

The Periwinkle Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2018 and 2017

The Periwinkle Foundation

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Independent Auditors' Report

To the Board of Directors of
The Periwinkle Foundation:

We have audited the accompanying financial statements of The Periwinkle Foundation, which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Periwinkle Foundation as of December 31, 2018 and 2017 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.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, The Periwinkle Foundation adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended December 31, 2017, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

Blazek & Vetterling

July 10, 2019

The Periwinkle Foundation

Statements of Financial Position as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 710,966	\$ 424,790
Contributions receivable	94,482	25,825
Prepaid expenses and other assets	35,031	43,771
Investments (<i>Note 4</i>)	<u>926,228</u>	<u>936,641</u>
TOTAL ASSETS	<u>\$ 1,766,707</u>	<u>\$ 1,431,027</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 45,481	\$ 23,235
Deferred revenue – special events	<u>12,486</u>	<u>131,099</u>
Total liabilities	<u>57,967</u>	<u>154,334</u>
Net assets:		
Without donor restrictions (<i>Note 5</i>)	1,525,257	1,255,868
With donor restrictions (<i>Note 6</i>)	<u>183,483</u>	<u>20,825</u>
Total net assets	<u>1,708,740</u>	<u>1,276,693</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,766,707</u>	<u>\$ 1,431,027</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (<i>Note 7</i>)	\$ 604,447	\$ 575,111	\$ 1,179,558
Special events	1,219,463		1,219,463
Cost of direct donor benefit of special events	(196,546)		(196,546)
Net investment return	(32,404)		(32,404)
Other income	<u>3,018</u>	<u> </u>	<u>3,018</u>
Total revenue	1,597,978	575,111	2,173,089
Net assets released from restrictions:			
Program expenditures	399,628	(399,628)	
Expiration of time restrictions	<u>12,825</u>	<u>(12,825)</u>	<u> </u>
Total	<u>2,010,431</u>	<u>162,658</u>	<u>2,173,089</u>
EXPENSES:			
Program expenses	1,257,973		1,257,973
Management and general	182,250		182,250
Fundraising	<u>300,819</u>	<u> </u>	<u>300,819</u>
Total expenses	<u>1,741,042</u>	<u> </u>	<u>1,741,042</u>
CHANGES IN NET ASSETS	269,389	162,658	432,047
Net assets, beginning of year	<u>1,255,868</u>	<u>20,825</u>	<u>1,276,693</u>
Net assets, end of year	<u>\$ 1,525,257</u>	<u>\$ 183,483</u>	<u>\$ 1,708,740</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for year ended December 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (<i>Note 7</i>)	\$ 589,624	\$ 312,807	\$ 902,431
Special events	554,852		554,852
Cost of direct donor benefit of special events	(102,362)		(102,362)
Net investment return	84,508		84,508
Other income	<u>3,050</u>	<u></u>	<u>3,050</u>
Total revenue	1,129,672	312,807	1,442,479
Net assets released from restrictions:			
Program expenditures	301,982	(301,982)	
Expiration of time restrictions	<u>5,080</u>	<u>(5,080)</u>	<u></u>
Total	<u>1,436,734</u>	<u>5,745</u>	<u>1,442,479</u>
EXPENSES:			
Program expenses	1,183,638		1,183,638
Management and general	163,335		163,335
Fundraising	<u>263,758</u>	<u></u>	<u>263,758</u>
Total expenses	<u>1,610,731</u>	<u></u>	<u>1,610,731</u>
CHANGES IN NET ASSETS	(173,997)	5,745	(168,252)
Net assets, beginning of year	<u>1,429,865</u>	<u>15,080</u>	<u>1,444,945</u>
Net assets, end of year	<u>\$ 1,255,868</u>	<u>\$ 20,825</u>	<u>\$ 1,276,693</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statements of Functional Expenses for the years ended December 31, 2018 and 2017

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2018 TOTAL</u>
Salaries and related expenses	\$ 385,204	\$ 69,493	\$ 149,695	\$ 604,392
Professional fees	364,791	65,296	49,005	479,092
Camp rental expenses	226,515			226,515
Supplies	155,148	10,222	53,554	218,924
Occupancy	47,188	9,737	19,268	76,193
Transportation	30,625	171	630	31,426
Printing	17,836	1,128	12,345	31,309
Insurance	16,816	3,470	6,406	26,692
Bank and credit card fees		21,397	246	21,643
Postage and delivery	9,802	1,011	9,670	20,483
Other	<u>4,048</u>	<u>325</u>		<u>4,373</u>
Total expenses	<u>\$ 1,257,973</u>	<u>\$ 182,250</u>	<u>\$ 300,819</u>	1,741,042
Cost of direct donor benefit of special events				<u>196,546</u>
Total				<u>\$ 1,937,588</u>
Percentage of total expenses	72%	11%	17%	100%

