

**Children's Cancer Connection, Inc.  
Des Moines, Iowa**

**FINANCIAL REPORT**

**December 31, 2021 and 2020**

**C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Children's Cancer Connection, Inc.  
Des Moines, Iowa

### Opinion

We have audited the accompanying financial statements of Children's Cancer Connection, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 Children's Cancer Connection, Inc. 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 Children's Cancer Connection, Inc. 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 Children's Cancer Connection, Inc.'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 Children's Cancer Connection, Inc.'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 Children's Cancer Connection, Inc.'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.

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
May 9, 2022

**Children's Cancer Connection, Inc.  
STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 703,248	\$ 303,190
Investments	91,458	91,146
Pledges receivable, current	79,473	66,000
Inventory	14,504	15,419
Prepaid expenses	2,480	2,107
Total current assets	<u>891,163</u>	<u>477,862</u>
<b>NONCURRENT ASSETS</b>		
Pledges receivable, noncurrent	129,026	13,368
Investments, endowment	654,500	592,024
Land and building held for sale	479,109	—
Total noncurrent assets	<u>1,262,635</u>	<u>605,392</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	210,800	110,670
Building and improvements	379,200	545,768
Furniture and equipment	58,278	125,143
Vehicles	—	7,106
Trademark	6,600	6,600
	<u>654,878</u>	<u>795,287</u>
Less accumulated depreciation and amortization	47,747	267,779
Total property and equipment	<u>607,131</u>	<u>527,508</u>
Total assets	<u>\$2,760,929</u>	<u>\$1,610,762</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ —	\$ 888
Accrued expenses	21,567	11,797
Deferred revenue	104,500	17,500
Note payable	578,394	—
Total current liabilities	<u>704,461</u>	<u>30,185</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Unrestricted	842,534	866,750
Board designated endowment	531,470	469,939
Total without donor restrictions	<u>1,374,004</u>	<u>1,336,689</u>
With donor restrictions		
Time and purpose restrictions	674,017	235,441
Held in perpetuity	8,447	8,447
Total with donor restrictions	<u>682,464</u>	<u>243,888</u>
Total net assets	<u>2,056,468</u>	<u>1,580,577</u>
Total liabilities and net assets	<u>\$2,760,929</u>	<u>\$1,610,762</u>

See Notes to Financial Statements.

**Children's Cancer Connection, Inc.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	<u>Year ended December 31, 2021</u>			<u>Year ended December 31, 2020</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>SUPPORT</b>						
Contributions	\$ 601,241	\$ 525,000	\$1,126,241	\$ 786,673	\$ –	\$ 786,673
Paycheck Protection Program grant	–	–	–	126,887	–	126,887
Grants income	151,200	60,000	211,200	–	–	–
Program fees	28,276	–	28,276	21,450	–	21,450
In-kind gifts	22,686	–	22,686	3,108	–	3,108
Sale of items, net of cost	(263)	–	(263)	8,760	–	8,760
Investment income (loss), net of expenses	90,839	1,195	92,034	(4,577)	(106)	(4,683)
Other income	46,087	–	46,087	15,993	–	15,993
	<u>940,066</u>	<u>586,195</u>	<u>1,526,261</u>	<u>958,294</u>	<u>(106)</u>	<u>958,188</u>
Net assets released from restrictions	<u>147,619</u>	<u>(147,619)</u>	<u>–</u>	<u>107,425</u>	<u>(107,425)</u>	<u>–</u>
Total support	<u>1,087,685</u>	<u>438,576</u>	<u>1,526,261</u>	<u>1,065,719</u>	<u>(107,531)</u>	<u>958,188</u>
<b>EXPENSES</b>						
Program services	795,464	–	795,464	672,791	–	672,791
Supporting services	93,286	–	93,286	89,531	–	89,531
Fundraising	161,620	–	161,620	138,366	–	138,366
Total expenses	<u>1,050,370</u>	<u>–</u>	<u>1,050,370</u>	<u>900,688</u>	<u>–</u>	<u>900,688</u>
<b>CHANGE IN NET ASSETS</b>	37,315	438,576	475,891	165,031	(107,531)	57,500
<b>NET ASSETS, beginning</b>	<u>1,336,689</u>	<u>243,888</u>	<u>1,580,577</u>	<u>1,171,658</u>	<u>351,419</u>	<u>1,523,077</u>
<b>NET ASSETS, ending</b>	<u>\$1,374,004</u>	<u>\$ 682,464</u>	<u>\$2,056,468</u>	<u>\$1,336,689</u>	<u>\$ 243,888</u>	<u>\$1,580,577</u>

