

**Children's Cancer Connection, Inc.
Des Moines, Iowa**

FINANCIAL REPORT

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's Cancer Connection, Inc.
Des Moines, Iowa

Opinion

We have audited the accompanying financial statements of Children's Cancer Connection, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Children's Cancer Connection, Inc. as of December 31, 2023 and 2022, 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 Children's Cancer Connection, Inc. 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 Children's Cancer Connection, Inc.'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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children's Cancer Connection, Inc.'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 Children's Cancer Connection, Inc.'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.


Denman CPA LLP

West Des Moines, Iowa
February 19, 2024

Children's Cancer Connection, Inc.
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31	
	2023	2022
CURRENT ASSETS		
Cash	\$ 179,211	\$ 389,244
Investments	87,958	77,223
Tax credit receivable	29,635	105,632
Pledges receivable, current	52,020	78,016
Inventory	14,463	14,521
Prepaid expenses	2,482	11,074
Total current assets	<u>365,769</u>	<u>675,710</u>
NONCURRENT ASSETS		
Pledges receivable, noncurrent	1,215	52,316
Investments, endowment	615,698	554,702
Land and building held for sale	—	479,109
Total noncurrent assets	<u>616,913</u>	<u>1,086,127</u>
PROPERTY AND EQUIPMENT		
Land	210,800	210,800
Building and improvements	982,990	379,200
Furniture and equipment	483,201	98,369
Construction and equipment installation in progress	—	150,560
Trademark	6,600	6,600
	1,683,591	845,529
Less accumulated depreciation and amortization	111,239	68,045
Total property and equipment	<u>1,572,352</u>	<u>777,484</u>
Total assets	<u>\$2,555,034</u>	<u>\$2,539,321</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 16,300	\$ 15,262
Note payable, current	7,000	450,000
Total current liabilities	<u>23,300</u>	<u>465,262</u>
NOTE PAYABLE , noncurrent	293,000	—
Total liabilities	<u>316,300</u>	<u>465,262</u>
NET ASSETS		
Without donor restrictions		
Unrestricted	1,467,496	963,935
Board designated endowment	493,618	433,166
Total without donor restrictions	<u>1,961,114</u>	<u>1,397,101</u>
With donor restrictions		
Time and purpose restrictions	269,173	668,511
Held in perpetuity	8,447	8,447
Total with donor restrictions	<u>277,620</u>	<u>676,958</u>
Total net assets	<u>2,238,734</u>	<u>2,074,059</u>
Total liabilities and net assets	<u>\$2,555,034</u>	<u>\$2,539,321</u>

See Notes to Financial Statements.

Children's Cancer Connection, Inc.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	<u>Year ended December 31, 2023</u>			<u>Year ended December 31, 2022</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>
SUPPORT						
Contributions	\$ 897,488	\$ –	\$ 897,488	\$ 850,058	\$ 170,416	\$1,020,474
Grants income	418,750	–	418,750	168,300	–	168,300
Employee retention tax credit	–	–	–	105,632	–	105,632
Development event income	33,024	–	33,024	26,300	–	26,300
Contributions of nonfinancial assets and services	62,515	–	62,515	49,988	–	49,988
Sale of items, net of cost	(2,745)	–	(2,745)	(1,650)	–	(1,650)
Investment return, net of expenses	80,001	794	80,795	(112,789)	(1,244)	(114,033)
(Loss) on sale of property and equipment	(10,318)	–	(10,318)	–	–	–
Other income	<u>43,849</u>	<u>–</u>	<u>43,849</u>	<u>37,743</u>	<u>–</u>	<u>37,743</u>
	1,522,564	794	1,523,358	1,123,582	169,172	1,292,754
Net assets released from restrictions	<u>400,132</u>	<u>(400,132)</u>	<u>–</u>	<u>174,678</u>	<u>(174,678)</u>	<u>–</u>
Total support	<u>1,922,696</u>	<u>(399,338)</u>	<u>1,523,358</u>	<u>1,298,260</u>	<u>(5,506)</u>	<u>1,292,754</u>
EXPENSES						
Program services	1,023,214	–	1,023,214	950,265	–	950,265
Supporting services	105,473	–	105,473	111,845	–	111,845
Fundraising	<u>229,996</u>	<u>–</u>	<u>229,996</u>	<u>213,053</u>	<u>–</u>	<u>213,053</u>
Total expenses	<u>1,358,683</u>	<u>–</u>	<u>1,358,683</u>	<u>1,275,163</u>	<u>–</u>	<u>1,275,163</u>
CHANGE IN NET ASSETS	564,013	(399,338)	164,675	23,097	(5,506)	17,591
NET ASSETS , beginning	<u>1,397,101</u>	<u>676,958</u>	<u>2,074,059</u>	<u>1,374,004</u>	<u>682,464</u>	<u>2,056,468</u>
NET ASSETS , ending	<u>\$1,961,114</u>	<u>\$ 277,620</u>	<u>\$2,238,734</u>	<u>\$1,397,101</u>	<u>\$ 676,958</u>	<u>\$2,074,059</u>