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2017 TOTAL</u>
Salaries and related expenses	\$ 366,430	\$ 52,579	\$ 141,705	\$ 560,714
Professional fees	356,486	62,722	38,016	457,224
Camp rental expenses	218,526			218,526
Supplies	127,039	10,924	40,176	178,139
Occupancy	48,193	11,474	19,102	78,769
Transportation	27,469	546	957	28,972
Printing	16,138	1,778	10,847	28,763
Insurance	14,260	3,395	4,980	22,635
Bank and credit card fees		19,225		19,225
Postage and delivery	5,651	692	7,975	14,318
Other	<u>3,446</u>			<u>3,446</u>
Total expenses	<u>\$ 1,183,638</u>	<u>\$ 163,335</u>	<u>\$ 263,758</u>	1,610,731
Cost of direct donor benefit of special events				<u>102,362</u>
Total				<u>\$ 1,713,093</u>
Percentage of total expenses	74%	10%	16%	100%

See accompanying notes to financial statements.

The Periwinkle Foundation

Statements of Cash Flows for years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 432,047	\$ (168,252)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	86,254	(46,211)
Changes in operating assets and liabilities:		
Contributions receivable	(68,657)	(5,745)
Prepaid expenses and other assets	8,740	2,852
Accounts payable and accrued expenses	22,246	(17,451)
Deferred revenue – special events	<u>(118,613)</u>	<u>123,319</u>
Net cash provided (used) by operating activities	<u>362,017</u>	<u>(111,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(75,796)	(40,971)
Proceeds from sales of investments	26,272	
Net change in money market funds	<u>(26,317)</u>	<u>(3,326)</u>
Net cash used by investing activities	<u>(75,841)</u>	<u>(44,297)</u>
NET CHANGE IN CASH	286,176	(155,785)
Cash, beginning of year	<u>424,790</u>	<u>580,575</u>
Cash, end of year	<u>\$ 710,966</u>	<u>\$ 424,790</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Notes to Financial Statements for the years ended December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Periwinkle Foundation (Periwinkle), a Texas non-profit corporation founded in 1983, is dedicated to developing and providing programs that enrich the lives of children, young adults and families who are challenged by cancer and other life threatening illnesses and are cared for at Texas Children’s Hospital. Periwinkle Camps, Arts and Survivor programs make a positive impact in the lives of approximately 14,000 children, teens and families each year.

Periwinkle Camps

Camp Periwinkle – Founded in 1983, a week-long summer camp for children ages 7 to 15 treated at Texas Children’s Cancer and Hematology Centers and their siblings. It is a safe, emotionally healing environment that gives patients and their siblings the opportunity to grow in independence and self-esteem and leave camp a stronger survivor.

Camp YOLO (You Only Live Once) – Founded in 1998, addresses the challenges faced by adolescents ages 13 to 18, treated at Texas Children’s Hospital’s Cancer, Hematology, Cardiology, Rheumatology, Retrovirology, Allergy and Immunology Clinics. For two weekends each year, these young people have the chance to rejuvenate with others who understand their struggles, anxieties and fears.

Family Camp – Founded in 2009, for families with children challenged by cancer. This camp provides opportunities for families to get away from the hospital routine, create cherished memories and bond with other families who understand the stresses associated with a child’s diagnosis.

Periwinkle Day Camp – Founded in 2016, a week-long summer day camp for approximately 65 children with cancer ages 7 to 12 and their siblings. The camp provides children the magic of Camp Periwinkle in Houston where they participate in activities including sports, arts and crafts, outdoors and team building.

Camp Periwinkle Days at Texas Children’s Hospital transforms the waiting room of the Texas Children’s Cancer and Hematology Centers into a summer camp. The two-day camp is packed with games, prizes and activities to positively change and enrich the lives of children challenged by cancer under care at the hospital.

Periwinkle Arts In Medicine Program

The mission of the Periwinkle Arts In Medicine Program (PAIM) at Texas Children’s Cancer and Hematology Centers is to provide enjoyable and educational art activities that give children, young adults, families and caregivers affected by pediatric cancer and blood disorders the opportunity for self-expression, empowerment and healing through the arts.

Artistic activities by and for children create opportunities for self-expression, empowerment and development of coping skills. Making music, singing songs, performing dance, producing plays, writing and telling stories, and decorating spaces with visual art enhances the healing environment and treatment experience. PAIM provides art exposure in a variety of settings including outpatient and inpatient care areas.

Periwinkle Long Term Survivor Program

The Long Term Survivor Program began in 2008 and is designed to reach older teens and young adult cancer survivors. This program has grown to include retreats, social gatherings and educational programs geared at providing opportunities for survivors to share experiences, gain knowledge and life skills, and give back to the cancer community.

Basis of accounting – The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Federal income tax status – Periwinkle is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable due within one year are reported at net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows. At December 31, 2018, all contributions receivable are due within one year.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or used for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or the purpose has been fulfilled, or both.