**Children's Cancer Connection, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year ended December 31, 2021				Year ended December 31, 2020			
	Program services	Supporting services	Fundraising	Total expenses	Program services	Supporting services	Fundraising	Total expenses
Salaries and wages	\$ 398,299	\$ 52,408	\$ 73,370	\$ 524,077	\$ 398,377	\$ 52,418	\$ 73,385	\$ 524,180
Employee benefits and taxes	78,967	10,390	14,547	103,904	75,352	9,915	13,881	99,148
Professional development	-	-	-	-	989	2,607	897	4,493
Professional fees	56,853	7,480	10,473	74,806	54,535	7,176	10,046	71,757
Hospital and clinic programs	8,696	-	-	8,696	-	-	-	-
Facility rentals	51,579	-	1,750	53,329	54	-	7,102	7,156
Conferences and meetings	1,070	1,069	1,070	3,209	305	427	90	822
Camp and event food	2,595	1,644	7,673	11,912	680	-	10,543	11,223
Development events	-	-	14,015	14,015	-	-	-	-
Activities	7,493	-	-	7,493	975	-	-	975
Printing	12,718	1,674	2,343	16,735	13,102	1,724	2,414	17,240
Postage	2,328	306	429	3,063	6,737	886	1,241	8,864
Supplies	42,672	5,615	7,861	56,148	26,828	3,530	4,942	35,300
Small equipment	14,705	1,935	2,709	19,349	-	-	-	-
Travel	6,119	805	1,127	8,051	391	51	72	514
Scholarships	11,500	-	-	11,500	15,000	-	-	15,000
Marketing and promotion	16,448	-	5,482	21,930	-	-	304	304
Grant writing	7,900	-	-	7,900	11,340	-	-	11,340
Volunteer activities and recognition	2,956	-	986	3,942	307	-	-	307
Dues and memberships	-	319	620	939	788	219	-	1,007
Insurance	6,418	845	1,182	8,445	12,122	1,595	2,233	15,950
Telephone and internet	10,244	1,348	1,887	13,479	5,854	770	1,079	7,703
Utilities	5,439	715	1,002	7,156	5,575	734	1,026	7,335
Storage	4,123	-	1,374	5,497	3,996	-	1,332	5,328
Special projects	8,681	1,142	1,599	11,422	-	-	-	-
Bank, credit card and online fees	3,160	416	582	4,158	4,819	888	1,393	7,100
Repairs and maintenance	10,005	1,316	1,843	13,164	10,828	1,425	1,995	14,248
Depreciation and amortization	23,764	3,127	4,378	31,269	23,837	3,136	4,391	31,364
Other expenses	732	732	3,318	4,782	-	2,030	-	2,030
	<u>\$ 795,464</u>	<u>\$ 93,286</u>	<u>\$ 161,620</u>	<u>\$1,050,370</u>	<u>\$ 672,791</u>	<u>\$ 89,531</u>	<u>\$ 138,366</u>	<u>\$ 900,688</u>

See Notes to Financial Statements.

**Children's Cancer Connection, Inc.  
STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 475,891	\$ 57,500
Adjustments to reconcile cash flows from operating activities		
Depreciation and amortization	31,269	31,364
Unrealized (gains) losses on investments	(80,477)	21,150
Realized losses on investments	1,262	1,148
Earnings reinvested	(12,801)	(14,684)
Changes in assets and liabilities		
Pledges receivable	(129,131)	111,762
Accounts receivable	-	10,250
Inventory	915	4,509
Prepaid expenses	(373)	3,696
Accounts payable	(888)	888
Accrued expenses	9,770	(828)
Deferred revenue	87,000	(63,760)
Net cash flows from operating activities	382,437	162,995
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	29,227	31,786
Purchase of property and equipment	(590,000)	-
Net cash flows from investing activities	(560,773)	31,786
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from promissory notes	578,394	-
Net cash flows from financing activities	578,394	-
<b>NET CHANGE IN CASH</b>	400,058	194,781
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	303,190	108,409
Ending	\$ 703,248	\$ 303,190
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Reinvested dividend and interest	\$ 12,801	\$ 14,684



Children's Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Children's Cancer Connection, Inc. is a nonprofit organization providing year round services to children living with cancer, and their families and friends primarily in Iowa. The organization is primarily supported through donor contributions.

**Basis of Accounting**

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with the standards of accounting and financial reporting for voluntary health and welfare organizations.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board as required by the classification of net assets topic of the *FASB Accounting Standards Codification*. The Organization is required to report information regarding its financial position, activities, and changes in net assets according to two classes of net assets:

*Net assets without donor restrictions* are those assets which are not restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of operations. Net assets without donor restrictions include amounts which the board has set aside for a particular purpose.