See Notes to Financial Statements.

Children's Cancer Connection, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Year ended December 31, 2023</u>				<u>Year ended December 31, 2022</u>			
	<u>Program services</u>	<u>Supporting services</u>	<u>Fundraising</u>	<u>Total expenses</u>	<u>Program services</u>	<u>Supporting services</u>	<u>Fundraising</u>	<u>Total expenses</u>
Salaries and wages	\$ 483,219	\$ 63,582	\$ 89,014	\$ 635,815	\$ 451,868	\$ 59,456	\$ 83,239	\$ 594,563
Employee benefits and taxes	84,090	11,065	15,490	110,645	87,904	11,566	16,193	115,663
Administrative expenses	87,644	11,251	16,463	115,358	105,826	13,656	19,798	139,280
Office expenses	68,663	9,035	12,649	90,347	75,729	9,964	13,950	99,643
Professional development	948	1,177	2,656	4,781	842	1,071	1,519	3,432
Hospital and clinic programs	8,446	-	-	8,446	11,894	-	-	11,894
Facility rentals	117,264	-	8,676	125,940	56,057	-	4,294	60,351
Camp and event food	45,806	432	25,641	71,879	23,440	981	17,797	42,218
Fundraising events	-	-	-	-	-	-	20,763	20,763
Activities	20,187	-	-	20,187	15,932	-	-	15,932
Travel	17,190	2,262	3,167	22,619	16,245	2,137	2,992	21,374
Scholarships	15,000	-	-	15,000	20,000	-	-	20,000
Marketing and promotion	22,724	-	7,575	30,299	28,855	-	9,618	38,473
Volunteer activities and recognition	2,671	-	891	3,562	1,105	-	369	1,474
Special projects	2,479	326	457	3,262	13,900	1,829	2,560	18,289
Repairs and maintenance	13,854	1,823	2,552	18,229	11,175	1,471	2,059	14,705
Depreciation and amortization	32,828	4,319	6,047	43,194	15,426	2,030	2,842	20,298
Property tax	-	-	-	-	7,353	967	1,354	9,674
Other expenses	201	201	38,718	39,120	6,714	6,717	13,706	27,137
	<u>\$1,023,214</u>	<u>\$ 105,473</u>	<u>\$ 229,996</u>	<u>\$1,358,683</u>	<u>\$ 950,265</u>	<u>\$ 111,845</u>	<u>\$ 213,053</u>	<u>\$1,275,163</u>

See Notes to Financial Statements.

