**SeriousFun Children's Network, Inc.
and Subsidiaries**

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2023 and 2022

CohnReznick
ADVISORY • ASSURANCE • TAX

SeriousFun Children's Network, Inc. and Subsidiaries

Index

Independent Auditor's Report

To the Board of Directors
SeriousFun Children's Network, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of SeriousFun Children's Network, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SeriousFun Children's Network, Inc. and Subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SeriousFun Children's Network, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SeriousFun Children's Network, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 SeriousFun Children's Network, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SeriousFun Children's Network, Inc. and Subsidiaries' 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
June 5, 2024

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets

	2023	2022
Assets		
Cash and cash equivalents	$ 8,561,732	$ 9,143,917
Loans receivable, net of credit losses of $250,000 in 2023 and 2022	250,000	250,000
Unconditional promises to give	273,359	197,171
Prepaid expenses and other assets	278,566	238,158
Investments	8,647,060	7,994,243
Property and equipment (net)	68,043	83,347
Right-of-use assets	1,450,250	1,621,793
Total assets	$ 19,529,010	$ 19,528,629

Liabilities and Net Assets

	2023	2022
Liabilities		
Accounts payable and accrued expenses	$ 284,426	$ 216,456
Payables to camps	1,834,945	2,216,122
Lease liability	1,480,701	1,638,877
Total liabilities	3,600,072	4,071,455
Commitments		
Net assets		
Without donor restrictions	12,820,649	11,995,893
With donor restrictions	3,108,289	3,461,281
Total net assets	15,928,938	15,457,174
Total liabilities and net assets	$ 19,529,010	$ 19,528,629

See Notes to Consolidated Financial Statements.

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022

	Without donor restrictions	With donor restrictions	2023	Without donor restrictions	With donor restrictions	2022
Support and revenue						
Contributions	$ 2,776,046	$ 13,116,486	$ 15,892,532	$ 2,077,282	$ 10,409,674	$ 12,486,956
Special events	-	-	-	1,694,892	453,905	2,148,797
Special events expense	-	-	-	(831,026)	-	(831,026)
Contributions in-kind	13,356	632,622	645,978	207	690,646	690,853
Other gain	10,263	-	10,263	2,492	-	2,492
Total support	2,799,665	13,749,108	16,548,773	2,943,847	11,554,225	14,498,072
Revenue						
Dividends, interest and other investment income	552,809	35,097	587,906	121,185	36,555	157,740
Realized and unrealized gain (loss) on investments	311,718	148,072	459,790	(632,920)	(265,731)	(898,651)
Net assets released from restrictions	14,285,269	(14,285,269)	-	12,738,723	(12,738,723)	-
Total revenue	15,149,796	(14,102,100)	1,047,696	12,226,988	(12,967,899)	(740,911)
Total support and revenue	17,949,461	(352,992)	17,596,469	15,170,835	(1,413,674)	13,757,161
Expenses						
Program services	15,475,795	-	15,475,795	12,912,704	-	12,912,704
Support services						
General and administrative	888,201	-	888,201	908,964	-	908,964
Development	750,983	-	750,983	866,024	-	866,024
Total support services	1,639,184	-	1,639,184	1,774,988	-	1,774,988
Total expenses	17,114,979	-	17,114,979	14,687,692	-	14,687,692
Changes in net assets	834,482	(352,992)	481,490	483,143	(1,413,674)	(930,531)
Other revenue (expense)						
Loss on foreign currency	(9,726)	-	(9,726)	(65,217)	-	(65,217)
Total change in net assets	824,756	(352,992)	471,764	417,926	(1,413,674)	(995,748)
Net assets, beginning	11,995,893	3,461,281	15,457,174	11,577,967	4,874,955	16,452,922
Net assets, end	$ 12,820,649	$ 3,108,289	$ 15,928,938	$ 11,995,893	$ 3,461,281	$ 15,457,174

See Notes to Consolidated Financial Statements.