*Net assets with donor restrictions* represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. As donor-imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions.

**Use of Estimates**

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

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Investment income limited by restrictions is reported as a change in net assets without donor restrictions if the restrictions are met in the same reporting period as when recognized.

**Pledges Receivable**

Contributions are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

At December 31, 2021, pledges receivable are expected to be collected as follows: \$79,473 in 2022, \$78,012 in 2023 and \$51,014 in 2024. At December 31, 2021, all pledges receivable were considered fully collectible; therefore, no allowance for uncollectible pledges was recorded.

**Children's Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Inventory**

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value and consists of logo items available for sale.

**Property and Equipment**

Property and equipment with an estimated useful life of more than one year are recorded at cost. Contributed property is recorded at fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation of building, building improvements, furniture and equipment, vehicles and trademarks is provided over the estimated useful lives of the respective assets (3 – 40 years) on a straight-line basis. Expenditures for improvements and replacements are capitalized and costs of maintenance and repairs are charged to expense.

Included in property and equipment is \$379,200 relating to a building the Organization acquired during 2021 which will be placed in service and begin to depreciate during 2022.

**Support and Expenses**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions, except those that are for long-term purposes. Donated materials and equipment are reflected as contributions in the accompanying statements of activities and changes in net assets at their estimated values at date of receipt.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns for which no measurement is reflected.

**Paycheck Protection Program Grant**

In April 2020, the Organization received proceeds of \$126,887 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the provisions of the CARES Act, the award is forgivable, as long as the proceeds are used for eligible purposes. The Organization accounted for the PPP award pursuant to FASB Accounting Standards Codification (ASC) Topic 958 Not-for-Profit Entities-Revenue Recognition, and recorded the proceeds of the award as a conditional grant. The Organization concluded it had substantially met all requirements of the award for forgiveness as of December 31, 2020 and therefore recognized the award in revenue in 2020. The award was fully forgiven by the Small Business Administration on February 3, 2021.

**Children’s Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Allocation of Functional Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of employee assignments. Management and general expenses include those expenses that are not directly identifiable with any other specific functions but provide overall support and direction for the Organization.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 504(a) of the Internal Revenue Code as a nonprofit corporation as described in Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability, or asset, for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated its material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability, or asset, or disclosure in the financial statements. Management has not identified any uncertainty in income tax positions that would jeopardize the Organization’s status as a tax-exempt entity. The Organization’s income tax returns are subject to review and examination by tax authorities. However, there are currently no reviews or examinations for any tax periods in progress. The tax returns for years prior to the year ended December 31, 2018 are no longer open to examination by tax authorities.

**Reclassifications**

Certain expenses have been reclassified in the 2020 statements of activities and functional expenses in order to conform with the 2021 presentation, with no effect on total expenses reported.

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization’s investments are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments, current assets		
Cash alternatives	\$ 1,150	\$ 14,851
Exchange traded funds	90,308	4,063
Fixed income funds	–	25,702
Common stocks	–	46,530
	<u>91,458</u>	<u>91,146</u>
Investments, noncurrent assets		
Pooled investments	<u>654,500</u>	<u>592,024</u>
Totals	<u>\$ 745,958</u>	<u>\$ 683,170</u>

**Children’s Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

Investment income (loss) consisted of the following:

	<b>Year ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest, dividends	\$ 18,077	\$ 21,282
Realized (losses)	(1,262)	(1,148)
Change in unrealized gains (losses)	80,477	(21,150)
Investment income (loss)	97,292	(1,016)
Less investment fees	(5,258)	(3,667)
Investment income (loss), net of expenses	\$ 92,034	\$ (4,683)

The Organization follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, Level 1, and the lowest priority to unobservable inputs, Level 3. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on the management’s own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. The Organization had no Level 2 or Level 3 investments at December 31, 2021 and 2020.

Following is a description of the valuation methodologies used for the Organization’s investments measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020:

*Cash alternatives, exchange traded funds, fixed income funds and common stocks* – These securities are valued at the daily closing price as reported by the fund/stock. These funds/stocks are deemed to be actively traded.

*Pooled investments* – Pooled investments consist of assets held by the Community Foundation of Greater Des Moines. The Organization holds a share of the pooled funds and not direct ownership of the underlying investments. Although the pooled funds include investments in equity, fixed income, real assets, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled investments at the statement of financial position date based on its relative ownership investment in the pool. All funds held at the Community Foundation of Greater Des Moines are measured at fair value using the net asset value per share, or its equivalent, practical expedient. The funds are subject to the policies and governing documents of the Community Foundation, including control over investment and asset management.

