

enCOURAGE KIDS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
AND
INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]
ACCOUNTANTS AND ADVISORS

enCOURAGE KIDS FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
enCourage Kids Foundation

We have audited the accompanying financial statements of enCourage Kids Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

(Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of enCourage Kids Foundation as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

April 1, 2022

enCOURAGE KIDS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 289,683	\$ 210,892
Investments, at fair value	1,625,907	1,994,430
Contributions and pledges receivable	6,800	21,493
Prepaid expenses and other assets	47,132	40,447
Property and equipment, net of accumulated depreciation	58,159	-
Total assets	\$ 2,027,681	\$ 2,267,262
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 94,193	\$ 192,858
Paycheck protection program loan payable	312,000	-
Total liabilities	406,193	192,858
Net assets		
Without donor restrictions	1,074,953	1,537,211
With donor restrictions	546,535	537,193
Total net assets	1,621,488	2,074,404
Total liabilities and net assets	\$ 2,027,681	\$ 2,267,262

See notes to financial statements.

enCOURAGE KIDS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Special events			
Gross receipts	\$ 1,103,833	\$ -	\$ 1,103,833
Less - Direct benefit to donors	(295,783)	-	(295,783)
Net special events revenue	808,050	-	808,050
Contributed goods, services, and use of facilities	211,857	3,182,802	3,394,659
Contributions	284,534	250,000	534,534
Realized and unrealized loss on investments	(16,764)	-	(16,764)
Dividend and interest income	203	-	203
Other income	11,193	-	11,193
Net assets released from			
Purpose restrictions	3,401,967	(3,401,967)	-
Time restrictions	21,493	(21,493)	-
Total revenue and support	4,722,533	9,342	4,731,875
Expenses			
Program services	4,481,443	-	4,481,443
Management and general	181,632	-	181,632
Fundraising	521,716	-	521,716
Total expenses	5,184,791	-	5,184,791
Change in net assets	(462,258)	9,342	(452,916)
Net assets, beginning of year	1,537,211	537,193	2,074,404
Net assets, end of year	\$ 1,074,953	\$ 546,535	\$ 1,621,488

See notes to financial statements.

enCOURAGE KIDS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Special events			
Gross receipts	\$ 1,658,176	\$ 30,440	\$ 1,688,616
Less - Direct benefit to donors	(444,698)	-	(444,698)
Net special events revenue	1,213,478	30,440	1,243,918
Contributed goods, services, and use of facilities	767,216	-	767,216
Contributions	177,847	418,548	596,395
Realized and unrealized loss on investments	(57,073)	-	(57,073)
Dividend and interest income	626	-	626
Other income	31,783	-	31,783
Net assets released from			
Purpose restrictions	168,543	(168,543)	-
Time restrictions	5,979	(5,979)	-
Total revenue and support	2,308,399	274,466	2,582,865
Expenses			
Program services	2,295,437	-	2,295,437
Management and general	225,084	-	225,084
Fundraising	322,472	-	322,472
Total expenses	2,842,993	-	2,842,993
Change in net assets	(534,594)	274,466	(260,128)
Net assets, beginning of year	2,071,805	262,727	2,334,532
Net assets, end of year	\$ 1,537,211	\$ 537,193	\$ 2,074,404

See notes to financial statements.