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Comparative Totals for 2022)

	Program	Development	General and administrative	2023 Total	2022 Total
Grants and financial support to camps and partner programs	$ 10,803,003	$ -	$ -	$ 10,803,003	$ 8,870,286
Personnel	3,261,094	544,586	739,186	4,544,866	4,164,755
Consultants and outside services	522,493	76,419	51,834	650,746	1,316,743
Travel and conferences	166,626	24,354	16,535	207,515	98,877
Information technology	231,255	33,814	22,959	288,028	216,225
Facilities and equipment	231,998	33,908	23,023	288,929	284,745
Insurance and professional fees	110,896	16,208	21,985	149,089	127,185
Office expenses and other	136,142	19,898	11,460	167,500	424,032
Depreciation	12,288	1,796	1,219	15,303	15,870
Total	15,475,795	750,983	888,201	17,114,979	15,518,718
Less special events expenses	-	-	-	-	(831,026)
	$ 15,475,795	$ 750,983	$ 888,201	$ 17,114,979	$ 14,687,692

See Notes to Consolidated Financial Statements.

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Development	General and administrative	2022 Total
Grants and financial support to camps and partner programs	$ 8,870,286	$ -	$ -	$ 8,870,286
Personnel	2,766,006	638,869	759,880	4,164,755
Consultants and outside services	846,735	426,881	43,127	1,316,743
Travel and conferences	76,416	14,307	8,154	98,877
Information technology	167,964	30,103	18,158	216,225
Facilities and equipment	221,190	39,643	23,912	284,745
Insurance and professional fees	90,179	16,162	20,844	127,185
Office expenses and other	324,924	65,552	33,556	424,032
Depreciation	12,328	2,209	1,333	15,870
Total	13,376,028	1,233,726	908,964	15,518,718
Less special events expenses	(463,324)	(367,702)	-	(831,026)
	$ 12,912,704	$ 866,024	$ 908,964	$ 14,687,692

See Notes to Consolidated Financial Statements.

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 471,764	$ (995,748)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Realized and unrealized (gain) loss on investments	(459,790)	898,651
Depreciation	15,303	15,870
Provision for doubtful accounts	-	250,000
Loss on disposal of property and equipment	-	5,519
Amortization of operating lease asset	171,543	168,452
Changes in operating assets and liabilities		
Unconditional promises to give	(76,188)	672,779
Prepaid expenses and other assets	(40,408)	14,320
Accounts payable and accrued expenses	67,970	(9,657)
Payable to camps	(381,177)	(84,956)
Payment on operating lease liability	(158,176)	(151,368)
Net cash (used in) provided by operating activities	(389,159)	783,862
Cash flows from investing activities		
Proceeds from sale of investments	66,607	215,459
Purchase of investments	(259,633)	(352,617)
Repayment of loan receivable	-	288,888
Increase in loan receivable	-	(500,000)
Net cash used in investing activities	(193,026)	(348,270)
Net (decrease) increase in cash and cash equivalents	(582,185)	435,592
Cash and cash equivalents, beginning	9,143,917	8,708,325
Cash and cash equivalents, end	$ 8,561,732	$ 9,143,917

Supplemental cash flow information

Year Ended December 31,	2023	2022
Cash paid for lease liability - Operating	$ 189,513	$ 185,796
Right-of-use assets obtained in exchanged for lease liabilities		
Operating	-	1,790,245

See Notes to Consolidated Financial Statements.

Note 1 - Nature of activities

SeriousFun Children's Network, Inc. (the "Organization") was formed in 2000 to support an association of affiliated camps and other facilities that serve children and families coping with serious illnesses and life-threatening conditions. It was created to support the shared interests and activities of the existing camps, and to foster the responsible development of new camps and new programs. Member camps and programs are located in North America, the Caribbean, Europe, Africa and Asia.

For programs, the activities include:

- Providing a forum for sharing information and best practices among the camps.
- Collecting and maintaining information on programs and management of the camps and to improve the delivery of camp programs and healthcare to children with serious illnesses and life-threatening conditions.
- Raising public awareness and engaging in common fundraising to benefit all camps.

Note 2 - Significant accounting policies

The significant accounting policies of the Organization are as follows:

Principles of consolidation
The consolidated financial statements include the accounts of the Organization and two related not-for-profit entities that are controlled by the Organization. SeriousFun Children's Network International, United Kingdom ("UK") was established in 2014 to organize and manage fundraising for the affiliated camps from donors based in the United Kingdom. All material inter-organization transactions and balances have been eliminated in consolidation.