**Children’s Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following table presents the Organization’s investments at fair values according to their classification within the fair value hierarchy as of December 31, 2021 and 2020. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The Organization had only Level 1 investments at December 31, 2021 and 2020.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Level 1		
Cash alternatives	\$ 1,150	\$ 14,851
Exchange traded funds	90,308	4,063
Fixed income funds	–	25,702
Common stocks	–	<u>46,530</u>
Total level 1 investments	<u>91,458</u>	<u>91,146</u>
Level 2	–	–
Level 3	–	–
Total investments in the fair value hierarchy	<u>91,458</u>	<u>91,146</u>
Investments measured at net asset value (1)	<u>654,500</u>	<u>592,024</u>
Investments at fair value	<u>\$ 745,958</u>	<u>\$ 683,170</u>

(1) Certain investments that were measured at net asset value per share, or its equivalent, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

**Transfers between Levels**

For the years ended December 31, 2021 and 2020, there were no significant transfers between Levels 1, 2, or 3.

**Investments Measured Using the Net Asset Value per Share Practical Expedient**

	Fair value as of December 31		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
	2021	2020			
Pooled investments	\$ <u>654,500</u>	\$ <u>592,024</u>	None	Daily	None

**NOTE 3 NOTE PAYABLE**

The Organization has entered into a variable rate term loan agreement with a bank in the amount of \$578,394 to purchase land and a building. The loan matured on March 20, 2022. The interest rate was equal to the Prime Rate plus 0.5%. The loan was secured by property purchased by the Organization. Subsequent to December 31, 2021, the loan was renewed with similar terms for a one year period.

**Children’s Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions have the following donor-imposed restrictions:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Endowment – Endow Iowa	\$ 8,427	\$ 7,482
Endowment – Regular	114,603	114,603
Nicole’s Victory Garden	9,025	9,025
My Journey Series	50,000	–
Teen groups and camping	90,000	30,000
Scholarships	101,910	53,410
Building improvements	300,000	–
General operations	–	10,000
Capital campaign	8,499	19,368
Totals	<u>\$ 682,464</u>	<u>\$ 243,888</u>

Net assets that were released from donor restrictions by incurring expenditures or satisfying time restrictions are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Endowment – Endow Iowa	\$ 250	\$ 663
My Journey Series	25,000	37,000
Teen groups and camping	90,000	30,000
Scholarships	11,500	15,000
General operations	10,000	9,000
Capital campaign	10,869	15,762
Totals	<u>\$ 147,619</u>	<u>\$ 107,425</u>

**NOTE 5 ENDOWMENT FUNDS**

Children’s Cancer Connection Fund

On March 7, 2003, the Organization executed a designated agency fund agreement with the Community Foundation of Greater Des Moines (the Foundation). The agreement established the endowment now known as the Children’s Cancer Connection Fund within the Foundation. The Fund is subject to the policies and governing documents of the Foundation including control over investment and asset management.

The Foundation had represented to Children’s Cancer Connection that although it has variance power, the Foundation Board has no intention of using the endowed assets held for the benefit of not-for-profit organizations for any reason other than to manage those funds for the not-for-profit organizations and the variance power would not be utilized. The Organization has determined that the proper method of accounting for its endowed funds held as an agency fund by Community Foundation of Greater Des Moines is to include the endowed assets and related income and expenses in its financial statements. Management of the endowment fund investments was provided by a third party beginning in 2016.

**Children's Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 ENDOWMENT FUNDS (continued)**

Children's Cancer Connection Endow Iowa Fund

On August 9, 2012, the Organization executed a designated agency fund agreement with the Community Foundation of Greater Des Moines. The agreement established the Children's Cancer Connection Endow Iowa Fund within the Foundation. The Fund is subject to the policies and governing documents of the Foundation including control over the administration, investment and distribution of fund property. The agreement states that the parties intend for the contributions to the fund to constitute endowment gifts made to an Endow Iowa qualified community foundation for a permanent endowment fund established to benefit a charitable cause in the State of Iowa within the meaning of Iowa Code Section 15E.301.

