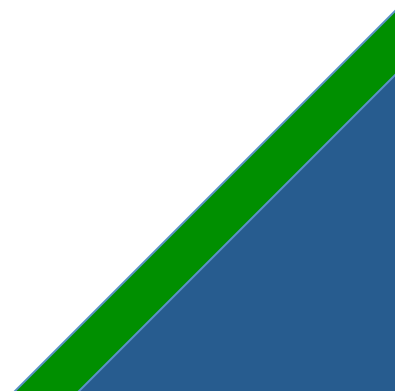


**THE DRAGONFLY FOUNDATION**

FINANCIAL STATEMENTS

For the Years Ended  
June 30, 2022 and June 30, 2021



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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The Dragonfly Foundation  
Cincinnati, Ohio

### Opinion

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, 2022 and June 30, 2021, and the related statements of activities, 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 The Dragonfly Foundation as of June 30, 2022 and June 30, 2021, 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 audit in accordance with the 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 The Dragonfly Foundation and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. 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 these 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 Dragonfly Foundation'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 The Dragonfly 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 Dragonfly 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.

*Rudler, PSC*

Fort Wright, Kentucky  
October 4, 2022

THE DRAGONFLY FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2022

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 361,016	\$ 508,880	\$ 70,352	\$ 940,248
Investments	3,154	0	0	3,154
Inventory	20,510	0	0	20,510
Donations receivable	29,852	0	0	29,852
Prepaid expenses	3,706	0	0	3,706
Due from (to) other funds	76,126	(76,126)	0	0
Total Current Assets	494,364	432,754	70,352	997,470
<b>PROPERTY AND EQUIPMENT, NET</b>	220,399	1,507,779	0	1,728,178
<b>TOTAL ASSETS</b>	<u>\$ 714,763</u>	<u>\$ 1,940,533</u>	<u>\$ 70,352</u>	<u>\$ 2,725,648</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 66,255	\$ 0	\$ 0	\$ 66,255
Deferred revenue	60,530	0	0	60,530
Current portion of long-term debt	0	20,125	0	20,125
Total Current Liabilities	126,785	20,125	0	146,910
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, net of current portion	0	590,247	0	590,247
Total Liabilities	126,785	610,372	0	737,157
<b>NET ASSETS</b>				
Without Donor Restrictions	587,978	0	0	587,978
With Donor Restrictions	0	1,330,161	70,352	1,400,513
Total Net Assets	587,978	1,330,161	70,352	1,988,491
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 714,763</u>	<u>\$ 1,940,533</u>	<u>\$ 70,352</u>	<u>\$ 2,725,648</u>

The accompanying notes are an integral part of this statement.

**THE DRAGONFLY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 237,027	\$ 35,113	\$ 130,357	\$ 402,497
Inventory	16,444	0	0	16,444
Donation 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	277,561	39,053	130,357	446,971
<b>PROPERTY AND EQUIPMENT, NET</b>	243,355	1,502,980	0	1,746,335
<b>TOTAL ASSETS</b>	<u>\$ 520,916</u>	<u>\$ 1,542,033</u>	<u>\$ 130,357</u>	<u>\$ 2,193,306</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
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	65,281	16,376	0	81,657
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, net of current portion	0	610,497	0	610,497
Total Liabilities	65,281	626,873	0	692,154
<b>NET ASSETS</b>				
Unrestricted	455,635	0	0	455,635
Temporarily restricted	0	915,160	130,357	1,045,517
Total Net Assets	455,635	915,160	130,357	1,501,152
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<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 ACTIVITIES**  
For the Year Ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		Landing	Operating	
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions from organizations and individuals	\$ 789,800	\$ 415,001	\$ 144,999	\$ 1,349,800
Donated materials (in kind)	254,220	0	0	254,220
Donated services (in kind)	307,751	0	0	307,751
Special events				
Special events income	942,386	0	0	942,386
Special events income (in kind)	109,277	0	0	109,277
Less: direct benefit to donor	(101,349)	0	0	(101,349)
Special events income	950,314	0	0	950,314
Investment income (loss)	297	0	0	297
Net assets released from restrictions:				
Satisfaction of program restrictions	205,004	0	(205,004)	0
<b>Total Public Support and Revenue</b>	<b>2,507,386</b>	<b>415,001</b>	<b>(60,005)</b>	<b>2,862,382</b>
<b>EXPENSES</b>				
Program services	1,353,979	0	0	1,353,979
Supporting services				
Management and general	291,435	0	0	291,435
Fundraising				
Special events expense	446,518	0	0	446,518
Other fundraising	283,111	0	0	283,111
<b>Total Expenses</b>	<b>2,375,043</b>	<b>0</b>	<b>0</b>	<b>2,375,043</b>
<b>CHANGE IN NET ASSETS</b>	<b>132,343</b>	<b>415,001</b>	<b>(60,005)</b>	<b>487,339</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>455,635</b>	<b>915,160</b>	<b>130,357</b>	<b>1,501,152</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 587,978</b>	<b>\$ 1,330,161</b>	<b>\$ 70,352</b>	<b>\$ 1,988,491</b>

