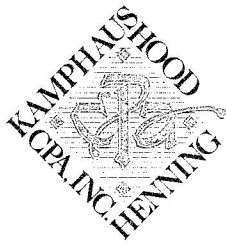


THE DRAGONFLY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

THE DRAGONFLY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Dragonfly Foundation

We have audited the accompanying financial statements of The Dragonfly Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities 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 these 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 audit 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 entity'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 entity'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 Dragonfly Foundation as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Dragonfly Foundation's 2014 financial statements, and we express an unmodified audit opinion on those audited financial statements in our report dated September 1, 2015, in our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kamphaus Henning & Hood CPAs

Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

November 15, 2016

THE DRAGONFLY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

		2015		2014
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Total</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 201,835	\$ 3,417	\$ 205,252	\$ 165,008
Investments	47,037	0	47,037	113,741
Inventory	52,252	0	52,252	39,531
Prepaid Expenses	16,239	0	16,239	7,000
Donations Receivable	<u>44,966</u>	<u>0</u>	<u>44,966</u>	<u>0</u>
TOTAL CURRENT ASSETS	362,329	3,417	365,746	325,280
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>268,174</u>	<u>0</u>	<u>268,174</u>	<u>194,549</u>
TOTAL ASSETS	<u>\$ 630,503</u>	<u>\$ 3,417</u>	<u>\$ 633,920</u>	<u>\$ 519,829</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accrued Expenses	\$ 64,878	\$ 0	\$ 64,878	\$ 30,940
Other Current Liabilities	<u>50,891</u>	<u>0</u>	<u>50,891</u>	<u>15,250</u>
TOTAL CURRENT LIABILITIES	115,769	0	115,769	46,190
<u>NET ASSETS</u>	<u>514,734</u>	<u>3,417</u>	<u>518,151</u>	<u>473,639</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 630,503</u>	<u>\$ 3,417</u>	<u>\$ 633,920</u>	<u>\$ 519,829</u>

See Independent Auditor's Report and Notes to Financial Statements
Kamphaus, Henning & Hood

THE DRAGONFLY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Unrestricted	2015 Temporarily Restricted	Total	2014 Total
REVENUE AND OTHER SUPPORT				
Contributions from Organizations and Individuals	\$ 641,575	\$ 0	\$ 641,575	\$ 499,779
Donated Materials	546,746	0	546,746	342,792
Donated Services	304,912	0	304,912	449,134
Special Events Income	269,803	0	269,803	243,956
Net Realized and Unrealized Gain on Investments	8,085	0	8,085	12,542
Interest Income	175	0	175	120
TOTAL REVENUE AND OTHER SUPPORT	1,771,296	0	1,771,296	1,548,323
EXPENSES				
<u>Program Services</u>				
Program Expenses	\$ 737,668	\$ 3,672	\$ 741,340	\$ 488,075
Payroll and Related Expenses	237,545	0	237,545	202,966
Facilities Costs	77,195	0	77,195	71,173
Systems	30,786	0	30,786	24,406
Depreciation	26,969	0	26,969	17,650
Miscellaneous Other Expenses	45,965	0	45,965	20,811
Total Operating Expenses	1,156,128	3,672	1,159,800	825,081
<u>General and Administrative</u>				
Payroll and Related Expenses	\$ 121,858	\$ 0	\$ 121,858	\$ 88,551
Printing, Bank Charges, and Other Office Expenses	15,427	0	15,427	28,085
Website and Related Expenses	30,786	0	30,786	24,406
Facilities Costs	19,299	0	19,299	17,793
Legal and Professional	36,822	0	36,822	15,231
Volunteer Expenses	0	0	0	10,275
Depreciation	9,401	0	9,401	7,564
Miscellaneous Other Expenses	16,552	0	16,552	10,241
Total General and Administrative	250,145	0	250,145	202,146
<u>Fundraising Activities</u>				
Program and Event Marketing	180,683	0	180,683	271,496
Special Event Expenses	136,155	0	136,155	142,713
Total Fundraising Activities	316,838	0	316,838	414,209
TOTAL EXPENSES	1,723,111	3,672	1,726,783	1,441,436
CHANGE IN NET ASSETS	48,185	(3,672)	44,513	106,887
NET ASSETS, BEGINNING OF YEAR	466,549	7,089	473,638	366,752
NET ASSETS, END OF YEAR	\$ 514,734	\$ 3,417	\$ 518,151	\$ 473,639

