

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020
(With Independent Auditor's Report Thereon)

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 **DoerenMayhew**
CPAs AND ADVISORS

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The Sunshine Kids Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 (GAAS). 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 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 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.



Houston, Texas
April 25, 2022

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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (Note 3)	\$ 2,684,442	\$ 1,806,258
Contributions receivable	252,628	204,653
Note receivable (Note 4)	25,016	54,649
Inventory	26,479	20,200
Prepaid expenses and other assets	14,753	3,866
Investments (Note 5)	4,861,034	3,493,584
Property and equipment, net (Note 7)	374,032	404,219
	<hr/>	<hr/>
Total assets	\$ 8,238,384	\$ 5,987,429
	<hr/>	<hr/>
<u>Liabilities and Net Assets</u>		
Liabilities - accounts payable and accrued liabilities	\$ 21,080	\$ 836
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	8,192,288	5,931,944
With donor restrictions (Note 8)	25,016	54,649
	<hr/>	<hr/>
Total net assets	8,217,304	5,986,593
	<hr/>	<hr/>
Total liabilities and net assets	\$ 8,238,384	\$ 5,987,429
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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, 2021 AND 2020

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support, revenue and other:						
Contributions (Notes 3 and 10)	\$ 4,264,884	\$ -	\$ 4,264,884	\$ 2,748,446	\$ -	\$ 2,748,446
Investment (loss) income, net (Note 6)	(39,962)	-	(39,962)	44,603	-	44,603
Other income	6,195	-	6,195	5,206	-	5,206
Net assets released from restrictions (Note 8)	29,633	(29,633)	-	17,594	(17,594)	-
 Total public support, revenue and other	 <u>4,260,750</u>	 <u>(29,633)</u>	 <u>4,231,117</u>	 <u>2,815,849</u>	 <u>(17,594)</u>	 <u>2,798,255</u>
Expenses (Note 13):						
Program services	1,750,720	-	1,750,720	1,835,566	-	1,835,566
Management and general	110,367	-	110,367	174,264	-	174,264
Fundraising	139,319	-	139,319	233,114	-	233,114
 Total expenses	 <u>2,000,406</u>	 <u>-</u>	 <u>2,000,406</u>	 <u>2,242,944</u>	 <u>-</u>	 <u>2,242,944</u>
 Change in net assets	 2,260,344	 (29,633)	 2,230,711	 572,905	 (17,594)	 555,311
 Net assets, beginning of year	 <u>5,931,944</u>	 <u>54,649</u>	 <u>5,986,593</u>	 <u>5,359,039</u>	 <u>72,243</u>	 <u>5,431,282</u>
 Net assets, end of year	 <u>\$ 8,192,288</u>	 <u>\$ 25,016</u>	 <u>\$ 8,217,304</u>	 <u>\$ 5,931,944</u>	 <u>\$ 54,649</u>	 <u>\$ 5,986,593</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accommodations/meals	\$ 265,783	\$ 47	\$ 9,534	\$ 275,364
Activity supplies and support	631,728	-	19,426	651,154
Contract labor	11,598	-	-	11,598
Depreciation and amortization	33,478	2,954	2,954	39,386
Dues and fees	23,607	2,653	7,133	33,393
Equipment rental	17,930	5,617	5,617	29,164
Insurance	85,686	20,200	20,200	126,086
Legal and professional	11,333	11,390	6,333	29,056
Office supplies and expenses	66,184	30,064	26,314	122,562
Payroll taxes	40,403	3,598	3,561	47,562
Photography and video production	5,745	-	-	5,745
Printing and duplicating	5,753	1,446	1,657	8,856
Rent	117,740	-	-	117,740
Repairs and maintenance	27,766	358	182	28,306
Salaries	366,416	27,407	29,546	423,369
Telephone	12,177	2,850	2,525	17,552
Travel	22,350	-	2,551	24,901
Utilities	4,444	1,658	1,658	7,760
Miscellaneous	599	125	128	852
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,750,720</u>	<u>\$ 110,367</u>	<u>\$ 139,319</u>	<u>\$ 2,000,406</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accommodations/meals	\$ 141,801	\$ 9,577	\$ 43,947	\$ 195,325
Activity supplies and support	414,843	2,750	15,410	433,003
Contract labor	-	41	-	41
Consulting fees	20,437	2,530	-	22,967
Depreciation and amortization	36,158	3,190	3,190	42,538
Dues and fees	30,263	3,612	14,710	48,585
Equipment rental	18,459	4,653	5,403	28,515
Insurance	128,747	25,914	25,914	180,575
Legal and professional	9,873	8,258	6,781	24,912
Office supplies and expenses	68,820	31,056	18,325	118,201
Payroll taxes	73,692	5,732	5,344	84,768
Photography and video production	200	-	5,717	5,917
Printing and duplicating	5,234	1,214	10,398	16,846
Rent	56,234	10,749	-	66,983
Repairs and maintenance	15,720	2,116	544	18,380
Salaries	743,869	53,003	53,003	849,875
Telephone	20,504	5,252	6,248	32,004
Travel	41,478	1,846	15,287	58,611
Utilities	8,635	2,761	2,893	14,289
Miscellaneous	599	10	-	609
Total expenses	<u>\$ 1,835,566</u>	<u>\$ 174,264</u>	<u>\$ 233,114</u>	<u>\$ 2,242,944</u>

