Subsequent Events (Continued)**

On April 28, 2020, the Foundation obtained a \$221,700 Paycheck Protection Program Loan (PPP Loan) which was established under the CARES Act and is guaranteed by the U.S. Small Business Administration. The PPP Loan is due in seventeen equal principal payments beginning November 28, 2020, with final payment due April 28, 2022. The PPP Loan has a fixed interest rate of 1.00%, with accrued interest payable monthly beginning November 28, 2020. The PPP Loan may be forgiven, in whole or in part, if the Foundation complies with certain requirements of the CARES Act.

Management has evaluated subsequent events through August 13, 2020, the date which the financial statements were available to be issued. Management has determined that there are no other subsequent events requiring recognition or disclosure in the financial statements.

**\*\*\* End of Notes \*\*\***