

The Periwinkle Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023 and 2022

The Periwinkle Foundation

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Independent Auditors' Report

To the Board of Directors of
The Periwinkle Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Periwinkle Foundation, which comprise the statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Periwinkle Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Periwinkle Foundation 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 The Periwinkle Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 The Periwinkle Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Periwinkle Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blazek & Vetterling

November 20, 2024

The Periwinkle Foundation

Statements of Financial Position as of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 752,747 | \$ 1,147,455 |
| Contributions receivable | 22,500 | 133,522 |
| Operating right-of-use assets, net <i>(Note 4)</i> | 5,820 | 75,607 |
| Prepaid expenses and other assets | 45,326 | 43,153 |
| Investments <i>(Note 3)</i> | <u>1,220,106</u> | <u>1,152,185</u> |
| TOTAL ASSETS | <u>\$ 2,046,499</u> | <u>\$ 2,551,922</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 57,879 | \$ 56,352 |
| Deferred revenue – special events | 52,480 | |
| Operating lease liabilities <i>(Note 4)</i> | <u>5,820</u> | <u>75,607</u> |
| Total liabilities | <u>116,179</u> | <u>131,959</u> |
| Net assets: | | |
| Without donor restrictions <i>(Note 5)</i> | 1,885,039 | 2,358,178 |
| With donor restrictions <i>(Note 6)</i> | <u>45,281</u> | <u>61,785</u> |
| Total net assets | <u>1,930,320</u> | <u>2,419,963</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,046,499</u> | <u>\$ 2,551,922</u> |

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for the year ended December 31, 2023

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE: | | | |
| Contributions: | | | |
| Cash and other financial assets | \$ 602,992 | \$ 256,067 | \$ 859,059 |
| Nonfinancial assets (<i>Note 7</i>) | 178,575 | | 178,575 |
| Special events: | | | |
| Cash and other financial assets | 545,769 | | 545,769 |
| Proceeds from contributed auction items (<i>Note 7</i>) | 134,976 | | 134,976 |
| Cost of direct donor benefits | (146,904) | | (146,904) |
| Net investment return | 67,095 | | 67,095 |
| Other income | <u>3,390</u> | | <u>3,390</u> |
| Total revenue | 1,385,893 | 256,067 | 1,641,960 |
| Net assets released from restrictions: | | | |
| Program expenditures | <u>272,571</u> | <u>(272,571)</u> | |
| Total | <u>1,658,464</u> | <u>(16,504)</u> | <u>1,641,960</u> |
| EXPENSES: | | | |
| Program expenses | 1,587,780 | | 1,587,780 |
| Management and general | 178,975 | | 178,975 |
| Fundraising | <u>364,848</u> | | <u>364,848</u> |
| Total expenses | <u>2,131,603</u> | | <u>2,131,603</u> |
| CHANGES IN NET ASSETS | (473,139) | (16,504) | (489,643) |
| Net assets, beginning of year | <u>2,358,178</u> | <u>61,785</u> | <u>2,419,963</u> |
| Net assets, end of year | <u>\$ 1,885,039</u> | <u>\$ 45,281</u> | <u>\$ 1,930,320</u> |

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for year ended December 31, 2022

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|-------------------------------|----------------------------|--------------|
| REVENUE: | | | |
| Contributions: | | | |
| Cash and other financial assets | \$ 671,852 | \$ 260,305 | \$ 932,157 |
| Nonfinancial assets <i>(Note 7)</i> | 172,215 | | 172,215 |
| Special events: | | | |
| Cash and other financial assets | 1,013,445 | | 1,013,445 |
| Proceeds from contributed auction items <i>(Note 7)</i> | 269,840 | | 269,840 |
| Cost of direct donor benefits | (253,884) | | (253,884) |
| Net investment return | (126,177) | | (126,177) |
| Other income | 3,380 | | 3,380 |
| Total revenue | 1,750,671 | 260,305 | 2,010,976 |
| Net assets released from restrictions: | | | |
| Program expenditures | 270,519 | (270,519) | |
| Expiration of time restrictions | 6,800 | (6,800) | |
| Total | 2,027,990 | (17,014) | 2,010,976 |
| EXPENSES: | | | |
| Program expenses | 1,496,911 | | 1,496,911 |
| Management and general | 157,006 | | 157,006 |
| Fundraising | 330,527 | | 330,527 |
| Total expenses | 1,984,444 | | 1,984,444 |
| CHANGES IN NET ASSETS | 43,546 | (17,014) | 26,532 |
| Net assets, beginning of year | 2,314,632 | 78,799 | 2,393,431 |
| Net assets, end of year | \$ 2,358,178 | \$ 61,785 | \$ 2,419,963 |

See accompanying notes to financial statements.