The Foundation has represented to the Organization that although it has variance power, the Foundation Board has no intention of using the endowed assets held for the benefit of not-for-profit organizations for any reason other than to manage those funds for the not-for-profit organizations. The agreement states that the variance power shall include the power to amend the agreement to the minimum extent necessary to maintain the Fund's Endow Iowa status or modify provisions for administrative purposes, or to redirect the annual distribution to other qualifying charities if the organization ceases to be a qualified charitable organization. The Organization has determined that the proper method of accounting for its endowed funds held as an agency fund by Community Foundation of Greater Des Moines is to include the endowed assets and related income and expenses in its financial statements. Management of the endowment fund investments was provided by a third party beginning in 2016.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

The donor-restricted endowment funds are classified as temporarily or permanently restricted net assets until those amounts are appropriated for expenditure by the Organization's Board in a manner consistent with the standard of prudence prescribed by the SPMIFA. In accordance with SPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation or depreciation of investments, (6) other resources of the organization, and (7) the Organization's investment policies.

**Investment Return Objectives, Risk Parameters and Strategies**

The Organization's Board of Directors has elected to have a third party manage the funds held by Community Foundation of Greater Des Moines in accordance with the investment policy adopted by the Board. The policy states that the endowed funds are subject to the investment return objectives, risk parameters and strategies developed by the Community Foundation of Greater Des Moines' Board of Directors.

**Spending Policy**

The Organization is limited to spending the endowments for the purposes for which the endowments were established. Endowments included in temporarily restricted net assets total \$114,603 and \$114,603 at December 31, 2021 and 2020, respectively, which represents contributions received from donors specified for endowment. Also included in the endowment fund held at Community Foundation of Greater Des Moines is \$531,470 and \$469,939 at December 31, 2021 and 2020, respectively, that has been designated by Children's Cancer Connection's Board of Directors for the endowment fund (including investment income (losses) on the account). The Organization has also received permanently restricted endowment contributions of \$8,447. The permanently restricted endowments were valued at \$8,427 and \$7,482 as of December 31, 2021 and 2020, respectively.

**Children’s Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 ENDOWMENT FUNDS (continued)**

**Spending Policy (continued)**

The agreement for the Children’s Cancer Connection Fund with the Community Foundation of Greater Des Moines stipulates that the Organization may receive net income from the Fund no more than twice per year and shall be limited to the spending formula determined by the Foundation Board of Directors, currently five percent of the previous December 31 balance. The Foundation shall receive an administrative fee payable quarterly. The Foundation Board of Directors shall consider distributions in excess of net income provided written requests plus a certified copy of a resolution supported by seventy-five percent of the Organization’s Board be submitted.

The agreement for the Children’s Cancer Connection Endow Iowa Fund with the Community Foundation of Greater Des Moines stipulates that the Organization may receive net income from the Fund no more than four times in any twelve month period and shall be limited to five percent of the previous December 31 balance in accordance with the provisions of Endow Iowa legislation. The Foundation shall receive an administrative fee payable quarterly.

The policy of the Organization is that disbursements will be taken from the endowment fund as needed to perpetuate the core objectives of the Organization which is to provide programs for children with cancer and their families. Funds distributed are to have the following priorities: provide summer camps, provide weekend camps and retreats, provide educational opportunities, and provide family outings and events. In 2021 and 2020, no funds were requested and received from the endowment fund to support operations.

**Activity in the Endowment Fund**

	<u>Quasi endowment</u>	<u>Donor restricted</u>	<u>Total</u>
December 31, 2019	\$ 512,869	\$ 122,854	\$ 635,723
Contributions	-	-	-
Distributions	(31,374)	(412)	(31,786)
Investment return	<u>(11,556)</u>	<u>(357)</u>	<u>(11,913)</u>
December 31, 2020	469,939	122,085	592,024
Contributions	-	-	-
Distributions	(29,227)	-	(29,227)
Investment return	<u>90,758</u>	<u>945</u>	<u>91,703</u>
December 31, 2021	<u>\$ 531,470</u>	<u>\$ 123,030</u>	<u>\$ 654,500</u>

**Underwater Endowment Fund**

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires to retain as a fund of perpetual duration. Deficiencies of this nature exist in the Endow Iowa endowment fund, which has an original gift value of \$8,447, a current value of \$8,427, and a deficiency of \$20. This deficiency resulted from an unfavorable market fluctuation that occurred after the investment of contributions in the Endow Iowa fund. The Board has not approved any appropriations for programs from this fund.



Children's Cancer Connection, Inc.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 6 LIQUIDITY**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 703,248	\$ 303,190
Investments	91,458	91,146
Pledges receivable	<u>79,473</u>	<u>66,000</u>
	<u>\$ 874,179</u>	<u>\$ 460,336</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations (if any) come due. In addition, the Organization may invest cash in excess of daily requirements in various short-term investments including money market funds and short-term treasury instruments.

**NOTE 7 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 9, 2022, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.