

The Periwinkle Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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

August 19, 2025

The Periwinkle Foundation

Statements of Financial Position as of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 744,554	\$ 752,747
Contributions receivable	18,819	22,500
Operating right-of-use assets, net <i>(Note 4)</i>	216,446	5,820
Prepaid expenses and other assets	28,074	45,326
Investments <i>(Note 3)</i>	<u>1,266,898</u>	<u>1,220,106</u>
TOTAL ASSETS	<u>\$ 2,274,791</u>	<u>\$ 2,046,499</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 43,727	\$ 57,879
Deferred revenue – special events		52,480
Operating lease liability <i>(Note 4)</i>	<u>222,293</u>	<u>5,820</u>
Total liabilities	<u>266,020</u>	<u>116,179</u>
Net assets:		
Without donor restrictions <i>(Note 5)</i>	1,939,812	1,885,039
With donor restrictions <i>(Note 6)</i>	<u>68,959</u>	<u>45,281</u>
Total net assets	<u>2,008,771</u>	<u>1,930,320</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,274,791</u>	<u>\$ 2,046,499</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for the year ended December 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Cash and other financial assets	\$ 898,901	\$ 276,357	\$ 1,175,258
Nonfinancial assets (<i>Note 7</i>)	183,837		183,837
Special events:			
Cash and other financial assets	898,130		898,130
Proceeds from contributed auction items (<i>Note 7</i>)	339,577		339,577
Cost of direct donor benefits	(260,837)		(260,837)
Net investment return	46,791		46,791
Other income	<u>3,104</u>	<u></u>	<u>3,104</u>
Total revenue	2,109,503	276,357	2,385,860
Net assets released from restrictions:			
Program expenditures	<u>252,679</u>	<u>(252,679)</u>	<u></u>
Total	<u>2,362,182</u>	<u>23,678</u>	<u>2,385,860</u>
EXPENSES:			
Program expenses	1,654,123		1,654,123
Management and general	234,226		234,226
Fundraising	<u>419,060</u>		<u>419,060</u>
Total expenses	<u>2,307,409</u>		<u>2,307,409</u>
CHANGES IN NET ASSETS	54,773	23,678	78,451
Net assets, beginning of year	<u>1,885,039</u>	<u>45,281</u>	<u>1,930,320</u>
Net assets, end of year	<u>\$ 1,939,812</u>	<u>\$ 68,959</u>	<u>\$ 2,008,771</u>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statement of Activities for 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></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>	<u></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

Statements of Functional Expenses for the years ended December 31, 2024 and 2023

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL
Salaries and related benefits	\$ 565,337	\$ 97,301	\$ 203,912	\$ 866,550
Professional fees	463,818	59,510	84,479	607,807
Supplies	219,876	21,267	74,160	315,303
Camp rental	230,221			230,221
Occupancy	78,682	13,542	28,380	120,604
Transportation	38,615	423	1,737	40,775
Bank and credit card fees		37,096		37,096
Printing	16,844	1,565	16,840	35,249
Postage and delivery	19,759	1,082	4,807	25,648
Insurance	13,155	2,264	4,745	20,164
Other	7,816	176		7,992
Total expenses	<u>\$ 1,654,123</u>	<u>\$ 234,226</u>	<u>\$ 419,060</u>	2,307,409
Percentage of total expenses	72%	10%	18%	
Cost of direct donor benefits				<u>260,837</u>
Total				<u>\$ 2,568,246</u>

	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
Transportation	36,332	876	2,831	40,039
Bank and credit card fees		15,368	5,268	20,636
Printing	19,836	2,037	21,906	43,779
Postage and delivery	10,050	548	4,127	14,725
Insurance	12,906	1,926	4,430	19,262
Other	5,351	2,949		8,300
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>

See accompanying notes to financial statements.

The Periwinkle Foundation

Statements of Cash Flows for years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 78,451	\$ (489,643)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	9,457	(21,170)
Amortization of lease right-of-use assets	49,936	69,787
Changes in operating assets and liabilities:		
Contributions receivable	3,681	111,022
Prepaid expenses and other assets	17,252	(2,173)
Accounts payable and accrued expenses	(14,152)	1,527
Deferred revenue – special events	(52,480)	52,480
Operating lease liability	<u>(44,089)</u>	<u>(69,787)</u>
Net cash provided (used) by operating activities	<u>48,056</u>	<u>(347,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(55,814)	(44,490)
Net change in money market mutual funds	<u>(435)</u>	<u>(2,261)</u>
Net cash used by investing activities	<u>(56,249)</u>	<u>(46,751)</u>
NET CHANGE IN CASH	(8,193)	(394,708)
Cash, beginning of year	<u>752,747</u>	<u>1,147,455</u>
Cash, end of year	<u>\$ 744,554</u>	<u>\$ 752,747</u>
<i>Supplemental disclosure of cash flow information:</i>		
Operating right-of-use assets financed by operating lease liability	\$260,562	

See accompanying notes to financial statements.

The Periwinkle Foundation

Notes to Financial Statements for the years ended December 31, 2024 and 2023

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 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, 2024 are expected to be collected 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 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 2024 and 2023, 21% and 19% 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>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 744,554	\$ 752,747
Contributions receivable	18,819	22,500
Investments	<u>1,266,898</u>	<u>1,220,106</u>
Total financial assets	2,030,271	1,995,353
Less financial assets not available for general expenditure:		
Board-designated reserve	(1,266,898)	(1,220,106)
Contributions for Camp Periwinkle for use in future years	<u>(20,000)</u>	<u>(30,000)</u>
Total financial assets available for general expenditure	<u>\$ 743,373</u>	<u>\$ 745,247</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, 2024 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Vanguard Wellesley Income Fund	\$ 644,551			\$ 644,551
PIMCO All Asset All Authority Fund	397,774			397,774
Money market mutual funds	114,923			114,923
Fixed-income mutual funds	<u>109,650</u>			<u>109,650</u>
Total assets measured at fair value	<u>\$ 1,266,898</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,266,898</u>

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>

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 2024 and 2023, lease costs associated with operating leases were \$58,455 and \$69,850, respectively.

Cash paid for amounts included in the measurement of the operating lease liability are as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$52,667	\$69,850

The weighted-average term and discount rate for operating leases outstanding are as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	49 months	1 month
Weighted-average discount rate	3.8%	0.17%

Undiscounted cash flows related to the operating lease liability at December 31, 2024 are as follows:

2025	\$ 57,107
2026	58,205
2027	59,743
2028	59,743
2029	4,979
Less discount to present value	<u>(17,484)</u>
Total discounted present value of operating lease liability	<u>\$ 222,293</u>

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 672,914	\$ 664,933
Board-designated reserve	<u>1,266,898</u>	<u>1,220,106</u>
Total net assets without donor restrictions	<u>\$ 1,939,812</u>	<u>\$ 1,885,039</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Technology upgrade	\$ 38,959	
Camp Periwinkle	30,000	\$ 45,000
Other	<u> </u>	<u>281</u>
Total net assets with donor restrictions	<u>\$ 68,959</u>	<u>\$ 45,281</u>

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Periwinkle received contributed nonfinancial assets as follows:

	<u>2024</u>	<u>2023</u>
Camp faculty professional fees	\$ 183,837	\$ 178,575
Auction items	<u>339,577</u>	<u>134,976</u>
Total contributed nonfinancial assets	<u>\$ 523,414</u>	<u>\$ 313,551</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 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 19, 2025, 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.