Children's Cancer Connection, Inc.
STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 164,675	\$ 17,591
Adjustments to reconcile cash flows from operating activities		
Contributions received for investing activities	(2,097)	(5,332)
Depreciation and amortization	43,194	20,298
(Loss) on sale of property and equipment	10,318	-
Unrealized (gains) losses on investments	(47,034)	125,028
Realized losses on investments	2,547	1,196
Earnings reinvested	(27,244)	(12,191)
Changes in assets and liabilities		
Pledges receivable	77,097	78,167
Tax credit receivable	75,997	(105,632)
Inventory	58	(17)
Prepaid expenses	8,592	(8,594)
Accrued expenses	1,038	(6,305)
Deferred revenue	-	(104,500)
Net cash flows from operating activities	<u>307,141</u>	<u>(291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	18,791	-
Purchase of property and equipment	(838,062)	(190,651)
Net cash flows from investing activities	<u>(819,271)</u>	<u>(190,651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	2,097	5,332
Proceeds from note payable	300,000	-
Payments on note payable	-	(128,394)
Net cash flows from financing activities	<u>302,097</u>	<u>(123,062)</u>
NET CHANGE IN CASH	(210,033)	(314,004)
CASH AND CASH EQUIVALENTS		
Beginning	<u>389,244</u>	<u>703,248</u>
Ending	<u>\$ 179,211</u>	<u>\$ 389,244</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reinvested dividend and interest	<u>\$ 27,244</u>	<u>\$ 12,191</u>
Payment of note payable with proceeds from sale of property and equipment	<u>\$ 450,000</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 15,536</u>	<u>\$ 25,234</u>

See Notes to Financial Statements.

Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children's Cancer Connection, Inc. is a nonprofit organization providing year round services to children living with cancer and their families and friends primarily in Iowa. The organization is primarily supported through donor contributions.

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with the standards of accounting and financial reporting for voluntary health and welfare organizations.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board as required by the classification of net assets topic of the *FASB Accounting Standards Codification*. The Organization is required to report information regarding its financial position, activities, and changes in net assets according to two classes of net assets:

Net assets without donor restrictions are those assets which are not restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of operations. Net assets without donor restrictions include amounts which the board has set aside for a particular purpose.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Investment income limited by restrictions is reported as a change in net assets without donor restrictions if the restrictions are met in the same reporting period as when recognized.

Pledges Receivable and Allowance for Credit Losses

Contributions are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

At December 31, 2023, pledges receivable are expected to be collected as follows: \$52,020 in 2024 and \$1,215 in 2025. At December 31, 2023 and 2022, all pledges receivable were considered fully collectible; therefore, no allowance for credit losses was recorded.

Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value and consists of logo items available for sale.

Property and Equipment

Property and equipment with an estimated useful life of more than one year are recorded at cost. Contributed property is recorded at fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation of building, building improvements, furniture and equipment, vehicles and trademarks is provided over the estimated useful lives of the respective assets (3 – 40 years) on a straight-line basis. Expenditures for improvements and replacements are capitalized and costs of maintenance and repairs are charged to expense.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions, except those that are for long-term purposes. Donated materials and equipment are reflected as contributions in the accompanying statements of activities and changes in net assets at their estimated values at date of receipt.

Contributions of Nonfinancial Assets and Services

Contributions of nonfinancial assets are recorded at their fair values in the period received. Contributions of services are recognized as contributions if the service (a) creates or enhances nonfinancial assets or (b) requires specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Allocation of Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of employee assignments. Management and general expenses include those expenses that are not directly identifiable with any other specific functions but provide overall support and direction for the Organization.

Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 504(a) of the Internal Revenue Code as a nonprofit corporation as described in Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability, or asset, for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated its material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability, or asset, or disclosure in the financial statements. Management has not identified any uncertainty in income tax positions that would jeopardize the Organization's status as a tax-exempt entity. The Organization's income tax returns are subject to review and examination by tax authorities. However, there are currently no reviews or examinations for any tax periods in progress. The tax returns for years prior to the year ended December 31, 2020 are no longer open to examination by tax authorities.