enCOURAGE KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services						
	Pediatric Hospital Support Program	Hospital Happenings	Escapes Program	Total Program Services	Management and General	Fundraising	Total
Advertising and recruitment	\$ 5	\$ 442	\$ 6	\$ 453	\$ 69	\$ 174	\$ 696
Depreciation	34	2,838	36	2,908	447	1,119	4,474
Donated goods	-	3,144,312	-	3,144,312	-	-	3,144,312
Equipment rental and repair	85	7,156	91	7,332	1,128	2,820	11,280
Equipment - programs	29	2,440	31	2,500	-	-	2,500
Events (including in-kind)	-	-	-	-	-	53,127	53,127
Family outings and activities	187	15,753	(4,630)	11,310	-	-	11,310
Grants to other organizations	37,135	-	-	37,135	-	-	37,135
Insurance	67	5,630	72	5,769	887	2,219	8,875
Materials and supplies	218	30,465	4,654	35,337	-	-	35,337
Meetings and conferences	98	8,216	104	8,418	-	-	8,418
Membership dues and staff development	52	4,375	56	4,483	346	866	5,695
Occupancy (including in-kind)	2,452	206,299	2,621	211,372	32,518	81,297	325,187
Office supplies	245	20,582	261	21,088	3,245	8,111	32,444
Outside computer expenses	167	14,081	179	14,427	2,219	5,549	22,195
Postage and delivery	217	18,235	232	18,684	2,874	7,186	28,744
Printing and publications (including in-kind)	67	5,618	71	5,756	886	2,214	8,856
Processing fees and miscellaneous	266	22,417	285	22,968	3,533	23,337	49,838
Professional services	1,197	100,710	1,280	103,187	15,875	39,687	158,749
Program entertainers	-	56,959	-	56,959	-	-	56,959
Registration dues and fees	57	4,830	61	4,948	762	1,904	7,614
Salaries and employee benefits	8,741	735,416	9,343	753,500	115,923	289,808	1,159,231
Telephone and communications	69	5,832	74	5,975	920	2,298	9,193
Travel and automobile	30	2,559	33	2,622	-	-	2,622
Total functional expenses	\$ 51,418	\$ 4,415,165	\$ 14,860	\$ 4,481,443	\$ 181,632	\$ 521,716	\$ 5,184,791

See notes to financial statements.

enCOURAGE KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services							Total
	Pediatric Hospital Support Program	Hospital Happenings	Escapes Program	Total Program Services	Management and General	Fundraising		
Advertising and recruitment	\$ 2	\$ 319	\$ 424	\$ 745	\$ 145	\$ 227	\$ 1,117	
Donated goods	-	21,233	451,125	472,358	-	-	472,358	
Equipment rental and repair	37	5,126	6,798	11,961	2,327	2,004	16,292	
Events (including in-kind)	-	-	-	-	-	99,099	99,099	
Family outings and activities	-	-	131,787	131,787	-	-	131,787	
Insurance	18	2,461	3,263	5,742	1,117	962	7,821	
Materials and supplies	-	51,357	-	51,357	-	-	51,357	
Meetings and conferences	1,383	9,162	11,055	21,600	453	2,678	24,731	
Membership dues and staff development	14	1,897	2,516	4,427	702	2,103	7,232	
Occupancy (including in-kind)	581	122,406	107,056	230,043	36,649	31,563	298,255	
Office supplies	73	10,137	13,445	23,655	3,636	4,925	32,216	
Outside computer expenses	45	6,241	8,278	14,564	2,763	3,448	20,775	
Postage and delivery	64	8,840	11,725	20,629	733	1,301	22,663	
Printing and publications (including in-kind)	748	2,094	2,776	5,618	5	15,886	21,509	
Processing fees and miscellaneous	119	16,472	21,846	38,437	7,382	12,552	58,371	
Professional services	387	53,803	71,357	125,547	10,930	9,413	145,890	
Program entertainers	-	316,922	-	316,922	-	-	316,922	
Registration dues and fees	16	2,269	3,009	5,294	1,030	887	7,211	
Salaries and employee benefits	2,475	343,741	455,889	802,105	156,065	134,408	1,092,578	
Telephone and communications	18	2,501	4,693	7,212	1,122	966	9,300	
Travel and automobile	602	1,866	2,966	5,434	25	50	5,509	
Total functional expenses	\$ 6,582	\$ 978,847	\$ 1,310,008	\$ 2,295,437	\$ 225,084	\$ 322,472	\$ 2,842,993	

See notes to financial statements.