See accompanying notes to financial statements.

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

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,230,711	\$ 555,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	39,386	42,538
Unrealized and realized loss (gain) on investments	65,195	(15,287)
Gain on sale of property and equipment	(4,000)	-
In-kind donation of property and equipment	(9,200)	-
(Increase) decrease in operating assets:		
Contributions receivable	(47,975)	(93,671)
Note receivable	29,633	17,594
Inventory	(6,279)	2,959
Prepaid expenses and other assets	(10,887)	58,006
(Decrease) increase in operating liabilities:		
Accounts payable and accrued liabilities	20,244	(12,141)
Net cash provided by operating activities	<u>2,306,828</u>	<u>555,309</u>
Cash flows from investing activities:		
Purchases of investments	(4,597,364)	(3,693,416)
Sales of investments	3,164,720	3,275,000
Proceeds from sale of property and equipment	4,000	-
Net cash used by investing activities	<u>(1,428,644)</u>	<u>(418,416)</u>
Net increase in cash and cash equivalents	878,184	136,893
Cash and cash equivalents, beginning of year	<u>1,806,258</u>	<u>1,669,365</u>
Cash and cash equivalents, end of year	<u>\$ 2,684,442</u>	<u>\$ 1,806,258</u>
Non-cash investing activity -		
Donation of property and equipment	<u>\$ 9,200</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. Cash equivalents held for investment purposes are classified as investments in the statements of financial position and are not considered cash equivalents for the purposes of the statements of cash flows.

THE SUNSHINE KIDS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020. 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
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Paycheck Protection Program Loan Accounting

The Paycheck Protection Program (PPP) Loan has been accounted for under the grant accounting model, which is based on the premise that it is an in-substance conditional grant delivered in the form of a forgivable loan. The Foundation recognized the PPP loan proceeds as a reduction of the related expenses at the time the qualifying expenses were incurred.

Public Support and 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, 2021 and 2020.

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. The statements of functional expenses present the natural classification detail of expenses by function.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

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). The Foundation files annual Federal information returns and its filings are still open to examination by taxing authorities for fiscal years 2018 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, 2021 and 2020.

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.

Subsequent Events

The Foundation has evaluated subsequent events through April 25, 2022, the date which the financial statements were available to be issued.

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, 2021 and 2020, amounts in excess of the insured limits were \$2,441,030 and \$1,557,201, 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, 2021 and 2020, contributions from Berkshire Hathaway HomeServices represented approximately 44% and 60%, respectively, of total contributions.

THE SUNSHINE KIDS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 6.00%. Under the original terms of the note, the first installment of \$5,000 was due in March 2016 and payments of \$1,250 were due monthly until March 2021, whereupon the remaining principal balance became due. On February 12, 2021, the note receivable was amended such that a principal payment of \$10,000 was due in February 2021, with payments of \$1,250 due monthly thereafter until April 2024, whereupon the remaining principal balance is due. The interest rate for the note remained at 6.00%. Prepayments are allowed. At December 31, 2021 and 2020, the principal balance due on the promissory note is \$25,016 and \$54,649, 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 levels of input that may be used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are significant and reflect substantial management judgment or estimation.

