

THE DRAGONFLY FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2021 and June 30, 2020

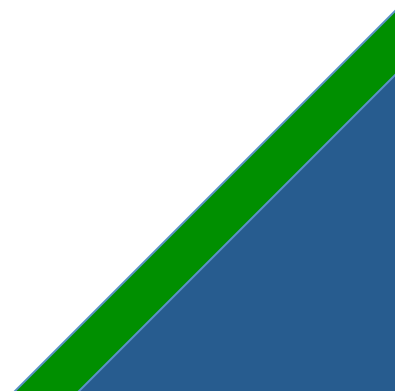


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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Dragonfly Foundation
Cincinnati, Ohio

We have audited the accompanying financial statements of The Dragonfly Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 June 30, 2021 and June 30, 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

Rudler, PSC

Fort Wright, Kentucky

September 29, 2021

THE DRAGONFLY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
CURRENT ASSETS				
Cash and cash equivalents	\$ 237,027	\$ 35,113	\$ 130,357	\$ 402,497
Inventory	16,444	0	0	16,444
Donations receivable	25,777	0	0	25,777
Prepaid expenses	2,253	0	0	2,253
Due from (to) other funds	(3,940)	3,940	0	0
Total Current Assets	<u>277,561</u>	<u>39,053</u>	<u>130,357</u>	<u>446,971</u>
PROPERTY AND EQUIPMENT, NET	<u>243,355</u>	<u>1,502,980</u>	<u>0</u>	<u>1,746,335</u>
TOTAL ASSETS	<u>\$ 520,916</u>	<u>\$ 1,542,033</u>	<u>\$ 130,357</u>	<u>\$ 2,193,306</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 30,795	\$ 0	\$ 0	\$ 30,795
Deferred revenue	34,486	0	0	34,486
Current portion of long-term debt	0	16,376	0	16,376
Total Current Liabilities	<u>65,281</u>	<u>16,376</u>	<u>0</u>	<u>81,657</u>
LONG-TERM LIABILITIES				
Long-term debt, net of current portion	0	610,497	0	610,497
Total Liabilities	<u>65,281</u>	<u>626,873</u>	<u>0</u>	<u>692,154</u>
NET ASSETS				
Without Donor Restrictions	455,635	0	0	455,635
With Donor Restrictions	0	915,160	130,357	1,045,517
Total Net Assets	<u>455,635</u>	<u>915,160</u>	<u>130,357</u>	<u>1,501,152</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 520,916</u>	<u>\$ 1,542,033</u>	<u>\$ 130,357</u>	<u>\$ 2,193,306</u>

The accompanying notes are an integral part of this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2020

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
CURRENT ASSETS				
Cash and cash equivalents	\$ 240,946	\$ 4,358	\$ 62,008	\$ 307,312
Inventory	27,439	0	0	27,439
Donation receivable	8,239	0	0	8,239
Prepaid expenses	1,729	0	0	1,729
Due from (to) other funds	38,339	(38,339)	0	0
Total Current Assets	316,692	(33,981)	62,008	344,719
PROPERTY AND EQUIPMENT, NET	266,054	1,554,141	0	1,820,195
TOTAL ASSETS	<u>\$ 582,746</u>	<u>\$ 1,520,160</u>	<u>\$ 62,008</u>	<u>\$ 2,164,914</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 53,616	\$ 0	\$ 0	\$ 53,616
Deferred revenue	144,755	0	0	144,755
Current portion of long-term debt	0	13,128	0	13,128
Total Current Liabilities	198,371	13,128	0	211,499
LONG-TERM LIABILITIES				
Long-term debt, net of current portion	0	626,872	0	626,872
Total Liabilities	198,371	640,000	0	838,371
NET ASSETS				
Unrestricted	384,375	0	0	384,375
Temporarily restricted	0	880,160	62,008	942,168
Total Net Assets	384,375	880,160	62,008	1,326,543
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 582,746</u>	<u>\$ 1,520,160</u>	<u>\$ 62,008</u>	<u>\$ 2,164,914</u>