Credit Risk

The Organization at various times throughout the year has amounts on deposit with financial institutions in excess of FDIC limits.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments are as follows:

	December 31	
	2023	2022
Investments, current assets		
Cash alternatives	\$ 2,750	\$ 639
Exchange traded funds	<u>85,208</u>	<u>76,584</u>
	<u>87,958</u>	<u>77,223</u>
Endowment, noncurrent assets		
Pooled investments	<u>615,698</u>	<u>554,702</u>
Totals	<u>\$ 703,656</u>	<u>\$ 631,925</u>

Investment return consisted of the following:

	Year ended December 31	
	2023	2022
Interest, dividends	\$ 30,878	\$ 16,847
Realized (losses)	(2,547)	(1,196)
Change in unrealized gains (losses)	<u>47,034</u>	<u>(125,028)</u>
Investment income (loss)	75,365	(109,377)
Less investment fees	<u>(3,634)</u>	<u>(4,656)</u>
Investment return, net of fees	71,731	(114,033)
Add money market account interest	890	-
Add employee retention tax credit interest	<u>8,174</u>	<u>-</u>
Investment return, net of expenses on statements of activities and changes in net assets	<u>\$ 80,795</u>	<u>\$ (114,033)</u>

Children’s Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The Organization follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, Level 1, and the lowest priority to unobservable inputs, Level 3. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management’s own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Organization had no Level 2 or Level 3 investments at December 31, 2023 and 2022.

Following is a description of the valuation methodologies used for the Organization’s investments measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022:

Cash alternatives, exchange traded funds – These securities are valued at the daily closing price as reported by the fund. These funds are deemed to be actively traded.

Pooled investments – Pooled investments consist of assets held by the Community Foundation of Greater Des Moines. The Organization holds a share of the pooled funds and not direct ownership of the underlying investments. Although the pooled funds include investments in equity, fixed income, real assets, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled investments at the statement of financial position date based on its relative ownership investment in the pool. All funds held at the Community Foundation of Greater Des Moines are measured at fair value using the net asset value per share, or its equivalent, practical expedient. The funds are subject to the policies and governing documents of the Community Foundation, including control over investment and asset management.

The following table presents the Organization’s investments at fair values according to their classification within the fair value hierarchy as of December 31, 2023 and 2022. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The Organization had only Level 1 investments at December 31, 2023 and 2022.

	December 31	
	2023	2022
Level 1		
Cash alternatives	\$ 2,750	\$ 639
Exchange traded funds	85,208	76,584
Total level 1 investments	87,958	77,223
Level 2	–	–
Level 3	–	–
Total investments in the fair value hierarchy	87,958	77,223
Investments measured at net asset value (1)	615,698	554,702
Investments at fair value	\$ 703,656	\$ 631,925

(1) Certain investments that were measured at net asset value per share, or its equivalent, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Transfers between Levels

For the years ended December 31, 2023 and 2022, there were no transfers between Levels 1, 2, or 3.

**Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investments Measured Using the Net Asset Value per Share Practical Expedient

	Fair value as of December 31		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
	2023	2022			
Pooled investments	\$ <u>615,698</u>	\$ <u>554,702</u>	None	Daily	None

NOTE 3 NOTE PAYABLE

On March 9, 2022, the Organization had entered into a variable rate term loan agreement with a bank in the amount of \$450,000 to purchase land and a building. The loan was set to mature on March 20, 2023 with the interest rate equal to the Prime Rate plus 0.5% and was secured by property purchased by the Organization. Prior to maturity of the loan, the Organization sold the land and building held for sale and used the proceeds to pay the entire outstanding principal balance on March 10, 2023.

On December 5, 2023, the Organization entered into a \$300,000 mortgage agreement. The mortgage note is collateralized by the property. Monthly payments totaling \$2,364 include interest at 7.22% through April 30, 2028, with a balloon payment to occur on May 31, 2028, the scheduled maturity date of the note. The balance of the note at December 31, 2023 was \$300,000.

