



Heroes for Children

Financial Statements
December 31, 2019 and 2018

Heroes for Children

Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



Independent Auditors' Report

Board of Directors
Heroes for Children

We have audited the accompanying financial statements of Heroes for Children (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heroes for Children as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas
October 1, 2020

Heroes for Children
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 396,922	\$ 352,053
Accounts receivable	2,711	9,123
Pledges receivable	5,000	2,500
Prepaid expenses	16,308	24,744
Total current assets	420,941	388,420
Property and equipment:		
Furniture and fixtures	12,520	12,520
Computer equipment	25,456	25,456
	37,976	37,976
Accumulated depreciation	(37,976)	(37,976)
Total property and equipment, net	-	-
Other assets:		
Endowment investments	295,213	244,312
Security deposit	3,778	4,090
Total assets	\$ 719,932	\$ 636,822
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 17,667	\$ 2,325
Accrued expenses	16,538	21,189
Deferred event revenue	7,850	18,375
Total current liabilities	42,055	41,889
Net assets:		
Without donor restrictions:		
Undesignated	334,666	328,608
Board designated endowment	295,213	244,312
Total net assets without donor restrictions	629,879	572,920
With donor restrictions	47,998	22,013
Total net assets	677,877	594,933
Total liabilities and net assets	\$ 719,932	\$ 636,822

See notes to financial statements.

Heroes for Children
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019	2018
Net assets without donor restrictions:		
Revenue, gains and support:		
Contributions	\$ 401,290	446,613
Special event income, net of direct benefit costs of \$336,054 and \$259,896, respectively	672,146	631,512
In-kind contributions	198,046	-
Investment income, net	52,979	(9,857)
Total revenue, gains and support	1,324,461	1,068,268
Net assets released from restrictions	37,945	73,725
Total revenue, gains, support and reclassifications	1,362,406	1,141,993
Expenses:		
Program services	856,632	918,065
General and administrative	93,447	95,194
Fundraising	355,368	273,069
Total expenses	1,305,447	1,286,328
Change in net assets without donor restrictions	56,959	(144,335)
Net assets with donor restrictions:		
Contributions	63,930	30,780
Net assets released from restrictions	(37,945)	(73,725)
Change in net assets with donor restrictions	25,985	(42,945)
Change in net assets	82,944	(187,280)
Net assets at beginning of year	594,933	782,213
Net assets at end of year	\$ 677,877	\$ 594,933

See notes to financial statements.

Heroes for Children
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Assistance provided to families:				
Financial assistance	\$ 250,712	\$ -	\$ -	\$ 250,712
Advocacy activities	15,452	-	-	15,452
Social assistance	90,076	-	-	90,076
Total assistance to families	356,240	-	-	356,240
Personnel cost and benefits:				
Salaries and wages	269,356	66,450	145,561	481,367
Insurance benefits	14,904	4,232	8,356	27,492
Payroll taxes	22,587	6,308	12,521	41,416
Total personnel cost and benefits	306,847	76,990	166,438	550,275
Direct cost of fundraising:				
Consulting fees - grant writer	-	-	11,250	11,250
Fundraising and marketing	-	-	10,154	10,154
Other	-	-	177	177
Total direct cost of fundraising	-	-	21,581	21,581
General operating expenses:				
Bank and credit card fees	-	3,110	28,305	31,415
Board functions and meetings	2,404	528	912	3,844
Consulting fees	1,685	374	1,685	3,744
Dues and subscriptions	564	94	282	940
Equipment	240	40	120	400
In-kind	99,023	-	99,023	198,046
Insurance	1,953	434	1,953	4,340
Internet	4,843	807	2,422	8,072
Lease expense	43,442	2,896	11,585	57,923
Meals and entertainment	896	124	362	1,382
Miscellaneous	714	179	714	1,607
Office supplies	4,185	697	2,092	6,974
Payroll processing	738	201	403	1,342
Postage and delivery	1,884	296	869	3,049
Printing and reproduction	3,891	649	1,946	6,486
Professional fees	3,700	1,850	3,700	9,250
Special events	-	-	336,054	336,054
Telephone	4,249	708	2,124	7,081
Travel and transportation	12,647	2,389	4,308	19,344
Volunteer/donor appreciation	-	-	1,300	1,300
Website	6,487	1,081	3,244	10,812
Total general operating expenses	193,545	16,457	503,403	713,405
Total expenses	<u>\$ 856,632</u>	<u>\$ 93,447</u>	<u>\$ 691,422</u>	<u>\$ 1,641,501</u>
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(336,054)	(336,054)
Total expenses included in the expense section on the statement of activities	<u>\$ 856,632</u>	<u>\$ 93,447</u>	<u>\$ 355,368</u>	<u>\$ 1,305,447</u>