The accompanying notes are an integral part of this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
PUBLIC SUPPORT AND REVENUE				
Contributions from organizations and individuals	\$ 769,362	\$ 35,000	\$ 192,450	\$ 996,812
Donated materials	196,256	0	0	196,256
Donated services	381,146	0	0	381,146
Special events income, net	236,245	0	0	236,245
Investment income (loss)	328	0	0	328
Net assets released from restrictions:				
Satisfaction of program restrictions	124,101	0	(124,101)	0
Total Public Support and Revenue	1,707,438	35,000	68,349	1,810,787
EXPENSES				
Program services	1,124,999	0	0	1,124,999
Supporting services				
Management and general	194,204	0	0	194,204
Fundraising	316,975	0	0	316,975
Total Expenses	1,636,178	0	0	1,636,178
CHANGE IN NET ASSETS	71,260	35,000	68,349	174,609
NET ASSETS AT BEGINNING OF YEAR	384,375	880,160	62,008	1,326,543
NET ASSETS AT END OF YEAR	\$ 455,635	\$ 915,160	\$ 130,357	\$ 1,501,152

The accompanying notes are an integral part to this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
PUBLIC SUPPORT AND REVENUE				
Contributions from organizations and individuals	\$ 471,206	\$ 64,375	\$ 83,888	\$ 619,469
Donated materials	234,616	51,735	0	286,351
Donated services	603,617	3,635	0	607,252
Special events income, net	356,643	0	0	356,643
Investment income (loss)	(1,138)	0	0	(1,138)
Net assets released from restrictions:				
Satisfaction of program restrictions	265,362	(220,835)	(44,527)	0
Total Public Support and Revenue	1,930,306	(101,090)	39,361	1,868,577
EXPENSES				
Program services	1,405,882	0	0	1,405,882
Supporting services				
Management and general	205,753	0	0	205,753
Fundraising	438,109	0	0	438,109
Total Expenses	2,049,744	0	0	2,049,744
CHANGE IN NET ASSETS	(119,438)	(101,090)	39,361	(181,167)
NET ASSETS AT BEGINNING OF YEAR	503,813	981,250	22,647	1,507,710
NET ASSETS AT END OF YEAR	\$ 384,375	\$ 880,160	\$ 62,008	\$ 1,326,543

The accompanying notes are an integral part to this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES				
Program expenses	\$ 194,599	\$ 0	\$ 4,676	\$ 199,275
Payroll and related expenses	296,887	125,214	100,200	522,301
Facilities costs	24,521	1,676	2,749	28,946
Interest expense	19,322	576	0	19,898
Systems	27,145	0	1,423	28,568
Depreciation	66,647	12,496	4,165	83,308
Legal and professional	0	21,458	0	21,458
Miscellaneous other expenses	22,985	15,165	83,134	121,284
Marketing	22,495	7,860	19,821	50,176
	<u>674,601</u>	<u>184,445</u>	<u>216,168</u>	<u>1,075,214</u>
Program expenses - in-kind	217,315	1,700	330	219,345
Facilities costs - in-kind	97,064	8,059	56,059	161,182
System - in-kind	2,766	0	0	2,766
Marketing - in-kind	133,253	0	44,418	177,671
	<u>450,398</u>	<u>9,759</u>	<u>100,807</u>	<u>560,964</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,124,999</u>	<u>\$ 194,204</u>	<u>\$ 316,975</u>	<u>\$ 1,636,178</u>

The accompanying notes are an integral part to this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES				
Program expenses	\$ 181,284	\$ 0	\$ 0	\$ 181,284
Payroll and related expenses	412,292	86,219	181,827	680,338
Facilities costs	14,190	571	3,038	17,799
Interest expense	0	33,285	0	33,285
Systems	36,790	0	1,640	38,430
Depreciation	65,824	12,342	4,114	82,280
Legal and professional	0	26,074	0	26,074
Miscellaneous other expenses	25,016	30,357	150,435	205,808
Marketing	30,503	16,905	5,385	52,793
	<u>765,899</u>	<u>205,753</u>	<u>346,439</u>	<u>1,318,091</u>
Program expenses - in-kind	151,841	0	0	151,841
Facilities costs - in-kind	7,817	0	0	7,817
System - in-kind	149,893	0	0	149,893
Marketing - in-kind	330,432	0	91,670	422,102
	<u>639,983</u>	<u>0</u>	<u>91,670</u>	<u>731,653</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,405,882</u>	<u>\$ 205,753</u>	<u>\$ 438,109</u>	<u>\$ 2,049,744</u>

