

CLAYTON DABNEY FOR KIDS WITH CANCER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

December 31, 2021 and 2020

CONTENTS

| | <u>Page</u> |
|---------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 3 |
| FINANCIAL STATEMENTS | |
| STATEMENTS OF FINANCIAL POSITION | 5 |
| STATEMENTS OF ACTIVITIES | 6 |
| 2021 STATEMENT OF FUNCTIONAL EXPENSES | 8 |
| 2020 STATEMENT OF FUNCTIONAL EXPENSES | 9 |
| STATEMENTS OF CASH FLOWS | 10 |
| NOTES TO FINANCIAL STATEMENTS | 12 |

FARMER, FUQUA & HUFF P.C.

Accountants and Consultants



2435 N. Central Expy, Suite 700
Richardson, Texas 75080
P - 214.473.8000
F - 214.473.8007

105 Decker Ct, Suite 870
Irving, Texas 75062
P - 972.650.1900
F - 972-619-6111

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clayton Dabney for Kids with Cancer

Opinion

We have audited the accompanying financial statements of Clayton Dabney for Kids with Cancer (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clayton Dabney for Kids with Cancer as of December 31, 2021 and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clayton Dabney for Kids with Cancer and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clayton Dabney for Kids with Cancer'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 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 Clayton Dabney for Kids with Cancer'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 Clayton Dabney for Kids with Cancer'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.

Jarner, Jugar & Huff, P.C.

Richardson, Texas
July 6, 2022

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS

| | 2021 | 2020 |
|--|--------------|--------------|
| CURRENT ASSETS | | |
| Cash | \$ 688,203 | \$ 823,798 |
| Certificates of deposit | --- | 227,478 |
| Investment | 400,000 | --- |
| Contributions receivable | 15,000 | --- |
| Miscellaneous receivable | 920 | 920 |
| Prepaid expenses | 991 | 7,364 |
| Total current assets | 1,105,114 | 1,059,560 |
| PROPERTY AND EQUIPMENT – at cost, less accumulated depreciation of \$24,138 and \$21,670 respectively | 1,278 | 3,746 |
| OTHER ASSETS | 1,999 | 1,999 |
| TOTAL ASSETS | \$ 1,108,391 | \$ 1,065,305 |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------|--------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 79,844 | 40,149 |
| Notes payable, current portion | --- | 19,917 |
| Grant payable | 14,135 | 13,858 |
| Deferred revenue | 144,616 | 33,446 |
| Total current liabilities | 238,595 | 107,370 |
| NON-CURRENT LIABILITIES | | |
| Note payable, long term | --- | 10,033 |
| Grant Payable | 29,123 | 43,258 |
| Total non-current liabilities | 29,123 | 53,291 |
| TOTAL LIABILITIES | 267,718 | 160,661 |
| NET ASSETS | | |
| Without donor restrictions | 813,172 | 884,135 |
| With donor restrictions | 27,501 | 20,509 |
| TOTAL NET ASSETS | 840,673 | 904,644 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,108,391 | \$ 1,065,305 |

The accompanying notes are an integral part of these statements.

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENTS OF ACTIVITIES
Years Ended December 31,

| | 2021 | 2020 |
|---|------------|------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Support and Revenues | | |
| Special events | | |
| Golf tournament - adults | \$ 189,713 | \$ 138,960 |
| Golf tournament donated goods and services | 5,000 | 5,300 |
| Less: Golf tournament cost of direct benefit to donors | (68,561) | (52,300) |
| Fishing tournament | 61,198 | --- |
| Fishing tournament - donated goods and services | 7,969 | --- |
| Less: Fishing tournament cost of direct benefit to donors | (11,198) | --- |
| Tennis tournaments | 145,465 | --- |
| Tennis tournaments – donated goods and services | 350 | --- |
| Less: Tennis tournament cost of direct benefit to donors | (55,947) | (960) |
| Ladies' events | 47,866 | 380,669 |
| Ladies' events donated goods and services | 23,296 | 74,314 |
| Less: Ladies events cost of direct benefit to donors | (38,821) | (146,028) |
| Adult events- other | 25,210 | 23,850 |
| Less: Adult events cost of direct benefit to donors | (9,154) | (9,899) |
| Other | 159 | (4,345) |
| Net revenue from special events | 322,545 | 409,561 |
| Contributions | 500,629 | 478,810 |
| Grants | 259,314 | 192,348 |
| Other donated goods and services | 10,000 | 22,000 |
| Other income | 93,360 | --- |
| Interest and dividends | 2,914 | 6,691 |
| | 1,188,762 | 1,109,410 |
| Total net assets released from restrictions | 43,008 | 76,487 |
| Total revenues and other support without donor restrictions | 1,231,770 | 1,185,897 |