The accompanying notes are an integral part to this statement.

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		Landing	Operating	
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions from organizations and individuals	\$ 769,362	\$ 35,000	\$ 192,450	\$ 996,812
Donated materials (in kind)	196,256	0	0	196,256
Donated services (in kind)	381,146	0	0	381,146
Special events				
Special events income	537,284	0	0	537,284
Special events income (in kind)	64,515	0	0	64,515
Less: Direct benefit to donor	(39,347)	0	0	(39,347)
Special events income	562,452	0	0	562,452
Investment income (loss)	328	0	0	328
Net assets released from restrictions:				
Satisfaction of program restrictions	124,101	0	(124,101)	0
<b>Total Public Support and Revenue</b>	<b>2,033,645</b>	<b>35,000</b>	<b>68,349</b>	<b>2,136,994</b>
<b>EXPENSES</b>				
Program services	1,124,999	0	0	1,124,999
Supporting services				
Management and general	194,204	0	0	194,204
Fundraising				
Special events expense	326,207	0	0	326,207
Other fundraising	316,975	0	0	316,975
<b>Total Expenses</b>	<b>1,962,385</b>	<b>0</b>	<b>0</b>	<b>1,962,385</b>
<b>CHANGE IN NET ASSETS</b>	<b>71,260</b>	<b>35,000</b>	<b>68,349</b>	<b>174,609</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>384,375</b>	<b>880,160</b>	<b>62,008</b>	<b>1,326,543</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 455,635</b>	<b>\$ 915,160</b>	<b>\$ 130,357</b>	<b>\$ 1,501,152</b>

The accompanying notes are an integral part to this statement.



**THE DRAGONFLY FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2022

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>EXPENSES</b>				
Program expenses	\$ 317,223	\$ 0	\$ 5,834	\$ 323,057
Payroll and related expenses	340,450	193,945	113,252	647,647
Facilities costs	27,879	7,250	3,518	38,647
Interest expense	20,104	0	0	20,104
Systems	38,866	0	2,029	40,895
Depreciation	68,483	12,841	4,280	85,604
Legal and professional	12,800	20,898	68,145	101,843
Miscellaneous other expenses	33,658	20,453	19,707	73,818
Marketing	22,143	12,873	15,047	50,063
Special event expenses (excluding in-kind)	0	0	337,241	337,241
	<u>881,606</u>	<u>268,260</u>	<u>569,053</u>	<u>1,718,919</u>
Program expenses - in-kind	243,594	8,752	0	252,346
Facilities costs - in-kind	2,766	0	0	2,766
System - in-kind	115,388	14,423	14,424	144,235
Marketing - in-kind	110,625	0	36,875	147,500
Special event expenses - in-kind	0	0	109,277	109,277
	<u>472,373</u>	<u>23,175</u>	<u>160,576</u>	<u>656,124</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 1,353,979</u>	<u>\$ 291,435</u>	<u>\$ 729,629</u>	<u>\$ 2,375,043</u>

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>	
<b>EXPENSES</b>				
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	72,520	93,978
Miscellaneous other expenses	22,985	15,165	10,614	48,764
Marketing	22,495	7,860	19,821	50,176
Special event expenses (excluding in-kind)	0	0	261,692	261,692
	<u>674,601</u>	<u>184,445</u>	<u>477,860</u>	<u>1,336,906</u>
Program expenses - in-kind	217,315	1,700	330	219,345
Facilities costs - in-kind	2,766	0	0	2,766
System - in-kind	97,064	8,059	56,059	161,182
Marketing - in-kind	133,253	0	44,418	177,671
Special event expenses - in-kind	0	0	64,515	64,515
	<u>450,398</u>	<u>9,759</u>	<u>165,322</u>	<u>625,479</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 1,124,999</u>	<u>\$ 194,204</u>	<u>\$ 643,182</u>	<u>\$ 1,962,385</u>

The accompanying notes are an integral part of this statement.