Basis of presentation
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements report information regarding financial position and activities according to the following net asset categories:

Net assets without donor restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions
Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

New accounting pronouncement
On January 1, 2023, the Organization adopted Accounting Standards Update No, 2016-13, *Measurement of Credit Losses on Financial Instruments*, and its related amendments. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASC 326, the Organization evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. There were no material adjustments to the financial statements as a result of the adoption of ASC 326.

Revenue recognition
Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a 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 consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as unrestricted support in the consolidated statements of activities.

Exchange transactions - Revenue is recognized when control of the promised good or service is transferred in an amount that reflects the consideration expected in exchange for those goods or services.

Contributions received - An unconditional promise to give a financial asset is recognized as revenue when the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions made - Contributions and grants made are recognized as expenses in the period in which the promise is made. Contributions and grants with a measurable performance or other barrier, and a right of return, are not recognized until the conditions upon which they depend have been substantially met. The Organization makes grants to member camps and partnership programs to aid in development and capacity building. These grants are generally not payable until certain conditions have been met and, therefore, the expenses are not recorded until such conditions have been met.

Contributed nonfinancial assets - The Organization records the estimated fair value of the donated materials, equipment and usage of assets (i.e., rent) as both contributions in-kind revenue and expenses in the accompanying consolidated financial statements at their estimated fair values at the date of receipt.

Contributed nonfinancial assets totaled $645,978 and $690,853 for donated tee-shirts and other merchandise for the years ended December 31, 2023 and 2022, respectively. The tee-shirts and merchandise are restricted by the donor for use in volunteer programs and are valued at the retail sales price for similar tee-shirts and merchandise.

Donated services - The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Organization values these volunteer services based upon current rates provided to the Organization by the donor. There are no donated services as of December 31, 2023.

Cash and cash equivalents
For the purpose of the consolidated statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were $7,697,018 and $8,176,586 of cash equivalents as of December 31, 2023 and 2022, respectively.

Contributions receivable
Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on management's past experience. The Organization's policy is to charge off uncollectible contributions receivable when management determines the receivable will not be collected.

Contributions to be received over future periods are presented at the present value of estimated future cash flows using a discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Investments
Investments are reported at fair value with gains and losses included in the consolidated statements of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Allowance for credit losses
The Organization recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and based on the Organization's expectations as of the balance sheet date. Assets are written off when the Organization determined that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date.

Loans receivable
The Organization utilizes a loss rate approach in determining its lifetime expected credit losses on its loans receivable. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and for the period of time that we can reasonably forecast. For the period of time beyond which the Organization can reasonably forecast, the Organization applies immediate reversion based on the facts and circumstances as of the reporting date.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the borrower's creditworthiness, changes in lending policy and procedures, existence and effect of any concentration of credit and changes in the level of such concentrations, and the current and forecasted direction of the economic and business environment.

Property and equipment

The Organization capitalizes all furniture, equipment and leasehold improvements in excess of $5,000 and with a useful life greater than one year. Certain computer equipment may be expensed as incurred. Furniture, equipment and leasehold improvements are carried at cost. Donated furniture and equipment are carried at the approximate fair value at the date of donation. Depreciation for furniture and equipment is computed using the straight-line method over the estimated useful life of seven years. Leasehold improvements are amortized over the shorter of their useful life or term of the lease.

Property and equipment consisted of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Furniture	$ 158,617	$ 158,617
Equipment	168,936	168,936
Leasehold improvements	31,265	31,265
	358,818	358,818
Less accumulated depreciation	(290,775)	(275,471)
Property and equipment, net	$ 68,043	$ 83,347

Depreciation expense for the years ended December 31, 2023 and 2022 was $15,303 and $15,870, respectively.

Expenses for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

Income taxes

SeriousFun Children's Network, Inc. was organized as a nonprofit corporation under Section 501 (c)(3) of the Internal Revenue Code (the "Code") and, as such, is not subject to federal and state corporate income taxes.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal information returns prior to fiscal year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization has unrelated business income taxes, it will recognize interest and penalties associated with uncertain positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the consolidated statements of financial position.

Allocation of functional expenses

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization allocates expenses based upon the purpose of the expense. Generally, an expense relates to a specific functional expense. In some instances, an expense might relate to multiple functional expenses. Management determines the percent of the expense used by each functional expense and allocates accordingly.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was $7,682 and $51,048 at December 31, 2023 and 2022, respectively, and is included in consultants and outside services expense.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Foreign currency

The Organization's controlled not-for-profit subsidiary is located in the United Kingdom. The functional currency of this foreign operation is the local currency. The consolidated financial statement of the Organization's foreign subsidiary has been translated into U.S. dollars. All statement of financial position accounts have been translated using the exchange rate in effect at the statement of financial position dates. Statements of activities amounts have been translated using the average exchange rate for the year.