Contributions are recognized at fair value when an unconditional commitment is received from the donor. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Non-cash contributions – Donated assets, materials, and use of facilities are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue is recognized when the event occurs. Amounts received in advance of the event are reported in the statement of financial position as deferred revenue. Cost of direct donor benefits of special events represent the cost of goods and services provided to attendees of special events.

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of

contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs, supplies, occupancy, and equipment repairs and maintenance are allocated on the basis of a time and effort study.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2019. Periwinkle plans to adopt this ASU for its fiscal year ending December 31, 2020. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provides additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. Periwinkle is required to apply the amendments for this ASU in its fiscal year ending December 31, 2019 financial statements. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not expect adoption of the ASU to significantly impact the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

Periwinkle adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2017, except that information regarding liquidity and availability of resources has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2018 presentation but had no impact on total net assets or total changes in net assets for 2017.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 comprise the following:

Financial assets at December 31, 2018:	
Cash	\$ 710,966
Contributions receivable	94,482
Investments	<u>926,228</u>
Total financial assets	<u>1,731,676</u>
Less financial assets not available for general expenditure:	
Board-designated investments	926,228
Contributions for Camp Periwinkle in future years	<u>80,000</u>
Total financial assets available for general expenditure	<u>\$ 725,448</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Periwinkle considers all expenditures related to its ongoing activities of its mission and its support to be general expenditures. Periwinkle has a board-designated reserve of \$926,228, which could be drawn upon in the event of unanticipated financial circumstances.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is 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 three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Vanguard Wellesley Income Fund	\$ 456,580			\$ 456,580
PIMCO All Asset All Authority Fund	341,664			341,664
Fixed-income mutual funds	94,117			94,117
Money market mutual funds	<u>33,867</u>			<u>33,867</u>
Total assets measured at fair value	<u>\$ 926,228</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 926,228</u>

Assets measured at fair value at December 31, 2017 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Vanguard Wellesley Income Fund	\$ 468,459			\$ 468,459
PIMCO All Asset All Authority Fund	364,359			364,359
Fixed-income mutual funds	93,003			93,003
Money market mutual funds	7,550			7,550
Equity securities	<u>3,270</u>			<u>3,270</u>
Total assets measured at fair value	<u>\$ 936,641</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 936,641</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Equity securities* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Periwinkle believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 599,029	\$ 319,227
Board-designated reserve	<u>926,228</u>	<u>936,641</u>
Total net assets without donor restrictions	<u>\$ 1,525,257</u>	<u>\$ 1,255,868</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Camp Periwinkle	\$ 91,944	
Arts & Creative writing	25,000	
Day Camps	15,000	
Camp YOLO	<u> </u>	<u>\$ 8,000</u>
Total subject to expenditure for specified purpose	131,944	8,000
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	<u>51,539</u>	<u>12,825</u>
Total net assets with donor restrictions	<u>\$ 183,483</u>	<u>\$ 20,825</u>

NOTE 7 – NON-CASH CONTRIBUTIONS

The fair value of non-cash items recognized as contributions and the related expenses is as follows:

	<u>2018</u>	<u>2017</u>
Program expenses:		
Camp faculty	\$ 131,327	\$ 149,179
Equipment, food and supplies	<u> </u>	<u>5,405</u>
Total non-cash contributions	<u>\$ 131,327</u>	<u>\$ 154,584</u>

NOTE 8 – OPERATING LEASE

Periwinkle leases office space under a non-cancelable lease. Future minimum lease commitments are as follows:

2019	\$ 66,533
2020	69,587
2021	<u>5,821</u>
Total	<u>\$ 141,941</u>

Lease expense totaled \$65,000 in 2018 and \$64,875 in 2017.

NOTE 9 – PERIWINKLE ARTS IN MEDICINE PROGRAM PARTNERSHIP WITH TEXAS CHILDREN’S HOSPITAL

As part of Periwinkle’s long-term commitment of providing enjoyable and educational art activities to children, families and their caregivers affected by pediatric cancer and blood disorders, Periwinkle entered into a five-year agreement with Texas Children’s Hospital. This exclusive partnership expands the Periwinkle Arts In Medicine Program at Texas Children’s Hospital Cancer and Hematology Centers to other Texas Children’s Hospital facilities through the addition of financial, staff and volunteer resources. The agreement requires annual payments of \$100,000 for five years to Texas Children’s Hospital for an AIM Coordinator, performance fees, and supplies for the program. The first payment was made in September 2015, with subsequent payments in September of each year through September 2019. The agreement can be terminated with 60-days’ notice by either Texas Children’s Hospital or Periwinkle. The fiscal years 2018 and 2017 payments of \$100,000 each are a program expense and are reported as professional fees in the statement of functional expenses. The final payment for this agreement will be made in September 2019. Periwinkle does not plan to continue this collaboration in the future.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 10, 2019, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
