

THE DRAGONFLY FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2023 and June 30, 2022

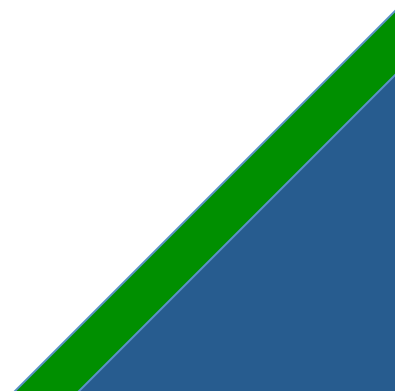


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INDEPENDENT AUDITORS' REPORT

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, 2023 and June 30, 2022, 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, 2023 and June 30, 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 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
December 7, 2023

THE DRAGONFLY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2023

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
CURRENT ASSETS				
Cash and cash equivalents	\$ 695,261	\$ 570,325	\$ 146,707	\$ 1,412,293
Investments	0	0	0	0
Inventory	13,955	0	0	13,955
Donations receivable	18,933	0	0	18,933
Prepaid expenses	0	0	0	0
Due from (to) other funds	(153,561)	153,561	0	0
Total Current Assets	574,588	723,886	146,707	1,445,181
PROPERTY AND EQUIPMENT, NET	217,103	1,721,626	0	1,938,729
TOTAL ASSETS	<u>\$ 791,691</u>	<u>\$ 2,445,512</u>	<u>\$ 146,707</u>	<u>\$ 3,383,910</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 54,959	\$ 0	\$ 0	\$ 54,959
Deferred revenue	44,463	0	0	44,463
Current portion of long-term debt	0	21,400	0	21,400
Total Current Liabilities	99,422	21,400	0	120,822
LONG-TERM LIABILITIES				
Long-term debt, net of current portion	0	572,027	0	572,027
Total Liabilities	99,422	593,427	0	692,849
NET ASSETS				
Without Donor Restrictions	692,269	0	0	692,269
With Donor Restrictions	0	1,852,085	146,707	1,998,792
Total Net Assets	692,269	1,852,085	146,707	2,691,061
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 791,691</u>	<u>\$ 2,445,512</u>	<u>\$ 146,707</u>	<u>\$ 3,383,910</u>

The accompanying notes are an integral part of this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2022

ASSETS	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
CURRENT ASSETS				
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
Donation 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
PROPERTY AND EQUIPMENT, NET	220,399	1,507,779	0	1,728,178
TOTAL ASSETS	<u>\$ 714,763</u>	<u>\$ 1,940,533</u>	<u>\$ 70,352</u>	<u>\$ 2,725,648</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
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
LONG-TERM LIABILITIES				
Long-term debt, net of current portion	0	590,247	0	590,247
Total Liabilities	126,785	610,372	0	737,157
NET ASSETS				
Unrestricted	587,978	0	0	587,978
Temporarily restricted	0	1,330,161	70,352	1,400,513
Total Net Assets	587,978	1,330,161	70,352	1,988,491
TOTAL LIABILITIES AND NET ASSETS	<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 ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
PUBLIC SUPPORT AND REVENUE				
Contributions from organizations and individuals	\$ 485,311	\$ 629,500	\$ 500,663	\$ 1,615,474
Donated materials (in kind)	199,373	0	0	199,373
Donated services (in kind)	342,032	0	0	342,032
Special events				
Special events income	919,308	0	0	919,308
Special events income (in kind)	90,131	0	0	90,131
Less: direct benefit to donor	(84,440)	0	0	(84,440)
Special events income	924,999	0	0	924,999
Investment income (loss)	(187)	0	0	(187)
Net assets released from restrictions:				
Satisfaction of program restrictions	531,884	(107,576)	(424,308)	0
Total Public Support and Revenue	2,483,412	521,924	76,355	3,081,691
EXPENSES				
Program services	1,514,415	0	0	1,514,415
Supporting services				
Management and general	209,518	0	0	209,518
Fundraising				
Special events expense	437,028	0	0	437,028
Other fundraising	218,160	0	0	218,160
Total Expenses	2,379,121	0	0	2,379,121
CHANGE IN NET ASSETS	104,291	521,924	76,355	702,570
NET ASSETS AT BEGINNING OF YEAR	587,978	1,330,161	70,352	1,988,491
NET ASSETS AT END OF YEAR	\$ 692,269	\$ 1,852,085	\$ 146,707	\$ 2,691,061

The accompanying notes are an integral part to this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Landing	Operating	
PUBLIC SUPPORT AND REVENUE				
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
Total Public Support and Revenue	2,507,386	415,001	(60,005)	2,862,382
EXPENSES				
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
Total Expenses	2,375,043	0	0	2,375,043
CHANGE IN NET ASSETS	132,343	415,001	(60,005)	487,339
NET ASSETS AT BEGINNING OF YEAR	455,635	915,160	130,357	1,501,152
NET ASSETS AT END OF YEAR	\$ 587,978	\$ 1,330,161	\$ 70,352	\$ 1,988,491

The accompanying notes are an integral part to this statement.