Future principal payments of the mortgage note payable as of December 31, 2023, are as follows:

Year ending December 31

2024	\$ 7,000
2025	7,523
2026	8,084
2027	8,688
2028	<u>268,705</u>
Total	<u>\$ 300,000</u>

NOTE 4 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions have the following donor-imposed restrictions:

	December 31	
	2023	2022
Endowment – Endow Iowa	\$ 7,477	\$ 6,933
Endowment – Other	114,603	114,603
Nicole's Victory Garden	9,025	9,025
My Journey Series	–	25,000
General programs	41,030	55,176
Teen groups and camping	30,000	158,500
Scholarships	72,250	83,910
Building improvements	–	201,740
Capital campaign	<u>3,235</u>	<u>22,071</u>
Totals	<u>\$ 277,620</u>	<u>\$ 676,958</u>

**Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 RESTRICTIONS ON NET ASSETS (continued)

Net assets that were released from donor restrictions by incurring expenditures or satisfying time restrictions are as follows:

	December 31	
	2023	2022
Endowment – Endow Iowa	\$ 250	\$ 250
My Journey Series	25,000	25,000
General programs	14,146	–
Teen groups and camping	128,500	30,000
Scholarships	11,660	18,000
Renovations	201,740	98,260
Capital campaign	18,836	3,168
 Totals	 \$ 400,132	 \$ 174,678

NOTE 5 ENDOWMENT FUNDS

Children's Cancer Connection Fund

On March 7, 2003, the Organization executed a designated agency fund agreement with the Community Foundation of Greater Des Moines (the Foundation). The agreement established the endowment now known as the Children's Cancer Connection Fund within the Foundation. The Fund is subject to the policies and governing documents of the Foundation including control over investment and asset management.

The Foundation had represented to Children's Cancer Connection that although it has variance power, the Foundation Board has no intention of using the endowed assets held for the benefit of not-for-profit organizations for any reason other than to manage those funds for the not-for-profit organizations and the variance power would not be utilized. The Organization has determined that the proper method of accounting for its endowed funds held as an agency fund by Community Foundation of Greater Des Moines is to include the endowed assets and related income and expenses in its financial statements. Management of the endowment fund investments was provided by a third party beginning in 2016.

Children's Cancer Connection Endow Iowa Fund

On August 9, 2012, the Organization executed a designated agency fund agreement with the Community Foundation of Greater Des Moines. The agreement established the Children's Cancer Connection Endow Iowa Fund within the Foundation. The Fund is subject to the policies and governing documents of the Foundation including control over the administration, investment and distribution of fund property. The agreement states that the parties intend for the contributions to the fund to constitute endowment gifts made to an Endow Iowa qualified community foundation for a permanent endowment fund established to benefit a charitable cause in the State of Iowa within the meaning of Iowa Code Section 15E.301.

The Foundation has represented to the Organization that although it has variance power, the Foundation Board has no intention of using the endowed assets held for the benefit of not-for-profit organizations for any reason other than to manage those funds for the not-for-profit organizations. The agreement states that the variance power shall include the power to amend the agreement to the minimum extent necessary to maintain the Fund's Endow Iowa status or modify provisions for administrative purposes, or to redirect the annual distribution to other qualifying charities if the organization ceases to be a qualified charitable organization. The Organization has determined that the proper method of accounting for its endowed funds held as an agency fund by Community Foundation of Greater Des Moines is to include the endowed assets and related income and expenses in its financial statements. Management of the endowment fund investments was provided by a third party beginning in 2016.

Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 ENDOWMENT FUNDS (continued)

Children's Cancer Connection Endow Iowa Fund (continued)

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

The donor-restricted endowment funds are classified as temporarily or permanently restricted net assets until those amounts are appropriated for expenditure by the Organization's Board in a manner consistent with the standard of prudence prescribed by the SPMIFA. In accordance with SPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation or depreciation of investments, (6) other resources of the organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Organization's Board of Directors has elected to have a third party manage the funds held by Community Foundation of Greater Des Moines in accordance with the investment policy adopted by the Board. The policy states that the endowed funds are subject to the investment return objectives, risk parameters and strategies developed by the Community Foundation of Greater Des Moines' Board of Directors.

Spending Policy

The Organization is limited to spending the endowments for the purposes for which the endowments were established.

The agreement for the Children's Cancer Connection Fund with the Community Foundation of Greater Des Moines stipulates that the Organization may receive net income from the Fund no more than twice per year and shall be limited to the spending formula determined by the Foundation Board of Directors, currently five percent of the previous December 31 balance. The Foundation shall receive an administrative fee payable quarterly. The Foundation Board of Directors shall consider distributions in excess of net income provided written requests plus a certified copy of a resolution supported by seventy-five percent of the Organization's Board be submitted.

The agreement for the Children's Cancer Connection Endow Iowa Fund with the Community Foundation of Greater Des Moines stipulates that the Organization may receive net income from the Fund no more than four times in any twelve month period and shall be limited to five percent of the previous December 31 balance in accordance with the provisions of Endow Iowa legislation. The Foundation shall receive an administrative fee payable quarterly.

The policy of the Organization is that disbursements will be taken from the endowment fund as needed to perpetuate the core objectives of the Organization which is to provide programs for children with cancer and their families. Funds distributed are to have the following priorities: provide summer camps, provide weekend camps and retreats, provide educational opportunities, and provide family outings and events. In 2023 and 2022, no funds were requested and received from the endowment fund to support operations.

**Children's Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 ENDOWMENT FUNDS (continued)

Activity in the Endowment Fund

	<u>Board designated</u>	<u>Donor restricted</u>		<u>Total</u>
		<u>Temporarily</u>	<u>restricted</u>	
December 31, 2021	\$ 531,470	\$ 114,603	\$ 8,427	\$ 654,500
Contributions	-	-	-	-
Distributions	-	-	-	-
Investment return	<u>(98,304)</u>	<u>-</u>	<u>(1,494)</u>	<u>(99,798)</u>
December 31, 2022	433,166	114,603	6,933	554,702
Contributions	-	-	-	-
Distributions	-	-	-	-
Investment return	<u>60,452</u>	<u>-</u>	<u>544</u>	<u>60,996</u>
December 31, 2023	<u>\$ 493,618</u>	<u>\$ 114,603</u>	<u>\$ 7,477</u>	<u>\$ 615,698</u>

Underwater Endowment Fund

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires to retain as a fund of perpetual duration. Deficiencies of this nature exist in the Endow Iowa endowment fund, which has an original gift value of \$8,447, a current value of \$7,477, and a deficiency of \$970. This deficiency resulted from an unfavorable market fluctuation that occurred after the investment of contributions in the Endow Iowa fund. The Board has not approved any appropriations for programs from this fund.

NOTE 6 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 179,211	\$ 389,244
Investments	87,958	77,223
Tax credit receivable	29,635	105,632
Pledges receivable, current	<u>52,020</u>	<u>78,016</u>
	<u>\$ 348,824</u>	<u>\$ 650,115</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations (if any) come due. In addition, the Organization may invest cash in excess of daily requirements in various short-term investments including money market funds and short-term treasury instruments.

Children’s Cancer Connection, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS AND SERVICES

The fair value of contributed nonfinancial assets and services included as contributions in the financial statements and corresponding expenses for the years ended December 31, 2023 and 2022 were as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Supplies for camps and events	\$ 51,597	\$ 43,140
Services for programming	<u>10,918</u>	<u>6,848</u>
Totals	<u>\$ 62,515</u>	<u>\$ 49,988</u>

There were no restrictions placed on the contributions.

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 19, 2024, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.