The accompanying notes are an integral part of these statements.

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENTS OF ACTIVITIES (continued)
Years Ended December 31,

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Expenses | | |
| Program services | 1,015,635 | 794,793 |
| Supporting services | | |
| Fund-raising | 187,941 | 181,029 |
| General and administrative | <u>99,157</u> | <u>100,257</u> |
| | <u>1,302,733</u> | <u>1,076,079</u> |
| Increase (decrease) in net assets without donor restrictions | (70,963) | 109,818 |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Grants | 50,000 | 50,000 |
| Net assets released from restrictions | <u>(43,008)</u> | <u>(76,487)</u> |
| Increase (decrease) in net assets with donor restrictions | <u>6,992</u> | <u>(26,487)</u> |
| INCREASE (DECREASE) IN NET ASSETS | (63,971) | 83,331 |
| Net assets, beginning of year | <u>904,644</u> | <u>821,313</u> |
| Net assets, end of year | <u>\$ 840,673</u> | <u>\$ 904,644</u> |

The accompanying notes are an integral part of these statements.

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | Program Services | Supporting Services | | Total |
|---|---------------------|---------------------|-------------------------------|---------------------|
| | | Fund-raising | General and Administrative | |
| <u>EXPENSES</u> | | | | |
| Family assistance and other direct program service expenses | \$ 729,790 | \$ --- | \$ --- | \$ 729,790 |
| Salaries, payroll taxes and benefits | 258,749 | 73,037 | 62,490 | 394,276 |
| Professional services | 3,725 | 61,972 | 15,350 | 81,047 |
| Insurance | --- | --- | 7,920 | 7,920 |
| Rent and office related | 7,669 | 1,643 | 1,644 | 10,956 |
| Printing and graphic design | 1,610 | 1,610 | 357 | 3,577 |
| Telephone | 4,602 | 986 | 987 | 6,575 |
| Merchant processing fees | --- | 11,197 | 1,244 | 12,441 |
| Miscellaneous | --- | 632 | 642 | 1,274 |
| Office and meeting | 6,762 | 1,862 | 4,357 | 12,981 |
| Depreciation | 1,728 | 370 | 370 | 2,468 |
| Postage | --- | 678 | --- | 678 |
| Recognition | --- | 24,954 | 3,796 | 28,750 |
| | <u>1,014,635</u> | <u>178,941</u> | <u>99,157</u> | <u>1,292,733</u> |
| <u>IN-KIND EXPENSES</u> | | | | |
| Rent | <u>1,000</u> | <u>9,000</u> | <u>---</u> | <u>10,000</u> |
| | <u>\$ 1,015,635</u> | <u>\$ 187,941</u> | <u>\$ 99,157</u> | <u>\$ 1,302,733</u> |

The accompanying notes are an integral part of these statements.