See notes to financial statements.

Heroes for Children
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Total
Assistance provided to families:				
Financial assistance	\$ 410,890	\$ -	\$ -	\$ 410,890
Advocacy activities	18,070	-	-	18,070
Social assistance	112,250	-	-	112,250
Total assistance to families	541,210	-	-	541,210
Personnel cost and benefits:				
Salaries and wages	250,157	68,225	136,449	454,831
Insurance benefits	15,612	4,258	8,516	28,386
Payroll taxes	21,296	5,808	11,616	38,720
Total personnel cost and benefits	287,065	78,291	156,581	521,937
Direct cost of fundraising:				
Heart of a Hero	-	-	8,069	8,069
Consulting fees - grant writer	-	-	20,480	20,480
Fundraising and marketing	-	-	13,666	13,666
Other	-	-	383	383
Total direct cost of fundraising	-	-	42,598	42,598
General operating expenses:				
Bank and credit card fees	-	2,730	24,567	27,297
Board functions and meetings	2,521	497	1,172	4,190
Continuing education	1,011	169	506	1,686
Consulting fees	2,160	480	2,160	4,800
Contract labor	1,598	533	533	2,664
Dues and subscriptions	1,487	248	744	2,479
Equipment	1,790	298	10,025	12,113
Insurance	1,894	421	1,894	4,209
Internet	4,886	814	2,443	8,143
Lease expense	35,664	2,378	9,510	47,552
Meals and entertainment	740	113	237	1,090
Miscellaneous	284	81	284	649
Office supplies	6,997	1,166	3,499	11,662
Payroll processing	712	194	388	1,294
Postage and delivery	3,223	515	1,523	5,261
Printing and reproduction	4,626	771	2,313	7,710
Professional fees	3,620	1,810	3,620	9,050
Storage	1,823	122	486	2,431
Special events	-	-	259,896	259,896
Telephone	3,860	643	1,930	6,433
Travel and transportation	10,081	2,757	4,244	17,082
Volunteer/donor appreciation	-	-	1,162	1,162
Website	813	163	650	1,626
Total general operating expenses	89,790	16,903	333,786	440,479
Total expenses	918,065	95,194	532,965	1,546,224
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(259,896)	(259,896)
Total expenses included in the expense section on the statement of activities	<u>\$ 918,065</u>	<u>\$ 95,194</u>	<u>\$ 273,069</u>	<u>\$ 1,286,328</u>

See notes to financial statements.

Heroes for Children
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 82,944	\$ (187,280)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gains) losses on investments	(44,965)	18,295
Changes in assets and liabilities:		
Accounts receivable	6,412	61,812
Pledges receivable	(2,500)	5,000
Prepaid expenses	8,436	(5,815)
Security deposit	312	-
Accounts payable	15,342	(21,711)
Accrued expenses	(4,651)	361
Deferred event revenue	(10,525)	4,625
Net cash provided (used) by operating activities	50,805	(124,713)
Cash flows from investing activities-		
Purchases of investments	(5,936)	(6,661)
Change in cash and cash equivalents	44,869	(131,374)
Cash and cash equivalents at beginning of year	352,053	483,427
Cash and cash equivalents at end of year	\$ 396,922	\$ 352,053

See notes to financial statements.

Heroes for Children

Notes to Financial Statements

1. Organization

Heroes for Children (HFC) is a nonprofit organization advocating for and providing financial and social assistance to families within the state of Texas with children 0-22 years of age battling cancer. HFC was formerly known as Taylor's Angels. HFC was created in memory of Taylor Anne Brewton and Allison Leigh Scott. HFC's mission statement is as follows:

"Heroes for Children advocates for and provides financial and social assistance to families with children (0-22 years of age) battling cancer".