See Independent Auditor's Report and Notes to Financial Statements
Kamphaus, Henning & Hood

THE DRAGONFLY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change In Net Assets	\$ 44,513	\$ 106,887
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	36,370	25,214
Donated Inventory	(546,746)	(342,792)
Distributed Inventory	534,025	351,261
Donated Property	(56,475)	(52,704)
Changes in Assets and Liabilities:		
(Increase) in Donations Receivable	(44,966)	0
(Increase) in Prepaid Expenses	(9,239)	(6,000)
(Increase) in Other Assets	(91,748)	0
Increase (Decrease) in Accrued Expenses	33,936	(14,368)
Increase in Other Current Liabilities	<u>35,641</u>	<u>15,250</u>
NET CASH PROVIDED/ (USED) BY OPERATING ACTIVITIES	(64,689)	82,748
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net Investment Activity	66,704	19,792
Purchase of Furniture and Equipment	<u>38,228</u>	<u>(51,108)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>104,932</u>	<u>(31,316)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,243	51,432
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>165,009</u>	<u>113,577</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>205,252</u>	\$ <u>165,009</u>
<u>NON-CASH</u>		
Donated Inventory	546,746	342,792
Distributed Inventory	(534,025)	(351,261)
Donated Property	<u>56,475</u>	<u>52,704</u>
NET NON-CASH ACTIVITIES	\$ <u>69,196</u>	\$ <u>44,235</u>

See Independent Auditor's Report and Notes to Financial Statements
Kamphaus, Henning & Hood

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Dragonfly Foundation (The Foundation) is a not-for-profit 501(c)(3) organization established August 3, 2010. The Foundation's mission is to bring comfort and joy to children and young adults living with, and sometimes dying of, cancer as well as those who have undergone bone marrow transplants. With time of the essence, our mission is to act quickly and frequently working in partnership with the Cancer & Blood Diseases Institute of Cincinnati Children's Hospital Medical Center (CCHMC). We believe that emotional care makes an important difference in the outcome and is as critical as medical treatments/cures being developed and administered. A central component of the Foundation's activities include enhancing the quality of life programs at CCHMC's Cancer & Blood Diseases Institute. Smiles and laughter are in short supply in Hematology, Oncology, Bone Marrow Transplant and Intensive Care Units, but are necessary components of courage, strength and happiness. Further, the Foundation regularly engages in fundraising and similar activities to support achieving its ongoing objectives.

Basis of Accounting

The accompanying financial statement has been prepared on the accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America.

Inventory

Inventory consists primarily of donated toys and small electronics valued at fair market value on the date of donation as well as donated gift cards carried at face value. Purchased inventory is carried at cost using the first-in, first-out (FIFO) method.

Fair Value of Financial Instruments

GAAP requires disclosures of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments are cash, cash equivalents, marketable securities, accounts payable, and accrued liabilities. For these financial instruments, carrying values approximate fair value.

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

Property and Equipment

It is the Foundation's policy is to capitalize property and equipment with a cost or fair market value of \$1,000 or more. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as unrestricted contributions 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 recorded as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, currently 5 to 10 years. When assets become obsolete or are disposed of, they are removed from the fixed assets and a gain or loss recorded.

Depreciation expense amounted to \$36,370 in 2015 and \$25,214 in 2014.

Net Assets

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are net assets that are not subject to donor imposed stipulations and may be utilized at the discretion of the Board of Trustees.