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

| | Program Services | Supporting Services | | Total |
|---|---------------------|---------------------|-------------------------------|---------------------|
| | | Fund-raising | General and Administrative | |
| <u>EXPENSES</u> | | | | |
| Family assistance and other direct program service expenses | \$ 501,200 | \$ --- | \$ --- | \$ 501,200 |
| Salaries, payroll taxes and benefits | 258,640 | 75,121 | 66,873 | 400,634 |
| Professional services | 4,196 | 64,977 | 13,393 | 82,566 |
| Insurance | --- | --- | 7,126 | 7,126 |
| Rent and office related | 14,648 | 3,139 | 4,127 | 21,914 |
| Printing and graphic design | 825 | 825 | 183 | 1,833 |
| Telephone | 3,507 | 752 | 751 | 5,010 |
| Merchant processing fees | --- | 8,328 | 925 | 9,253 |
| Miscellaneous | --- | 100 | 723 | 823 |
| Office and meeting | 6,432 | 1,378 | 2,800 | 10,610 |
| Depreciation | 2,503 | 536 | 535 | 3,574 |
| Postage | 642 | 247 | 100 | 989 |
| Recognition | --- | 5,826 | 2,721 | 8,547 |
| | <u>792,593</u> | <u>161,229</u> | <u>100,257</u> | <u>1,054,079</u> |
| <u>IN-KIND EXPENSES</u> | | | | |
| Rent | <u>2,200</u> | <u>19,800</u> | <u>---</u> | <u>22,000</u> |
| | <u>\$ 794,793</u> | <u>\$ 181,029</u> | <u>\$ 100,257</u> | <u>\$ 1,076,079</u> |

The accompanying notes are an integral part of these statements.

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENTS OF CASH FLOWS
Years Ended December 31,

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (63,971) | \$ 83,331 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 2,468 | 3,574 |
| Forgiveness of debt | (93,360) | --- |
| (Increase) decrease in: | | |
| Contributions receivable | (15,000) | 36,455 |
| Other receivables | --- | (601) |
| Prepaid expenses | 6,373 | 13,506 |
| Increase (decrease) in: | | |
| Deferred revenue | 111,170 | (113,305) |
| Accounts payable and accrued liabilities | 39,695 | (46,372) |
| Grants payable | <u>(13,858)</u> | <u>(13,586)</u> |
| Net cash (used for) provided by operating activities | (26,483) | (36,998) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of equipment | --- | 650 |
| Purchase of equipment | --- | (1,610) |
| Investment in investment pool – related party | (400,000) | --- |
| Certificate of deposit withdrawal | 227,478 | --- |
| Investment in Certificate of deposit | <u>---</u> | <u>(3,998)</u> |
| Net cash (used for) provided by investing activities | <u>(172,522)</u> | <u>(4,958)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from PPP loan | <u>63,410</u> | <u>29,950</u> |
| Net cash (used for) provided by financing activities | <u>63,410</u> | <u>29,950</u> |
| NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH | (135,595) | (12,006) |
| Cash and Restricted Cash at beginning of year | <u>823,798</u> | <u>835,804</u> |
| Cash and Restricted Cash at end of year | <u>\$ 688,203</u> | <u>\$ 823,798</u> |
| Supplemental Disclosure: | | |
| Interest paid during the period | <u>\$ ---</u> | <u>\$ ---</u> |
| Taxes paid during the period | <u>\$ ---</u> | <u>\$ ---</u> |

CLAYTON DABNEY FOR KIDS WITH CANCER
STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31,

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Supplemental Cash Flow Information: | | |
| Noncash Activity: | | |
| Donated Goods and Services for Fundraising | \$ <u>36,615</u> | \$ <u>79,614</u> |
| Donated Office Space | \$ <u>10,000</u> | \$ <u>22,000</u> |

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Organization

Clayton Dabney for Kids with Cancer (“the Organization”) is a non-profit organization established in December 1995. In June 2018, the name of the Organization changed from Clayton Dabney Foundation for Kids with Cancer to Clayton Dabney for Kids with Cancer. The Organization’s mission is to provide needy families, with children in the last stages of terminal cancer, assistance in creating everlasting memories by providing last wishes, gifts, special events, family travel and financial assistance with household expenses. This assistance is arranged through the parents and is anonymous to the child. The Organization is supported primarily by donor contributions, grants and fund-raising events, which are held in the Dallas/Fort Worth, Texas and Houston, Texas areas.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At December 31, 2021 and 2020, the Organization had net assets with donor restrictions totaling \$27,501 and \$20,509, respectively, which have donor-imposed stipulations relating to support of cases.