The accompanying notes are an integral part of this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and June 30, 2020

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 174,609	\$ (181,167)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	83,308	82,280
Donated inventory	(18,359)	(50,183)
Donated burial plots	(9,449)	0
Distributed inventory	19,660	38,723
(Increase) decrease in operating assets		
Inventory	9,694	0
Donations receivable	(17,538)	(8,239)
Prepaid expenses	(524)	25,583
Increase (decrease) in operating liabilities		
Accounts payable	(22,821)	(96,297)
Deferred revenue	(110,269)	144,226
Total Adjustments	(66,298)	136,093
Net Cash Flows From Operating Activities	108,311	(45,074)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	0	(131,535)
Net Cash Flows From Investing Activities	0	(131,535)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	0	460,000
Principal payments on long-term debt	(13,126)	(268,572)
Net Cash Flows From Financing Activities	(13,126)	191,428
NET INCREASE IN CASH AND CASH EQUIVALENTS	95,185	14,819
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT BEGINNING OF YEAR	307,312	292,493
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT END OF YEAR	<u>\$ 402,497</u>	<u>\$ 307,312</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Operations	\$ 140,020	\$ 240,946
Restricted cash	262,477	66,366
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 402,497</u>	<u>\$ 307,312</u>

Amounts included in restricted cash represent money designated by donors for specific foundation programs.

The accompanying notes are an integral part of this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and June 30, 2020

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 33,285	\$ 29,943
Cash paid for taxes during the year	\$ 0	\$ 0
Non-cash activities:		
Donated inventory	\$ 18,359	\$ 50,183
Distributed inventory	\$ (19,660)	\$ (38,723)
Donated property	\$ 9,449	\$ 30,662

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Dragonfly Foundation (the “Foundation”) is presented to assist in understanding the Foundation’s financial statements. The financial statements are representations of the Foundation’s management, which is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Foundation is a not-for-profit 501(c)(3) organization established August 3, 2010. The Foundation’s mission is to support families of pediatric cancer patients by:

- Building a network that connects Dragonfly families to each other and the community
- Providing programs to enhance quality of life
- Enhancing programs in partner children’s hospitals

The Foundation began working in partnership with the Cancer & Blood Diseases Institute of Cincinnati Children’s Hospital Medical Center (“CCHMC”). In recent years, the Foundation has expanded to partner with hospitals in Dayton, Ohio and Chicago, Illinois. They 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 for both patients and their families. 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 financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Foundation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Foundation administers the following classes of net assets:

Net assets without donor restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”). ASU No. 2014-09, Revenue from Contracts with Customers, as amended (“Topic 606”) changes the way an entity recognizes revenue and significantly expands the disclosure requirements for revenue arrangements. Topic 606 requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On June 3, 2020 the FASB issued Accounting Standards Update (“ASU”) 2020-05, Revenue from Contracts with Customers (Topic 606) that defers the effective date of FASB ASC 606 for certain entities that have not yet issued their financial statements reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019. However, the Foundation elected to follow the original effective date of July 1, 2019 for adoption of this new guidance for all contracts using the modified retrospective transition approach in which the new guidance was applied retrospectively to contracts that were not completed as of July 1, 2019. The modified retrospective approach was applied using certain practical expedients. The adoption did not have a material impact on the Foundation’s results of operations.

Revenue Recognition and Significant Judgements

The Foundation derives its revenues primarily from contributions and fundraising events. Contributions are both voluntary and nonreciprocal and do not fall under ASC Topic 606. Grants may be considered a contribution or an exchange transaction. If the grant is considered an exchange transaction it would fall under the guidance of ASC Topic 606. Grants must be evaluated to determine if the provider receives value or a service in return for the resources transferred.

The Foundation has evaluated all material grants for the years ended June 30, 2021 and 2020 and has determined no exchange transactions exist and all grants will be treated as contributions as related to the adoption of ASC Topic 606. As stated above, the adoption of ASC Topic 606 had no material impact on the Foundation’s results of operations.