**THE DRAGONFLY FOUNDATION**

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and June 30, 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 487,339	\$ 174,609
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	85,604	83,308
Donated inventory	(18,999)	(18,359)
Donated other assets	(28,695)	(9,449)
Distributed inventory	14,932	19,660
Distributed other assets	22,280	0
Donated investments	(2,887)	0
Investment income reinvested	(266)	0
(Increase) decrease in operating assets		
Inventory	0	9,694
Donations receivable	(4,075)	(17,538)
Prepaid expenses	(1,453)	(524)
Increase (decrease) in operating liabilities		
Accounts payable	35,460	(22,821)
Deferred revenue	26,044	(110,269)
Total Adjustments	<u>127,945</u>	<u>(66,298)</u>
Net Cash Flows From Operating Activities	<u>615,284</u>	<u>108,311</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	<u>(61,032)</u>	<u>0</u>
Net Cash Flows From Investing Activities	<u>(61,032)</u>	<u>0</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	<u>(16,501)</u>	<u>(13,126)</u>
Net Cash Flows From Financing Activities	<u>(16,501)</u>	<u>(13,126)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	537,751	95,185
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT BEGINNING OF YEAR</b>	<u>402,497</u>	<u>307,312</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT END OF YEAR</b>	<u>\$ 940,248</u>	<u>\$ 402,497</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:</b>		
Operations	\$ 361,016	\$ 237,027
Restricted cash	579,232	165,470
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 940,248</u>	<u>\$ 402,497</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, 2022 and June 30, 2021

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	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 20,104	\$ 33,285
Cash paid for taxes during the year	\$ 0	\$ 0
Non-cash activities:		
Donated inventory	\$ 18,999	\$ 18,359
Distributed inventory	\$ (14,932)	\$ (19,660)
Donated property	\$ 28,695	\$ 9,449

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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.

**THE DRAGONFLY FOUNDATION**

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Revenue Recognition and Significant Judgments**

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, 2022 and 2021 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.

**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.

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

**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, 2022, 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.

**New Accounting Pronouncement**

In September 2020, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"). ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), that clarifies the presentation and disclosures of contributed nonfinancial assets, including land, buildings, and other items. Contributed nonfinancial assets are separately stated as an individual line item in the statement of activities, distinct from contributions of cash or the financial assets and are disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statement of activities, and other disclosures related to nonfinancial assets. The update did not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU was adopted by the Foundation for the year ended June 30, 2022 and has been retroactively applied to the year ended June 30, 2021.

**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.

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

**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. See Note 7 for a summary of the impact of special events on changes in net assets.

**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 \$197,563 for the year ended June 30, 2022 and \$227,847 for the year ended June 30, 2021, 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, 2022 and June 30, 2021

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**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, 2022 and June 30, 2021 reduced by amounts not available for general expenditures within one year.

	<b>June 30,</b> <b>2022</b>	<b>June 30,</b> <b>2021</b>
Financial assets:		
Cash and cash equivalents	\$ 940,248	\$ 402,497
Investments	3,154	0
Donations receivable	<u>29,852</u>	<u>25,777</u>
Total financial assets	973,254	428,274
Less amounts with purpose restrictions	<u>579,232</u>	<u>165,470</u>
Financial assets available to meet cash needs for general expenditures within one year.	\$ <u>394,022</u>	\$ <u>262,804</u>

**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, 2022, the amount that exceeded the \$250,000 insured by the FDIC was \$689,081 and as of June 30, 2021 the amount that exceeded the \$250,000 insured by the FDIC was \$153,173.