Foreign currency translation adjustments resulted in a loss of $9,726 for the year ended December 31, 2023 and a loss of $65,217 for the year ended December 31, 2022. The gain/loss has been reported separately in the consolidated statements of activities. Accumulated net translation adjustments have been reported in net assets without donor restrictions in the consolidated statements of financial position.

As of June 5, 2024, there was an increase in the value of the British Pound relative to the U.S. dollar. As a result of the change in foreign currency, the Organization would expect to record a gain of approximately $16 in 2024.

Concentrations of credit risk

The Organization maintains its United States-based cash and cash equivalent balances in two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation. From time to time, the Organization's balances may exceed these limits. At December 31, 2023, the Organization's uninsured domestic bank balances totaled $8.1 million. Cash held in foreign accounts are not covered by any U.S government insurance. At December 31, 2023, the Organization's uninsured foreign bank balances totaled $40,253. The Organization limits its credit risk by selecting financial institutions considered to be highly creditworthy.

The Organization invests in various equity securities. These investment securities are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risk depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors could result in changes in the value of the Organization's investments which could materially affect amounts reported in the consolidated financial statements.

The Organization has an operation outside the United States with foreign currency denominated assets and liabilities, denominated in the British pound. Because the Organization has foreign currency denominated assets and liabilities, financial exposure may result, primarily from the timing of transactions and the movement of exchange rates. The foreign currency consolidated statements of financial position exposures as of the end of 2023 are not expected to result in a significant impact on future earnings or cash flows.

During 2023, contributions received from three donors each exceeded 10% of total revenue with the most significant donor contributing 29% of total revenue, followed by two other donors contributing 13% and 11% of total revenue. During 2022, approximately 56% of contribution revenue was received from three donors.

Subsequent events

The Organization has evaluated subsequent events through June 5, 2024, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations:

	2023	2022
Cash and cash equivalents	$ 8,561,732	$ 9,143,917
Loans receivable, net of credit losses of $250,000 in 2023 and 2022	250,000	250,000
Unconditional promises to give	273,359	197,171
Investments	8,647,060	7,994,243
	17,732,151	17,585,331
Less: endowment funds to be used in perpetuity	(1,100,000)	(1,100,000)
Less: loan receivable after more than one year	(250,000)	(250,000)
Financial assets available	$ 16,382,151	$ 16,235,331

Certain financial assets are subject to donor-imposed restrictions due to time or purpose that can be met to cover costs during the next 12 months as of December 31, 2023 and 2022.

The Organization supports its general operations primarily with unrestricted donor contributions and donor-restricted funds whose time or purpose restriction has been met.

The Organization's Investment Policy Statement requires the investment portfolio to maintain liquid instruments within its portfolio to ensure assets are available to meet general expenditures, liabilities and other obligations as they come due. The Organization's finance committee reviews investment performance and considers near-term liquidity needs.

Note 4 - Loan receivable

On June 1, 2022, the Organization entered into an agreement with North Star Reach in the amount of $500,000. The loan bears interest at a rate of 2.0% per year and repayment shall be four years with 16 quarterly payments starting on March 31, 2025 and final payment due on December 31, 2028.

Management considered significant factors that could affect the expected collectability of the amortized cost basis of the portfolio and determined that the primary factors are financial standing of loan recipient organization. Total loan receivable balance (including unpaid accrued interest) as of both December 31, 2023 and 2022 was $250,000, net of an allowance for credit losses in each period of $250,000.