The vision of HFC is "No family with a child battling cancer will fight alone".

HFC maintains three main programs, as follows:

1. Financial assistance which provides direct assistance to families to help cover such things as rent, utilities, car payments and funerals.
2. Social assistance in the form of providing laptops to teenagers, holiday gifts to families, and assistance to families in celebrating life's milestones.
3. Advocacy activities offer community support for families struggling to raise a child with cancer.

Applications for assistance are received from social workers in hospitals/clinics who have completed a full financial assessment on the families. HFC is primarily supported by contributions and grants from individuals, corporations and other nonprofit organizations.

2. Summary of Significant Accounting Policies

The accounting policies of HFC conform to U.S. generally accepted accounting principles (GAAP). The more significant accounting policies of HFC are described below.

Basis of Accounting

HFC prepares the financial statements on the accrual basis of accounting.

Heroes for Children

Notes to Financial Statements

Financial Statement Presentation

HFC's financial statements are presented in accordance with GAAP which requires HFC to report its financial position and activities using two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of HFC and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting HFC to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, pledges receivable and investments in marketable securities.

Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. HFC maintains cash balances at financial institutions located in Texas. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, HFC's uninsured bank balances totaled \$68,667. HFC has not experienced any losses on such assets.

Accounts and pledges receivable are unsecured. HFC continually evaluates the collectability of accounts and pledges receivable and maintains an allowance for potential losses, if considered necessary.

Heroes for Children

Notes to Financial Statements

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Cash and Cash Equivalents

HFC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. From time to time, cash balances in these accounts may exceed federally insured limits.

Accounts and Pledges Receivable

Pledges are recorded at the estimated fair value when made and accounts receivable are generally recorded at the invoiced amount.

Investments

At December 31, 2019 and 2018, HFC's investments consist of common stock and mutual funds and are stated at fair value in accordance with GAAP. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Property and Equipment

Property and equipment purchased by HFC are recorded at cost or, if donated, at estimated fair market value at the date of the gift. HFC follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500; the fair value of donated fixed assets is capitalized. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 10 years for property and equipment.

Deferred Event Revenue

Deferred event revenue consists primarily of ticket sales and registrations collected for events which are to be held in a future year. Revenue is recognized upon occurrence of the event.

Revenue Recognition

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met. If funds are received related to the conditional promise, the amounts received are accounted for as a refundable advance.

Heroes for Children

Notes to Financial Statements

Donated materials, event tickets and equipment are reflected as contributions at their estimated fair values at date of receipt. HFC recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Concentrations

At December 31, 2019 the balance due from two donors totaled approximately 94% of total accounts receivable. At December 31, 2018, the balance due from two donors totaled approximately 24% of total accounts receivable.

Pledges receivable as of December 31, 2019 and 2018 are comprised of one donor.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy is allocated on a square footage basis that is in alignment with staff's time and effort. All other expenses are allocated on the basis of estimates of time and effort.

Federal Income Tax

HFC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to HFC's exempt purpose is subject to tax under IRC Section 511. HFC had no unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing HFC's tax returns and recognition of a tax liability (or asset) if HFC has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by HFC, and has concluded that as of December 31, 2019 and 2018, 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.

Reclassification

Certain items in the December 31, 2018 financial statements have been reclassified for comparative purposes to conform with the presentation of the December 31, 2019 financial statements.

Heroes for Children

Notes to Financial Statements

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

HFC considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on HFC's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, Leases for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (ROU) assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

HFC is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncements Adopted

In 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. HFC has adopted this ASU as of and for the year ended December 31, 2019.

Heroes for Children

Notes to Financial Statements

In 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. HFC has adopted this ASU as of and for the year ended December 31, 2019.

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way HFC recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date; |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

Heroes for Children

Notes to Financial Statements

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Common Stock

Common stock is valued at the closing price reported on the New York Stock Exchange Composite Listing and is classified within level 1 of the valuation hierarchy.