**THE DRAGONFLY FOUNDATION**

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and June 30, 2021

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction consisted of the following at June 30, 2022:

	<u>Landing</u>		<u>Operating</u>
Care Bags	\$ 0	\$	11,177
I Am Still Me	0		15,000
Patient and Family Gifting	0		21,342
Beads of Courage Program	0		9,406
Technology	0		1,313
Hospital Support	0		12,114
Landing- Capital Campaign	1,330,161		0
Total Net Assets with Donor Restrictions	<u>\$ 1,330,161</u>	\$	<u>70,352</u>

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 released from net assets with donor restrictions are as follows at June 30, 2022:

	<u>Landing</u>		<u>Operating</u>
Care Bags	\$ 0	\$	49,508
Adopt a Family	0		2,000
Patient and Family Gifting	0		52,936
Beads of Courage Program	0		10,261
Technology	0		5,035
Patient and Family Events	0		67,378
Hospital Support	0		17,886
Total Released from Net Assets with Donor Restrictions	<u>\$ 0</u>	\$	<u>205,004</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>

**THE DRAGONFLY FOUNDATION**

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and June 30, 2021

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following for the year ended June 30, 2022 and June 30, 2021:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Depreciable:		
Building	\$ 1,595,732	\$ 1,535,742
Computers and related equipment and software	135,471	196,378
Furniture and fixtures	268,355	206,406
Total depreciable property	1,999,558	1,938,526
Less: accumulated depreciation	(449,930)	(364,326)
Total Depreciable Property, Net	<u>1,549,628</u>	<u>1,574,200</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	69,004	67,584
Other	4,995	0
Total Nondepreciable Property	<u>178,550</u>	<u>172,135</u>
Total Property and Equipment, Net	<u>\$ 1,728,178</u>	<u>\$ 1,746,335</u>

**NOTE 6 - LONG TERM DEBT**

Long term liabilities at June 30, 2022 and June 30, 2021 consist of the following:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
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%	460,372	476,873
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>610,372</u>	<u>626,873</u>
Less: current maturities	<u>(20,125)</u>	<u>(16,376)</u>
Total Long Term Liabilities	<u>\$ 590,247</u>	<u>\$ 610,497</u>

**THE DRAGONFLY FOUNDATION**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 June 30, 2022 and June 30, 2021

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**NOTE 6 - LONG TERM DEBT (Continued)**

Current maturities for the next five years are as follows:

2023	\$	20,125
2024		21,999
2025		22,711
2026		21,597
2027		22,470
Thereafter		<u>501,470</u>
	\$	<u><u>610,372</u></u>

**NOTE 7 - SPECIAL EVENTS**

The following represents a summary of the impact of special events on changes in net assets for the years ended June 30, 2022 and June 30, 2021:

	<u>June 30, 2022</u>	<u>June 31, 2021</u>
Special Events Revenue	\$ <u>950,314</u>	\$ <u>562,452</u>
Special Events Expenses:		
Direct expenses	337,241	261,692
In-kind	<u>109,277</u>	<u>64,515</u>
Total Special Events Expenses	<u>446,518</u>	<u>326,207</u>
Events Impact on Change in Net Assets	\$ <u><u>503,796</u></u>	\$ <u><u>236,245</u></u>

**NOTE 8 - IN KIND DONATIONS**

For the years ended June 30, 2022 and June 30, 2021, gift-in-kind recognized in the statement of activities included:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Program	\$ 254,220	\$ 198,428
Facilities	7,264	2,766
System	152,987	168,538
Marketing	147,500	207,670
Special events	<u>109,277</u>	<u>64,515</u>
	\$ <u><u>671,248</u></u>	\$ <u><u>641,917</u></u>

**Gifts-in-kind valuation techniques:** Toys, gifts and care bag items used for patient gifting are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under “like-kind” methodology. Sales force, drop box and google are systems valued at the fair value of the software on the open market. Billboards and other marketing donated are valued at the fair value of the marketing material.

**THE DRAGONFLY FOUNDATION**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2022 and June 30, 2021

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**NOTE 8 - IN KIND DONATIONS (Continued)**

**Donor restrictions and gifts-in-kind use:** All gifts-in-kind are unrestricted. The organization does not sell donated gifts-in-kind. Note that special events in-kind expense is netted with special event in-kind revenue. The netted special event in kind is \$0.

**NOTE 9 - 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 10 - SUBSEQUENT EVENTS**

The Foundation has evaluated all subsequent events through October 4, 2022, the date the financial statements were available to be issued.