The future minimum payments due are as follows:

2025	$ 121,285
2026	123,729
2027	126,222
2028	128,764
	500,000
Less allowance	(250,000)
	$ 250,000

Note 5 - Unconditional promises to give

Unconditional promises to give are comprised of the following:

	2023	2022
Receivable due in		
Less than one year	$ 273,359	$ 197,171
One to five years	-	-
Greater than five years	-	-
	273,359	197,171
Less allowance	-	-
Less unconditional promises to give discount	-	-
	$ 273,359	$ 197,171

Note 6 - Investments and fair value measurement

Investments are comprised of the following:

	2023	2022
Cash and money balances	$ 17,891	$ 30,463
Mutual funds	8,629,169	7,963,780
Total	$ 8,647,060	$ 7,994,243

The Organization values its financial assets and liabilities that are recognized or disclosed at fair value on a recurring or nonrecurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The fair value hierarchy distinguishes three levels of inputs that may be utilized when measuring fair value. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. All of the Organization's investments are classified as Level 1.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Cash and money balances	$ 17,891	$ 17,891	$ -	$ -
Short-term fixed income	5,850,837	5,850,837	-	-
Fixed income	261,147	261,147	-	-
Equities	2,427,247	2,427,247	-	-
Alternative strategies	56,844	56,844	-	-
World allocation	33,094	33,094	-	-
	$ 8,647,060	$ 8,647,060	$ -	$ -

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	Total	Level 1	Level 2	Level 3
Short-term fixed income	$ 30,463	$ 30,463	$ -	$ -
Short-term fixed income	5,589,411	5,589,411	-	-
Fixed income	205,846	205,846	-	-
Equities	2,051,049	2,051,049	-	-
Alternative strategies	86,877	86,877	-	-
World allocation	30,597	30,597	-	-
	$ 7,994,243	$ 7,994,243	$ -	$ -

Investments in mutual funds are valued at the daily closing price as reported by the fund (Level 1). Mutual funds are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The funds held by the Organization are deemed to be actively traded. Level 1 instrument valuations are obtained from real time quotes for transactions in active exchange markets involving identical assets.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in valuation methods from 2022 to 2023.

Note 7 - Right-of-use assets and lease liabilities

The Organization leases building space used for its administrative offices. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applies the practical expedient available to lessees to combine non lease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Organization estimates the risk-free rate as the discount rate.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's lease has a minimum base term with renewal options. Such renewal options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option, the term of the lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization's office is located in Norwalk, Connecticut subject to a 10-year operating lease commencing November 1, 2020, with rent payments commencing October 1, 2021 through September 30, 2031. The lease agreement includes an extension option for two additional periods of five years each at the end of the initial lease term. The renewal options are exercisable solely at the Organization's discretion and have been excluded from the lease term measurements.

The Organization has various operating leases for office equipment that are on a month-to-month basis. The Organization has elected to apply the short-term lease practical expedient to not recognized a lease liability and right-of-use asset for short-term leases.

The following is information about the Organization's right-of-use assets and lease liabilities for its operating leases as of December 31, 2023.

The following table summarizes information about leases as of December 31:

	2023	2022
Right-of-use assets		
Operating	$ 1,450,250	$ 1,621,793
Total right-of-use assets	$ 1,450,250	$ 1,621,793
Lease liabilities		
Operating	$ 1,480,701	$ 1,638,877
Total lease liabilities	$ 1,480,701	$ 1,638,877

	Operating
2024	$ 193,308
2025	197,169
2026	201,114
2027	205,140
2028	209,241
2029-2032	596,829
Total future payments	1,602,801
Less imputed interest	(122,100)
Lease obligations	$ 1,480,701

Weighted average remaining lease term	8.8 years
Weighted average discount rate	2%

The components of the Organization's lease cost for the years ended December 31, 2023 and 2022, are as follows:

	Income statement classification	2023	2022
Operating lease cost, net			
Rent expense	Facilities and equipment	$ 202,883	$ 202,883
Short-term lease expense	Facilities and equipment	8,481	8,926

Note 8 - Net assets

Net assets consisted of the following:

	2023	2022
With donor restrictions		
Purpose and time restrictions	$ 1,737,445	$ 2,201,622
Accumulated investment gains on endowment	270,844	159,659
Amounts required to be held in perpetuity	1,100,000	1,100,000
	$ 3,108,289	$ 3,461,281

The purpose restrictions relate primarily to amounts to be expended as grants to member camps and for other future events and operations.

In the years ended December 31, 2023 and 2022, net assets of $14,285,269 and $12,738,723, respectively, were released from donor restrictions due to the satisfaction of purpose restrictions.

Note 9 - Related party transactions

During the years ended December 31, 2023 and 2022, the Organization received $2,313,202 and $4,843,569, respectively, of cash contributions from related organizations, members of the Organization's Board of Directors and employees.