The Periwinkle Foundation

Statements of Functional Expenses for the years ended December 31, 2023 and 2022

| | PROGRAM EXPENSES | MANAGEMENT AND GENERAL | FUNDRAISING | 2023 TOTAL |
|-------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries and related benefits | \$ 522,541 | \$ 78,813 | \$ 179,567 | \$ 780,921 |
| Professional fees | 465,751 | 45,702 | 72,421 | 583,874 |
| Supplies | 242,169 | 22,989 | 52,220 | 317,378 |
| Camp rental | 221,639 | | | 221,639 |
| Occupancy | 51,205 | 7,767 | 22,078 | 81,050 |
| Printing | 19,836 | 2,037 | 21,906 | 43,779 |
| Transportation | 36,332 | 876 | 2,831 | 40,039 |
| Bank and credit card fees | | 15,368 | 5,268 | 20,636 |
| Insurance | 12,906 | 1,926 | 4,430 | 19,262 |
| Postage and delivery | 10,050 | 548 | 4,127 | 14,725 |
| Other | <u>5,351</u> | <u>2,949</u> | | <u>8,300</u> |
| Total expenses | <u>\$ 1,587,780</u> | <u>\$ 178,975</u> | <u>\$ 364,848</u> | 2,131,603 |
| Percentage of total expenses | 75% | 8% | 17% | |
| Cost of direct donor benefits | | | | <u>146,904</u> |
| Total | | | | <u>\$ 2,278,507</u> |

| | PROGRAM EXPENSES | MANAGEMENT AND GENERAL | FUNDRAISING | 2022 TOTAL |
|-------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries and related benefits | \$ 503,709 | \$ 72,067 | \$ 169,284 | \$ 745,060 |
| Professional fees | 473,895 | 44,928 | 63,398 | 582,221 |
| Supplies | 181,934 | 9,535 | 50,407 | 241,876 |
| Camp rental | 212,861 | | | 212,861 |
| Occupancy | 50,308 | 7,398 | 16,276 | 73,982 |
| Printing | 14,226 | 635 | 13,544 | 28,405 |
| Transportation | 33,788 | 305 | 4,470 | 38,563 |
| Bank and credit card fees | | 19,653 | 4,194 | 23,847 |
| Insurance | 12,163 | 1,789 | 3,935 | 17,887 |
| Postage and delivery | 11,771 | 696 | 5,019 | 17,486 |
| Other | <u>2,256</u> | | | <u>2,256</u> |
| Total expenses | <u>\$ 1,496,911</u> | <u>\$ 157,006</u> | <u>\$ 330,527</u> | 1,984,444 |
| Percentage of total expenses | 75% | 8% | 17% | |
| Cost of direct donor benefits | | | | <u>253,884</u> |
| Total | | | | <u>\$ 2,238,328</u> |

See accompanying notes to financial statements.

The Periwinkle Foundation

Statements of Cash Flows for years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ (489,643) | \$ 26,532 |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Net realized and unrealized (gain) loss on investments | (21,170) | 205,296 |
| Amortization of lease right-of-use assets | 69,787 | 69,667 |
| Changes in operating assets and liabilities: | | |
| Contributions receivable | 111,022 | (114,722) |
| Prepaid expenses and other assets | (2,173) | 17,049 |
| Accounts payable and accrued expenses | 1,527 | 34,175 |
| Deferred revenue – special events | 52,480 | (68,151) |
| Operating lease liabilities | <u>(69,787)</u> | <u>(69,667)</u> |
| Net cash provided (used) by operating activities | <u>(347,957)</u> | <u>100,179</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of investments | (44,490) | (80,097) |
| Proceeds from sales of investments | | 1,734 |
| Net change in money market mutual funds | <u>(2,261)</u> | <u>(1,935)</u> |
| Net cash used by investing activities | <u>(46,751)</u> | <u>(80,298)</u> |
| NET CHANGE IN CASH | (394,708) | 19,881 |
| Cash, beginning of year | <u>1,147,455</u> | <u>1,127,574</u> |
| Cash, end of year | <u>\$ 752,747</u> | <u>\$ 1,147,455</u> |

See accompanying notes to financial statements.

The Periwinkle Foundation

Notes to Financial Statements for the years ended December 31, 2023 and 2022

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 Center 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 and Retrovirology 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 and other blood disorders 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.

Periwinkle Family Getaway Camp – A unique program implemented in the summer of 2022; Periwinkle Family Summer Getaway hosted 25 families in person over two camp sessions. These camp sessions provide an opportunity 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 cancer diagnosis.

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).

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are discounted to estimate the present value of future cash flows. An allowance for uncollectible contributions receivable is provided when it is believed that contributions may not be collected in full. Contributions receivable at December 31, 2023 are expected to be collected within one year.

It is Periwinkle’s policy to write off receivables against the allowance when management determines the receivable will not be collected. The loss on valuation of contributions receivable recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and individual account-by-account analysis of receivable balances. It is possible that management’s estimate regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of contributions receivable.

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 purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Periwinkle is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances. In 2023 and 2022, 19% and 18% of contributions, respectively, were from one donor.

Nonfinancial 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 includes elements of both contributions and exchange transactions and are recognized when an event occurs. Cost of direct donor benefits represent the costs of goods and services provided to event attendees. Amounts received in advance are reported as deferred revenue.