Functional Allocation of Expenses

The costs of providing the various program services and related supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated between the program services and their supporting services.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued**

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. As such, the Organization is not taxed on income derived from its exempt functions but is subject to tax on unrelated business income. For the years ended December 31, 2021 and 2020, management believes all income is exempt from tax, and consequently, no income tax provision has been provided for in these financial statements. The Organization files a Form 990 Return of Organization Exempt from Income Tax. The Organization has evaluated its tax positions for all open years. Currently, tax years open and subject to examination by the Internal Revenue Service are the 2018, 2019 and 2020 tax years.

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets ranging from three to five years.

Statement of Cash Flows

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Organization does not consider any of its assets to meet the definition of a cash equivalent at December 31, 2021 and 2020.

Management's 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.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investment in Pool Managed by Financially Interrelated Entity

During 2021, the Organization transferred \$400,000 to the Clayton Dabney Legacy Fund, a related entity, that was placed in an investment pool. The funds are being held for the sole purpose of funding the Organization. The investment is being held in a brokerage cash account as of December 31, 2021 and is recorded at cost which approximates fair market value. Under Topic 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, when the not for profit and the entity that manages the investment pool are financially interrelated entities, as defined in the glossary to Topic 958, the specified beneficiary, the Organization, accounts for its investment in the pool asset as part of its interest in the pool manager, the recipient entity. FASB ASC 958-20-25-2 requires that if the beneficiary and the recipient entity are financially interrelated entities, as defined, the beneficiary recognizes its interest in the net assets of the recipient entity and adjust the interest for its share of the change in net assets on the recipient entity similar to the equity method.

NOTE B - CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash, including certificates of deposit. Concentration of credit risk with respect to cash primarily results from the Organization placing its cash and a portion of its certificates of deposit with one financial institution. The Organization's exposure to loss should this financial institution fail would be limited to any amount in excess of the amount insured by the Federal Deposit Insurance Corporation. At December 31, 2021 and 2020, the Organization had approximately \$182,246 and \$318,829, respectively, at risk for cash in excess of the FDIC insurance.

A material portion of the contributions is dependent on one single donor. The loss of the donor could have a materially adverse effect on the Organization. During the year ended 2021 and 2020 the donation from this single donor accounted for approximately 54% and 59% of contributions, respectively. The donation is from a third-party event held by a company where, prior to his retirement in 2022, a board member of the Organization held the position of Vice President of Business Development.

Concentrations from grants exist from four grants received in 2021 and three grants received in 2020. These grants are approximately 37% and 31%, respectively, of grants received for the year ended 2021 and 2020. To minimize the risk the Organization actively seeks new grants each year.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE C - DONATED GOODS AND SERVICES

Contributions of goods are recognized at their market value when received. Contributions of services are recognized if the services received create or enhance non-financial assets and/or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation. In-kind gifts valued at \$36,615 and \$79,614 for 2021 and 2020, respectively, were donated and used in fundraising activities and are included in the statements of activities.

Donated rent for the Houston office for 2021 and 2020 was \$10,000 and \$22,000 respectively and is included in the statements of activities and is described further in the statements of functional expenses. The Houston office was closed in 2021.

NOTE D – COMMITMENTS

In 2019, the Organization pledged to contribute \$75,000 beginning in 2020 through 2024 at \$15,000 each year to a specific program in Dallas, Texas. The grant payable is recognized at the present value of \$43,258 and \$57,116 at December 31, 2021 and 2020, respectively, in the accompanying statements of financial position. Amortization is recognized in 2021 and 2020 in the statement of activities as a component of program services expense. In both 2021 and 2020, the Organization contributed \$15,000 toward the pledge.