Accounting Estimates

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

Cash and Cash Equivalents

The Foundation considers all time deposits and other highly liquid investments with original maturities of three months or less to be cash equivalents.

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Paycheck Protection Program**

During fiscal year June 30, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from The Huntington National Bank, for an aggregate principal amount of \$125,500. During fiscal year June 30, 2021, the Foundation qualified for and received a second loan pursuant to the Paycheck Protection Program, from The Huntington National Bank, for an aggregate principal amount of \$117,382. Both PPP Loans bear interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Foundation's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll cost, covered rent and mortgage obligations, and covered utility payments incurred by the Foundation. The Foundation applied and received full forgiveness of both PPP Loans with respect to these covered expenses. The Foundation initially recorded the loan as a refundable advance and subsequently recognized the grant revenue in accordance with guidance for conditional contributions, that is, once that measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation recognized \$242,882 of grant revenue for the year ended June 30, 2021.

Investments

In accordance with FASB ASC 958 "Not-for-Profit-Entities," investments are recorded at fair market value with contributed investments being recorded at their fair market value on the date received. Unrealized gains and losses are included in the change in net assets. These effects are included in changes in net assets without donor restrictions because the gains and losses are unrestricted. As of June 30, 2021, substantially all of The Foundation's investments are in marketable equities. Management does not believe The Foundation is subject to adverse credit risk on its investments.

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 lower of cost using the first-in, first-out (FIFO) method or net realizable value.

Property and Equipment

Property and equipment purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Donated equipment is recorded at the fair market value at the date the donated equipment is received. Assets are depreciated on the straight-line method over their estimated useful lives. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Donations

Contributions of donated non-cash assets are recorded at their fair values in the period received.

Contributed services, which require a specialized skill and which the Foundation would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

Functional Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and taxes are allocated based upon time and effort expended. Office rent and occupancy expenses are allocated based upon square footage. All other expenses are allocated based upon usage of resources.

Revenues and Support

Contributions and other assets are reported as unrestricted or temporarily restricted net assets depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When a donor restriction expires such as 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 restrictions. Temporarily restricted contributions whose restrictions are met in the same period as the contribution are reported as unrestricted support.

Fundraising

The Foundation recognizes revenue from special events, gifts and grants from their fundraising activities and incur related expenses as presented in the Statements of 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 was \$227,847 for the year ended June 30, 2021 and \$474,895 for the year ended June 30, 2020, the majority of which was in-kind donations.

Federal Income Tax Status

The Foundation is a tax-exempt organization qualifying under Internal Revenue Service Code Section 501(c)(3). The Foundation is no longer subject to examination by the Internal Revenue Service for years prior to 2016 and currently there are no audits for any tax years in progress.

The Foundation follows the provision of FASB ASC 740-10-50, "Income Taxes-Overall-Disclosure." FASB ASC 740-10-50 sets forth a recognition threshold and measurement attribute for financial statement recognition of positions taken or expected to be taken in income tax returns. FASB ASC 740-10-50 had no material impact on the Foundation's financial statements.

Reclassifications

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

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and June 30, 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by contributions and gifts. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30, 2021 and June 30, 2020 reduced by amounts not available for general expenditures within one year.

	June 30, 2021	June 30, 2020
Financial assets:		
Cash and cash equivalents	\$ 402,497	\$ 307,312
Donations receivable	25,777	8,239
	<hr/>	<hr/>
Total financial assets	428,274	315,551
Less amounts with purpose restrictions	165,470	66,366
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year.	\$ 262,804	\$ 249,185

NOTE 3 - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash, which may at times exceed federally insured limits. The Foundation places its cash with quality financial institutions.

The cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor in each institution. As of June 30, 2021, the amount that exceeded the \$250,000 insured by the FDIC was \$153,173 and as of June 30, 2020 the amount that exceeded the \$250,000 insured by the FDIC was \$60,608.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consisted of the following at June 30, 2021:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 57,685
Patient and Family Gifting	0	31,278
Beads of Courage Program	0	2,167
Technology	0	6,348
Patient and Family Events	0	32,879
Landing	915,160	0
Total Net Assets with Donor Restrictions	<u>\$ 915,160</u>	<u>\$ 130,357</u>

Net assets with donor restriction consisted of the following at June 30, 2020:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 59,076
Patient and Family Gifting	0	2,932
Landing	880,160	0
Total Net Assets with Donor Restrictions	<u>\$ 880,160</u>	<u>\$ 62,008</u>

Net assets released from net assets with donor restrictions are as follows at June 30, 2021:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 61,390
Adopt a Family	0	100
Patient and Family Gifting	0	12,654
Beads of Courage Program	0	8,333
Technology	0	5,652
Patient and Family Events	0	35,972
Total Released from Net Assets with Donor Restrictions	<u>\$ 0</u>	<u>\$ 124,101</u>

Net assets released from net assets with donor restrictions are as follows at June 30, 2020:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 19,425
Adopt a Family	0	4,400
Patient and Family Gifting	0	16,055
Beads of Courage Program	0	2,147
Patient and Family Events	0	2,500
Miscellaneous Expenses	21,245	0
Consulting	63,375	0
Payroll Allocation	103,030	0
Interest	33,185	0
Total Released from Net Assets with Donor Restrictions	<u>\$ 220,835</u>	<u>\$ 44,527</u>

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021 and June 30, 2020

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following for the year ended June 30, 2021 and June 30, 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Depreciable:		
Building	\$ 1,535,742	\$ 1,535,742
Computers and related equipment and software	196,378	196,378
Furniture and fixtures	206,406	206,406
Total depreciable property	1,938,526	1,938,526
Less: accumulated depreciation	(364,326)	(281,017)
Total Depreciable Property, Net	<u>1,574,200</u>	<u>1,657,509</u>
Nondepreciable:		
Land	69,220	69,220
Domain names	7,500	7,500
Assets held for future use	25,000	25,000
Trademarks	2,831	2,831
Burial plots	67,584	58,135
Total Nondepreciable Property	<u>172,135</u>	<u>162,686</u>
Total Property and Equipment, Net	<u>\$ 1,746,335</u>	<u>\$ 1,820,195</u>

NOTE 6 - LONG TERM DEBT

Long term liabilities at June 30, 2021 and June 30, 2020 consist of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Note payable – Heritage, secured by substantially all business assets of the Foundation, payable in 57 monthly installments of \$3,050 and then 59 monthly installments of \$2,869, maturing in 2030, interest rate 4.25%	476,873	490,000
Note payable – Small Business Administration, secured by substantially all business assets of the Foundation, payable in 348 monthly installments of \$641, starting June 8, 2021, maturing in 2050, interest rate of 2.75%	150,000	150,000
	<u>626,873</u>	<u>640,000</u>
Less: current maturities	<u>(16,376)</u>	<u>(13,128)</u>
Total Long Term Liabilities	<u>\$ 610,497</u>	<u>\$ 626,872</u>

NOTE 6 – LONG TERM DEBT (Continued)

Current maturities for the next five years are as follows:

2022	\$ 16,376
2023	21,021
2024	21,245
2025	21,106
2026	21,597
Thereafter	<u>525,528</u>
	<u>\$ 626,873</u>

NOTE 7 - SPECIAL EVENTS

Special events income is presented net on the Statements of Activities. The following represents the breakout between income and expenses.

	June 30, 2021	June 31, 2020
Gross Special Events Revenue	\$ 601,799	\$ 646,929
Special Events Expense	(261,692)	(122,285)
Special Events Expense In-Kind	(64,515)	(124,988)
Direct Benefits to Donor	<u>(39,347)</u>	<u>(43,013)</u>
Net Special Events Income	<u>\$ 236,245</u>	<u>\$ 356,643</u>

NOTE 8 - NEW PRONOUNCEMENTS

Accounting Standards Update 2016-02, Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): Amendments to the FASB Accounting Standards Codification, that changes how an organization classifies its leases, as well as the information it presents in the financial statements and notes about its leases. The ASU includes new liability and asset recognition requirements as the present value of all lease payments would be recognized as a liability and an asset would be recognized representing the “right-of-use” of the asset for the term of the lease. The ASU will be effective for fiscal year ending June 30, 2023. Early adoption is permitted. The Foundation is currently evaluating the effect that the new standard will have on its financial statements.

NOTE 9 - SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through September 29, 2021, the date the financial statements were available to be issued.