Functional allocation of expenses – Expenses are reported by their functional classification. 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 more than one activity 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.

NOTE 2 – 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 comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 752,747 | \$ 1,147,455 |
| Contributions receivable | 22,500 | 133,522 |
| Investments | <u>1,220,106</u> | <u>1,152,185</u> |
| Total financial assets | 1,995,353 | 2,433,162 |
| Less financial assets not available for general expenditure: | | |
| Board-designated reserve | (1,220,106) | (1,152,185) |
| Contributions for Camp Periwinkle for use in future years | <u>(30,000)</u> | <u>(40,000)</u> |
| Total financial assets available for general expenditure | <u>\$ 745,247</u> | <u>\$ 1,240,977</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, which could be drawn upon in the event of unanticipated financial circumstances.

NOTE 3 – 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, 2023 are as follows:

| | <u>LEVEL 1</u> | <u>LEVEL 2</u> | <u>LEVEL 3</u> | <u>TOTAL</u> |
|-------------------------------------|---------------------|----------------|----------------|---------------------|
| Mutual funds: | | | | |
| Vanguard Wellesley Income Fund | \$ 608,532 | | | \$ 608,532 |
| PIMCO All Asset All Authority Fund | 393,386 | | | 393,386 |
| Money market mutual funds | 114,488 | | | 114,488 |
| Fixed-income mutual funds | <u>103,700</u> | | | <u>103,700</u> |
| Total assets measured at fair value | <u>\$ 1,220,106</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,220,106</u> |

Assets measured at fair value at December 31, 2022 are as follows:

| | <u>LEVEL 1</u> | <u>LEVEL 2</u> | <u>LEVEL 3</u> | <u>TOTAL</u> |
|-------------------------------------|---------------------|----------------|----------------|---------------------|
| Mutual funds: | | | | |
| Vanguard Wellesley Income Fund | \$ 568,734 | | | \$ 568,734 |
| PIMCO All Asset All Authority Fund | 373,142 | | | 373,142 |
| Money market mutual funds | 112,227 | | | 112,227 |
| Fixed-income mutual funds | <u>98,082</u> | | | <u>98,082</u> |
| Total assets measured at fair value | <u>\$ 1,152,185</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,152,185</u> |

Mutual funds are valued at the reported net asset value. This valuation method 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 method is 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 4 – OPERATING LEASES

Periwinkle leases office space under non-cancelable operating leases. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

During both 2023 and 2022, lease costs associated with operating leases were \$69,850.

During the years ended December 31, 2023 and 2022, cash paid for amounts included in the measurement of operating lease liabilities was \$69,850.

As of December 31, 2023 and 2022, the weighted-average remaining lease term for all operating leases is 1 month and 13 months, respectively. The weighted-average discount rate associated with operating leases as of both December 31, 2023 and 2022 is .17%.

There is no discount to present value remaining on this lease at December 31, 2023.

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Undesignated | \$ 664,933 | \$ 1,205,993 |
| Board-designated reserve | <u>1,220,106</u> | <u>1,152,185</u> |
| Total net assets without donor restrictions | <u>\$ 1,885,039</u> | <u>\$ 2,358,178</u> |

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Subject to expenditure for specified purpose: | | |
| Camp Periwinkle | \$ 45,000 | \$ 60,000 |
| Other | <u>281</u> | <u>1,785</u> |
| Total net assets with donor restrictions | <u>\$ 45,281</u> | <u>\$ 61,785</u> |

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Periwinkle received contributed nonfinancial assets as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-------------------|-------------------|
| Camp faculty professional fees | \$ 178,575 | \$ 172,215 |
| Auction items | <u>134,976</u> | <u>269,840</u> |
| Total contributed nonfinancial assets | <u>\$ 313,551</u> | <u>\$ 442,055</u> |

Camp faculty professionals provide counseling and medical services to participants of the Periwinkle Camps. Professional fees are recognized at their estimated fair value at the date of receipt based on current rates for similar services. Auction items are used for fundraising purposes. Contributed auction items are valued at the gross sale price received.

NOTE 8 – 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 is party

to a five-year agreement with Texas Children's Hospital. This exclusive partnership expands the PAIM 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 fiscal year 2020, with subsequent payments to be made each year through December 2024.

A second agreement was signed with Texas Children's Hospital in 2021 for the PAIM to employ an Activity Coordinator to assist with the program from July 1, 2021 through June 30, 2024. The agreement required annual payments of \$36,000 for three years beginning in July 2021 with subsequent payments to be made in July each year through July 2023.

Both agreements can be terminated with 60-days' notice by either Texas Children's Hospital or Periwinkle.

The payments are reported as program expenses and professional fees in the statements of functional expenses. There were expenses of \$136,000 and \$154,000 related to the Texas Children's Hospital contracts for the years ended December 31, 2023 and 2022, respectively.

NOTE 9 – SUBSEQUENT EVENTS

In February 2024, Periwinkle entered into a five-year operating lease for office space. The lease commitments over the life of the lease is approximately \$261,000.

Management has evaluated subsequent events through November 20, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