One related party contributed $2,162,738 in the year ended December 31, 2023 and $2,118,050 in the year ended December 31, 2022, which is approximately 13% and 14% of total revenue, respectively.

Note 10 - Endowment

The Organization's endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Underwater endowment funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the State of Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") requires the Organization to retain as a fund of perpetual duration.

While CTUPMIFA allows for endowment funds to fall below the required level, it is the Organization's intention to maintain its endowment funds at their required levels when possible. The Organization did not have underwater endowment funds at December 31, 2023 and 2022.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to generate annual returns in support of operations while also increasing the value of endowment assets. The endowment investment objectives are to safeguard and preserve the real purchasing power of the portfolio while earning investment returns sufficient to meet donor requirements. Under this policy, the Organization seeks to control risk and reduce volatility in its portfolio through diversification. The Organization also seeks to maintain adequate liquidity to meet its obligations, including planned expenditures.

Strategies employed to achieve objectives
To satisfy its long-term rate of return objectives, endowment funds are allocated among various asset classes including equity, fixed income, alternative investments and cash and is diversified both by and within asset classes. The purpose of this diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the endowment.

Spending policy and how the investment objectives relate to spending policy
The Organization has a policy of appropriating not more than 5% of the average market value of the endowment fund for the preceding 12 quarters. This is consistent with the Organization's objective to achieve net income of 5% to distribute to US camps, while preserving the original gift in its entirety.

Interpretation of relevant law
The Board of Directors has interpreted CTUPMIFA 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. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted or unrestricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

Interpretation of relevant law
In accordance with CTUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund;

b. The purposes of the Organization and the donor-restricted endowment fund;

c. General economic conditions;

d. The possible effect of inflation and deflation;

e. The expected total return from income and the appreciation of investments;

f. Other resources of the Organization; and

g. The investment policies of the Organization.

Endowment net asset composition by type of fund is as follows:

	Without donor restrictions	With donor restrictions	Total
December 31, 2023			
Board designated	$ -	$ -	$ -
Donor restricted			
Original donor gift maintained in perpetuity	-	1,100,000	1,100,000
Accumulated investment gain	-	270,844	270,844
	$ -	$ 1,370,844	$ 1,370,844
December 31, 2022			
Board designated	$ -	$ -	$ -
Donor restricted			
Original donor gift maintained in perpetuity	-	1,100,000	1,100,000
Accumulated investment gain	-	159,659	159,659
	$ -	$ 1,259,659	$ 1,259,659

Changes in endowment net assets are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, January 1, 2022	$ -	$ 1,494,046	$ 1,494,046
Investment return			
Investment income	-	36,555	36,555
Unrealized/realized gains	-	(265,731)	(265,731)
Net investment return	-	(229,176)	(229,176)
Approved for expenditure	-	(5,211)	(5,211)
Endowment net assets, December 31, 2022	-	1,259,659	1,259,659
Investment return			
Investment income	-	35,097	35,097
Unrealized/realized losses	-	148,072	148,072
Net investment return	-	183,169	183,169
Approved for expenditure	-	(71,984)	(71,984)
Endowment net assets, December 31, 2023	$ -	$ 1,370,844	$ 1,370,844

Note 11 - Retirement plans

The Organization sponsors a qualified defined contribution retirement plan (the "Plan") for all eligible employees. Employees are eligible to participate in the Plan immediately upon their hire date. After one year (12 months) of service and 1,000 hours worked at the Organization, employees who are 18 years of age or older are eligible to receive Plan contributions from the Organization up to 9% of their eligible salaries. Contributions from the Organization are considered fully vested after three years of service. Retirement expense related to this Plan was $277,120 and $255,159 for the years ended December 31, 2023 and 2022, respectively.

Note 12 - Conditional promises to receive

During 2019, the Organization received a grant for $22,250,000 that contained donor-imposed conditions. The Organization recognized $4,500,000 in 2023 and 2022 upon meeting certain conditions of the grant. At December 31, 2023, $0 remains available.

During 2017, the Organization received a grant for $2,125,000 that contained donor-imposed conditions. In 2022, $205,000 was recognized as revenue as conditions were met. At December 31, 2022, $0 remained available.