Mutual Funds

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

HFC's investments at fair value are as follows as of December 31:

	2019	2018
Common stock	\$ 27,044	\$ 16,205
Mutual funds:		
Index	181,232	148,781
Growth	52,726	46,719
Fixed income	34,211	32,607
	\$ 295,213	\$ 244,312

The following investments represent more than 10% of total investments at December 31:

	2019	2018
Lord Abbett Bond Debenture Class A	\$ 52,726	\$ 46,719
Lord Abbett Short Duration Income Class A	34,211	32,607
Vanguard Index FDS Vanguard Growth	63,213	46,613
Vanguard Index FDS Vanguard Value ETF	50,936	41,629

4. Endowment

As of December 31, 2019 and 2018, the board of directors had designated \$295,213 and \$244,312, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of HFC. HFC has a spending policy of appropriating for distribution each year an amount deemed prudent to carry out the charitable purposes of HFC.

Heroes for Children

Notes to Financial Statements

To achieve that objective, HFC has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Composition of and changes in endowment net assets are as follows for the years ended December 31:

	2019	2018
Board designated endowment net assets, beginning of year	\$ 244,312	\$ 255,946
Unrealized gains (losses)	44,965	(18,295)
Reinvested dividends	5,936	6,661
Board designated endowment net assets, end of year	\$ 295,213	\$ 244,312

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	2019	2018
Laptops for Love	\$ 9,050	\$ 9,892
Holiday Heroes	1,413	6,924
Client assistance	7,275	5,197
Nonmedical services	20,260	-
Client assistance in Houston	10,000	-
Total	\$ 47,998	\$ 22,013

6. Commitments

HFC leases office space in Richardson and Houston, Texas pursuant to non-cancelable operating leases expiring in 2021 and 2020, respectively. In addition, HFC leases certain office equipment pursuant to a non-cancelable operating lease expiring in 2020. For the years ended December 31, 2019 and 2018, lease expense associated with these leases was approximately \$60,000, respectively.

Future minimum lease payments pursuant to the lease agreements are as follows for the years ending December 31:

2020	\$	88,123
2021		56,232

Heroes for Children
Notes to Financial Statements

7. In-Kind Contributions and Related Party Transactions

HFC received the following in-kind contributions during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Professional services	\$ 126,875	\$ -
Supplies and miscellaneous items	<u>71,171</u>	<u>-</u>
Total	<u>\$ 198,046</u>	<u>\$ -</u>

During the year ended December 31, 2019, HFC received donated public relations services from a board member with fair market values of \$126,875, which is reflected in accompanying statements of activities as in-kind contributions and expense.

HFC also received donations of various supplies from non-related parties. The estimated fair value of these donations of \$71,171 for the year ended December 31, 2019 is reflected in the accompanying statements of activities as in-kind contributions and expense.

In addition, HFC received contributions from board members totaling \$93,845 and representing 20% of total contributions for the year ended December 31, 2019.

8. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 396,922	\$ 352,053
Accounts receivable	2,711	9,123
Pledges receivable	<u>5,000</u>	<u>2,500</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 404,633</u>	<u>\$ 363,676</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

HFC receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

Heroes for Children

Notes to Financial Statements

HFC strives to maintain liquid financial assets sufficient to cover near-term operating needs, and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be fulfilled. To achieve this, HFC forecasts its future cash flows and monitors its liquidity monthly and quarterly. During the years ended December 31, 2019 and 2018, the level of liquidity was managed within HFC's expectations.

HFC maintains an investment account according to the investment policy adopted by the board of directors. The policy allows for a board-designated endowment investment account. In the event the need arises to utilize the board-designated endowment investment account for liquidity purposes, the reserves could be drawn upon through board resolution.

9. Subsequent Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity in the north central Texas area. In response to this coronavirus outbreak, the government of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as ordering a temporary closures of businesses. Additionally, in May 2020, HFC secured a forgivable loan totaling \$102,700 under the Paycheck Protection Program. Given the uncertainty of the spread of the coronavirus, the related financial impact to HFC, if any, cannot be determined at this time.

HFC evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.