The approximate future commitments under the grant payable are as follows:
Years ending December 31,

| | Present value of Grant Payable | Program expense amortization | Total Grant |
|------|---|------------------------------------|------------------|
| 2022 | \$ 14,135 | \$ 865 | \$ 15,000 |
| 2023 | 14,417 | 583 | 15,000 |
| 2024 | 14,706 | 294 | 15,000 |
| 2025 | --- | --- | --- |
| 2026 | --- | --- | --- |
| | <u>\$ 43,258</u> | <u>\$ 1,742</u> | <u>\$ 45,000</u> |

Prior to December 31, 2021, the board approved funding for 24 additional cases. The financial statements do not include the accrual or expense for these cases as the amount of the request from the recipients was not yet known.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE E – CASH AND RESTRICTED CASH

Cash as of December 31, 2021 and 2020 consists of the following:

| | <u>2021</u> | <u>2020</u> |
|-----------------|-------------------|-------------------|
| Cash | \$ 688,203 | \$ 823,798 |
| Restricted Cash | <u>---</u> | <u>---</u> |
| | <u>\$ 688,203</u> | <u>\$ 823,798</u> |

NOTE F – PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2021 and 2020 consists of the following:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|-----------------|-----------------|
| Computers and software | \$ 20,440 | \$ 20,440 |
| Website development | <u>4,976</u> | <u>4,976</u> |
| | 25,416 | 25,416 |
| Less accumulated depreciation | <u>24,138</u> | <u>21,670</u> |
| | <u>\$ 1,278</u> | <u>\$ 3,746</u> |

NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Financial assets at year-end | \$ 1,088,203 | \$ 1,051,276 |
| Less those unavailable for general expenditures within one year due to: | | |
| Donor restricted – Fort Worth, TX cases | 27,501 | 20,509 |
| Grant payable | <u>15,000</u> | <u>15,000</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,045,702</u> | <u>\$ 1,015,767</u> |

As a part of the Organization’s liquidity management, it invests cash in money market accounts, investment pools, and certificates of deposit.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE H FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurement & Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted prices for identical or similar assets in active or inactive markets, observable inputs that are other than quoted prices and inputs that are derived from or corroborated by observable market data; and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available. The investment is held in an investment pool by a related party in a cash account at cost which approximates fair market value.

NOTE I – PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

The Organization was granted a loan on April 28, 2020 in the aggregate amount of \$29,950 pursuant to the Paycheck Protection Program (the “PPP”) during 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses. The loan was set to mature two years from the date of the note and bore interest at a rate of 1% per annum payable monthly commencing six months from the date that it was granted. The note could be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred during the period covered following the loan disbursement. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan were eligible for forgiveness if they were used for qualifying expenses as described in the CARES Act. The full amount of the loan was forgiven on January 7, 2021.

The Organization was granted a second loan on January 1, 2021 in the aggregate amount of \$63,410 pursuant to the Paycheck Protection Program (the “PPP”). The loan was set to mature five years from the date of the note and bore interest at a rate of 1% per annum. Loan payments will be deferred for loan forgiveness applicants until the SBA remits the borrower’s loan forgiveness amount to the lender. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred during the period covered following the loan disbursement. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan were eligible for forgiveness if they were used for qualifying expenses as described in the CARES Act. The full amount of the loan was forgiven on September 28, 2021.

CLAYTON DABNEY FOR KIDS WITH CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE K – DATE TO WHICH SUBSEQUENT EVENTS EVALUATED

The Organization has evaluated subsequent events for potential recognition or disclosure in the financial statements through July 6, 2022, which is the date the financial statements were available to be issued.

NOTE L – CORONAVIRUS PANDEMIC

During 2020, a strain of coronavirus (“COVID-19”) was reported worldwide, resulting in decreased economic activity and concerns about the pandemic, which would adversely affect the broader global economy. The virus continued to affect the economy through 2021. The Organization is taking all necessary steps to keep employees in a safe environment and are constantly monitoring the impact of COVID – 19. At this time, the extent to which COVID – 19 will impact the global economy and our mission is uncertain. Pandemics or other significant public health events could have a material adverse effect on the Organization and its activities in the future.