During 2019, the Organization received a grant for 1 billion JPY that contained donor-imposed conditions. The Organization recognized revenue of 239,054,588 JPY in 2023 and 196,241,345 JPY in 2022 upon meeting certain conditions of the grant. At December 31, 2023, 247,957,071 JPY (approximately $1.6 million based on the conversion rate at 12/31/2023) remains available.

During 2022, the Organization received a grant for $3,000,000 that contained donor-imposed conditions. The Organization recognized $1,000,000 as revenue as conditions were met during both the years ended December 31, 2023 and 2022. At December 31, 2023, $1 million remains available.

The Organization has received conditional promises to give that are based upon sales of certain products or fundraising results of the grantor. The amount of these promises to give are unknown.

Supplementary Information

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2023

Assets

	SeriousFun Children's Network, Inc.	SeriousFun Children's Network International, United Kingdom	Eliminating entries	2023
Assets				
Cash and cash equivalents	$ 8,521,479	$ 40,253	$ -	$ 8,561,732
Loans receivable, net	250,000	-	-	250,000
Unconditional promises to give	271,767	1,592	-	273,359
Prepaid expenses and other assets	278,566	-	-	278,566
Investments	8,647,060	-	-	8,647,060
Property and equipment (net)	68,043	-	-	68,043
Right-of-use asset	1,450,250	-	-	1,450,250
Total assets	$ 19,487,165	$ 41,845	$ -	$ 19,529,010

Liabilities and Net Assets

	SeriousFun Children's Network, Inc.	SeriousFun Children's Network International, United Kingdom	Eliminating entries	2023
Liabilities				
Accounts payable and accrued expenses	$ 279,969	$ 4,457	$ -	$ 284,426
Payables to camps	1,834,945	-	-	1,834,945
Lease liability	1,480,701	-	-	1,480,701
Total liabilities	3,595,615	4,457	-	3,600,072
Commitments				
Net assets				
Without donor restrictions	12,783,261	37,388	-	12,820,649
With donor restrictions	3,108,289	-	-	3,108,289
Total net assets	15,891,550	37,388	-	15,928,938
Total liabilities and net assets	$ 19,487,165	$ 41,845	$ -	$ 19,529,010

See Independent Auditor's Report.

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2023

	SeriousFun Children's Network, Inc.		SeriousFun Children's Network International, United Kingdom				
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	Total	Eliminating entries	2023
Support and revenue							
Contributions	$ 2,768,087	$ 13,116,486	$ 7,959	$ -	$ 15,892,532	$ -	$ 15,892,532
Special events	-	-	-	-	-	-	-
Special events expense	-	-	-	-	-	-	-
Contributions in-kind	13,356	632,622	-	-	645,978	-	645,978
Other gain	10,263	-	-	-	10,263	-	10,263
Total support	2,791,706	13,749,108	7,959	-	16,548,773	-	16,548,773
Revenue							
Dividends, interest and other investment income	552,367	35,097	442	-	587,906	-	587,906
Realized and unrealized loss on investments	311,718	148,072	-	-	459,790	-	459,790
Net assets released from restrictions	14,285,269	(14,285,269)	-	-	-	-	-
Total revenue	15,149,354	(14,102,100)	442	-	1,047,696	-	1,047,696
Total support and revenue	17,941,060	(352,992)	8,401	-	17,596,469	-	17,596,469

SeriousFun Children's Network, Inc. and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2023

	SeriousFun Children's Network, Inc.		SeriousFun Children's Network International, United Kingdom				
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	Total	Eliminating entries	2023
Expenses							
Program services	15,475,795	-	-	-	15,475,795	-	15,475,795
Support services							
General and administrative	879,346	-	8,855	-	888,201	-	888,201
Development	750,983	-	-	-	750,983	-	750,983
Total support services	1,630,329	-	8,855	-	1,639,184	-	1,639,184
Total expenses	17,106,124	-	8,855	-	17,114,979	-	17,114,979
Changes in net assets	834,936	(352,992)	(454)	-	481,490	-	481,490
Other expense							
Loss on foreign currency	(9,726)	-	-	-	(9,726)	-	(9,726)
Total change in net assets	825,210	(352,992)	(454)	-	471,764	-	471,764
Net assets, beginning	11,958,051	3,461,281	37,842	-	15,457,174	-	15,457,174
Net assets, end	$ 12,783,261	$ 3,108,289	$ 37,388	$ -	$ 15,928,938	$ -	$ 15,928,938

See Independent Auditor's Report.

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