THE DRAGONFLY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES				
Program expenses	\$ 478,156	\$ 5,137	\$ 2,706	\$ 485,999
Payroll and related expenses	434,144	128,636	0	562,780
Facilities costs	25,934	8,837	3,088	37,859
Interest expense	24,962	1,748	0	26,710
Systems	32,113	0	1,659	33,772
Depreciation	68,248	12,797	4,266	85,311
Legal and professional	0	31,728	70,200	101,928
Miscellaneous other expenses	36,617	11,416	33,863	81,896
Marketing	1,696	1,658	6,595	9,949
Special event expenses (excluding in-kind)	0	0	346,897	346,897
	<u>1,101,870</u>	<u>201,957</u>	<u>469,274</u>	<u>1,773,101</u>
Program expenses - in-kind	220,925	7,561	1,403	229,889
Facilities costs - in-kind	0	0	0	0
System - in-kind	0	0	0	0
Marketing - in-kind	191,620	0	94,380	286,000
Special event expenses - in-kind	0	0	90,131	90,131
	<u>412,545</u>	<u>7,561</u>	<u>185,914</u>	<u>606,020</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,514,415</u>	<u>\$ 209,518</u>	<u>\$ 655,188</u>	<u>\$ 2,379,121</u>

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>	
EXPENSES				
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>
TOTAL FUNCTIONAL EXPENSES	<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 of this statement.

THE DRAGONFLY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and June 30, 2022

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 702,570	\$ 487,339
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	85,311	85,604
Donated inventory	(23,871)	(18,999)
Donated other assets	(23,098)	(28,695)
Distributed inventory	23,947	14,932
Obsolete inventory	6,478	0
Distributed other assets	0	22,280
Donated investments	(1,317)	(2,887)
Investment income reinvested	0	(266)
(Increase) decrease in operating assets		
Donations receivable	10,919	(4,075)
Prepaid expenses	3,706	(1,453)
Increase (decrease) in operating liabilities		
Accounts payable	(11,296)	35,460
Deferred revenue	(16,067)	26,044
Total Adjustments	<u>54,712</u>	<u>127,945</u>
Net Cash Flows From Operating Activities	<u>757,282</u>	<u>615,284</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	4,471	0
Purchases of property and equipment	<u>(272,763)</u>	<u>(61,032)</u>
Net Cash Flows From Investing Activities	<u>(268,292)</u>	<u>(61,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	<u>(16,945)</u>	<u>(16,501)</u>
Net Cash Flows From Financing Activities	<u>(16,945)</u>	<u>(16,501)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	472,045	537,751
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT BEGINNING OF YEAR	<u>940,248</u>	<u>402,497</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, AT END OF YEAR	<u>\$ 1,412,293</u>	<u>\$ 940,248</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Operations	\$ 695,261	\$ 361,016
Restricted cash	<u>717,032</u>	<u>579,232</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 1,412,293</u>	<u>\$ 940,248</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, 2023 and June 30, 2022

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 19,659	\$ 20,104
Cash paid for taxes during the year	\$ 0	\$ 0
Non-cash activities:		
Donated inventory	\$ 23,871	\$ 18,999
Distributed inventory	\$ (23,947)	\$ (14,932)
Donated property	\$ 23,098	\$ 28,695

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 and in our partner hospitals in Dayton and Chicago 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)

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, 2023 and 2022 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.

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, 2023, 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.

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.

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and June 30, 2022

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 with or without restrictions depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in restricted net assets. When a donor restriction expires such as when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. 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 \$295,950 for the year ended June 30, 2023 and \$197,563 for the year ended June 30, 2022, 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.

Adoption of New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued new lease accounting guidance in Accounting Standards Update ("ASU") 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the organization to recognize a lease liability and related right-of-use assets for all leases for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Adoption of New Accounting Pronouncements (Continued)**

Effective July 1, 2022, the Foundation adopted ASU 2016-02. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than twelve months, by recognizing all components of the lease payment in the statements of income and comprehensive income in the period in which the obligation for the payments is incurred. As of June 30, 2023 the new standard has no effect on the 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.