The categorization within the valuation hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Corporate bonds: Valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of comparable securities of issuers with similar credit ratings. These investments are considered Level 2.

Bank deposit program accounts: Valued at cost, which approximates fair value. These investments are considered Level 2.

THE SUNSHINE KIDS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 5 - Fair Value Measurements (Continued)

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. 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.

Financial instruments measured at fair value on a recurring basis at December 31, 2021 and 2020 are as follows:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Corporate bonds	\$ -	\$ 3,099,525	\$ -	\$ 3,099,525
Bank deposit program accounts	-	1,761,508	-	1,761,508
Total	\$ -	\$ 4,861,033	\$ -	\$ 4,861,033
<u>December 31, 2020</u>				
Bank deposit program accounts	\$ -	\$ 3,493,584	\$ -	\$ 3,493,584

Note 6 - Investment Return

Investment return is net of related investment fees and is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Interest	\$ 25,249	\$ 29,316
Net realized and unrealized (loss) gain, net of fees	(65,211)	15,287
Total investment return, net	\$ (39,962)	\$ 44,603

THE SUNSHINE KIDS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 7 - Property and Equipment

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

	2021	2020
Land	\$ 100,000	\$ 100,000
Building and improvements	970,383	961,183
Office equipment	228,270	228,270
Computer equipment	245,007	245,007
Vehicles	91,624	110,241
Total property and equipment	1,635,284	1,644,701
Less: accumulated depreciation	(1,261,252)	(1,240,482)
Total property and equipment, net	\$ 374,032	\$ 404,219

Depreciation expense for the years ended December 31, 2021 and 2020 is \$39,386 and \$42,538, respectively.

Note 8 - Net Assets With Donor Restrictions

At December 31, 2021 and 2020, there was \$25,016 and \$54,649, respectively, of net assets with donor restrictions related to timing. Net assets with donor restrictions of \$29,633 and \$17,594 were released from donor restrictions during the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,684,442	\$ 1,806,258
Contributions receivable	252,628	204,653
Note receivable	25,016	54,649
Investments	4,861,034	3,493,584
Total financial assets at year-end	7,823,120	5,559,144
Less: those unavailable for general expenditure within one year:		
Note receivable collectible beyond one year	(13,877)	(32,127)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 7,809,243	\$ 5,527,017

THE SUNSHINE KIDS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 9 - Liquidity and Availability of Resources (Continued)

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 \$500,000 and \$394,000 of contributed goods and services in 2021 and 2020, 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.

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, 2021 and 2020 approximated \$15,700 and \$18,600, 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, 2021 are as follows:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2022	\$ 16,309
2023	11,265
2024	<u>7,650</u>
Total	<u>\$ 35,224</u>

Rental expense related to noncancelable operating leases approximated \$29,250 and \$27,500 for the years ended December 31, 2021 and 2020, respectively.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 13 - Paycheck Protection Program Loans

The Foundation has entered into two loan agreements and promissory notes pursuant to the Paycheck Protection Program (PPP) which was established under the CARES Act and is administered by the U.S. Small Business Administration (SBA). The PPP Loans are being accounted for under the grant accounting model.

The Foundation obtained the first PPP Loan of \$221,700 on April 28, 2020. The loan proceeds of \$221,700 were used for personnel costs and as such, \$189,700 has been recognized as a reduction in salaries and \$32,000 has been recognized as a reduction in insurance on the statement of functional expenses for the year ended December 31, 2020.

The Foundation obtained the second PPP Loan of \$248,984 on February 24, 2021. The loan proceeds of \$248,984 were used for personnel and occupancy costs and as such, \$199,184 has been recognized as a reduction in salaries, \$24,900 has been recognized as a reduction in insurance and \$24,900 has been recognized as a reduction in rent on the statement of functional expenses for the year ended December 31, 2021.

Subject to certain conditions, the PPP Loans are eligible for forgiveness in whole or in part by meeting certain requirements, including qualifying expenses during the defined measurement period. The Foundation applied for forgiveness on the PPP Loans and was notified on November 4, 2020 and November 15, 2021, that the first PPP Loan and second PPP Loan, respectively, were approved by the SBA for forgiveness. The Foundation may be subject to examination from the SBA for six years following the date of forgiveness.

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