Temporarily restricted net assets are net assets that are subject to donor imposed stipulations that may or will be met either by actions of the Foundation to satisfy the purpose of the donated assets or passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets are net assets for which the donor has stipulated that the principal be maintained in perpetuity and that only the income from the investment thereof be expended either for the general purpose of the Foundation or for purposes specified by the donor. There were no permanently restricted net assets as of December 31, 2015 and 2014.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted support depending on existence or nature of any donor restrictions.

In-kind contributions are recorded in revenue as "Donated Materials" at fair value and are recorded in expense as "Program Expenses" used for children and families according to the Foundation's mission.

See Independent Auditor's Report
Kamphaus, Henning & Hood

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

Contributed Services

Contributed services are recorded as support only if the services received (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.

Contributed services are recorded in revenue as "Donated Services" at fair value and include such expenses as legal fees, advertising and marketing fees, rent, and telephone notification service fees, among others.

Program Services and Operating Costs

The Foundation's ongoing operations involve a broad range of programs and activities in fulfilling its objectives. As a result, certain operating costs such as components of payroll, The Landing facility costs, volunteer costs and others are essential in delivering the mission and are therefore considered operating costs. Those costs having administrative characteristics and are appropriately allocated between operating and administrative based on the nature of the relevant activities.

Advertising Costs

The Foundation uses advertising and marketing to promote its programs and events. Advertising and marketing costs are expensed as incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$180,683 and \$271,496, respectively, 90% of which are in-kind donations.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by Internal Revenue Service as other than a private foundation. The Organization files a U.S. Federal informational tax return (Form 990). Generally, the Organization is no longer subject to tax examinations for fiscal years before 2012.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Flow Information

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE #2 - RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform to the current year presentation. The reclassification did not affect the representation of the Organization's overall performance.

NOTE #3 - PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

Depreciable:	2015	2014
Computers and Related Equipment and Software	\$ 129,374	\$ 123,627
Furniture and Fixtures	88,966	76,466
Less: Accumulated Depreciation	<u>(79,735)</u>	<u>(43,365)</u>
Total Depreciable Property, Net	\$ <u>138,605</u>	\$ <u>156,728</u>
Nondepreciable:		
Domain Names	\$ 7,500	\$ 0
Held for the Landing 3.0	82,673	0
Trademarks	2,831	2,831
Burial Plots	<u>36,565</u>	<u>34,990</u>
Total Nondepreciable Property	<u>129,569</u>	<u>37,821</u>
Total Property and Equipment	\$ <u>268,174</u>	\$ <u>194,549</u>

See Independent Auditor's Report
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THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE #4 - INVESTMENTS

Investments are presented at fair value. All of the Foundation's investments have readily determinable fair values. The net realized and unrealized gain for the year ended December 31, 2015 is \$8,085. The net realized and unrealized gain for the year ended December 31, 2014 is \$12,542.

	2015	2014
Money Market	\$ 5	\$ 8,355
Bonds	11,928	12,641
Unit Trusts	8,957	22,467
Stocks	54,449	76,137
Mutual Funds	<u>2,290</u>	<u>2,496</u>
GROSS INVESTMENTS	77,629	122,096
Loan	(30,592)	(8,355)
NET INVESTMENTS	<u>\$ 47,037</u>	<u>\$ 113,741</u>

Total investment income is comprised of the following:

	2015	2014
Interest and Dividend Income	\$ 3,282	\$ 3,282
Net Realized and Unrealized Gains on Investments	<u>4,803</u>	<u>9,260</u>
TOTAL INVESTMENT INCOME	<u>\$ 8,085</u>	<u>\$ 12,542</u>

NOTE #5 - FAIR VALUE MEASUREMENTS

The Dragonfly Foundation has determined the fair value of certain assets through application of FASB Accounting Standards Codification for fair value measurements.

Fair value at December 31, 2015:

	Quoted Market Prices Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Securities Held for Trade	\$ <u>47,037</u>	\$ <u>0</u>	\$ <u>0</u>

NOTE #6 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for recognition and disclosure through November 15, 2016, the date on which the financial statements were available to be issued.

See Independent Auditor's Report
Kamphaus, Henning & Hood