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, 2023 and June 30, 2022 reduced by amounts not available for general expenditures within one year.

	June 30, 2023	June 30, 2022
Financial assets:		
Cash and cash equivalents	\$ 1,412,293	\$ 940,248
Investments	0	3,154
Donations receivable	<u>18,933</u>	<u>29,852</u>
Total financial assets	1,431,226	973,254
Less amounts with purpose restrictions	<u>717,032</u>	<u>579,232</u>
Financial assets available to meet cash needs for general expenditures within one year.	\$ <u>714,194</u>	\$ <u>394,022</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, 2023, the amount that exceeded the \$250,000 insured by the FDIC was \$1,168,007 and as of June 30, 2022 the amount that exceeded the \$250,000 insured by the FDIC was \$689,081.

THE DRAGONFLY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023 and June 30, 2022

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consisted of the following at June 30, 2023:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 68,582
Adopt a Family	0	1,659
I Am Still Me	0	12,679
Patient and Family Gifting	0	26,365
Beads of Courage Program	0	24,921
Technology	0	12,501
Landing- Capital Campaign	1,852,085	0
Total Net Assets with Donor Restrictions	<u>\$ 1,852,085</u>	<u>\$ 146,707</u>

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 released from net assets with donor restrictions are as follows at June 30, 2023:

	<u>Landing</u>	<u>Operating</u>
Care Bags	\$ 0	\$ 25,272
Adopt a Family	0	26,139
I am Still Me	0	24,834
Patient and Family Gifting	0	50,319
Beads of Courage Program	0	4,391
Technology	0	5,125
Patient and Family Events	0	235,000
Hospital Support	0	44,228
Urgent Need	0	9,000
Landing- Capital Campaign	107,576	0
Total Released from Net Assets with Donor Restrictions	<u>\$ 107,576</u>	<u>\$ 424,308</u>

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2023 and June 30, 2022

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following for the year ended June 30, 2023 and June 30, 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Depreciable:		
Building	\$ 1,867,296	\$ 1,595,732
Computers and related equipment and software	136,671	135,471
Furniture and fixtures	<u>281,355</u>	<u>268,355</u>
Total depreciable property	2,285,322	1,999,558
Less: accumulated depreciation	<u>(535,241)</u>	<u>(449,930)</u>
Total Depreciable Property, Net	<u>1,750,081</u>	<u>1,549,628</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	77,102	69,004
Other	<u>6,995</u>	<u>4,995</u>
Total Nondepreciable Property	<u>176,550</u>	<u>178,550</u>
 Total Property and Equipment, Net	 <u>\$ 1,938,729</u>	 <u>\$ 1,728,178</u>

THE DRAGONFLY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2023 and June 30, 2022

NOTE 6 - LONG TERM DEBT

Long term liabilities at June 30, 2023 and June 30, 2022 consist of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</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%	\$ 443,427	\$ 460,372
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%	<u>150,000</u>	<u>150,000</u>
	593,427	610,372
Less: current maturities	<u>(21,400)</u>	<u>(20,125)</u>
Total Long Term Liabilities	<u>\$ 572,027</u>	<u>\$ 590,247</u>

Current maturities for the next five years are as follows:

2023	\$ 21,400
2024	22,798
2025	23,445
2026	24,419
2027	25,389
Thereafter	<u>475,976</u>
	<u>\$ 593,427</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, 2023 and June 30, 2022:

	<u>June 30, 2023</u>	<u>June 31, 2022</u>
Special Events Revenue	\$ <u>924,999</u>	\$ <u>950,314</u>
Special Events Expenses:		
Direct expenses	346,897	337,241
In-kind	<u>90,131</u>	<u>109,277</u>
Total Special Events Expenses	<u>437,028</u>	<u>446,518</u>
Events Impact on Change in Net Assets	<u>\$ 487,971</u>	<u>\$ 503,796</u>

NOTE 8 - IN KIND DONATIONS

For the years ended June 30, 2023 and June 30, 2022, gift-in-kind recognized in the statement of activities included:

	June 30, 2023	June 30, 2022
Program	\$ 224,506	\$ 254,220
Facilities	4,800	7,264
System	26,099	152,987
Marketing	286,000	147,500
Special events	90,131	109,277
	<u>\$ 631,536</u>	<u>\$ 671,248</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.

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 - SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through December 7, 2023, the date the financial statements were available to be issued.