enCOURAGE KIDS FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended, December 31,	
	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (452,916)	\$ (260,128)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities		
Depreciation	4,474	-
Realized and unrealized loss on investments	16,764	57,073
Changes in assets and liabilities		
Contributions and pledges receivable	14,693	(15,514)
Prepaid expenses and other assets	(6,685)	(16,730)
Accounts payable and accrued liabilities	(98,665)	129,252
Grants payable	-	(53,368)
Net cash and cash equivalents used in operating activities	(522,335)	(159,415)
Cash flows from investing activities		
Acquisition of property and equipment	(62,633)	-
Proceeds from sale of investment	351,759	-
Net cash and cash equivalents provided by investing activities	289,126	-
Cash flows from financing activities		
Proceeds from paycheck protection loan payable	312,000	-
Net increase (decrease) in cash and cash equivalents	78,791	(159,415)
Cash and cash equivalents, beginning of year	210,892	370,307
Cash and cash equivalents, end of year	\$ 289,683	\$ 210,892

See notes to financial statements.

enCOURAGE KIDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION

Since 1985, enCourage Kids Foundation (the “Foundation”) has helped humanize healthcare for children and their families by resourcing impact-driven pediatric programs and supporting the child life community. Serving more than one million children annually, the Foundation’s programs offer relief from the constant burden of treatment, hospital stays and doctor appointments, while also helping pediatric facilities meet the unique needs of their patients. The Foundation envisions a world where every child, regardless of the difficulty of his or her medical journey, experiences joy, hope, resilience and healing.

The Foundation serves children and families facing a variety of health issues - from those receiving chemo treatments in a clinic, to those who live with a chronic illness that may not be visible. While other children’s organizations focus on finding cures, there are few organizations that provide children with programs and services that enable them to cope with the challenging daily demands of illness, injury or disability. While others treat the illness, the Foundation treats the child.

A vast amount of research has been conducted that documents the significant and positive role that distractions can have on children, by helping to relieve their pain, discomfort and distress. The Foundation understands that when a child’s discomfort is not well treated, he or she can develop feelings of helplessness, frustration, physical and emotional stress, fear, anxiety, depression, and low self-esteem.

The Foundation’s uplifting and impactful programs have been shown to have significant psychological benefits. These include:

- Reduced anxiety and depression
- Decreased need for pain medication
- Increased knowledge about their disease
- Greater willingness to return for treatment
- Improved sense of peer support
- Alleviation of stress, loneliness and isolation

The focus of the Foundation is to ensure that kids can still be kids while dealing with chronic illnesses. The Foundation’s programs are designed with the child in mind but are sanctioned and approved by Child Life Specialists and the medical community. As a result of these relationships, the Foundation is better able to assess the needs that sick children have, hence they can support projects and programs that alleviate anxiety and fear and promote a sense of hope and well-being.

The Foundation derives the majority of its revenues from contributions from the general public.

enCOURAGE KIDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION (Continued)

The Foundation's programs serve hospitalized kids and families. Programs include:

- **Pediatric Hospital Support Program:** This unique hospital program, now in its 22nd year, supports music and dance therapy, karate classes for kids fighting cancer, adapted yoga sessions for profoundly disabled children, sensory therapy, a wheelchair-accessible van, recreational rooms, horticulture therapy, a video artist-in-residence project, and many other creative projects that enhance the lives of hospitalized children, which include:
 - **Hospital Room Renovations** - A Hospital Room Renovation is a beautifully designed, inviting hospital environment created to support the healing of pediatric patients during their hospital stay. The Foundation transforms designated areas of sterile hospital environments into colorful, entertaining oases that can be enjoyed by young patients and their families. These playrooms, teen lounges and playgrounds offer a variety of diversions, including video games, computers, toys, crafts, music, and best of all, the company of other children. These renovations help ease young patients' stress by stimulating the senses, providing an antidote to loneliness and an escape from the isolation of a hospital room. Every unique room offers respite from the tedious routine most pediatric patients face. For young patients confined to a hospital, the opportunity to have fun in a well-equipped, welcoming atmosphere assists in the healing process.
- **Hospital Happenings:** Working in concert with hospital staff, the Foundation offers a unique hospital program that provides psychosocial support for patients in area hospitals. Hospital Happenings help ease the loneliness, fear and boredom that accompany hospital stays. Specialized Hospital Happenings include:
 - **Clown Program** - Children suffering from a wide range of illnesses have come to rely on weekly visits from clowns for large doses of happiness. For many years, medical professionals have recognized that those patients who maintained a positive mental attitude and shared laughter responded better to treatment.
 - **Music Program** - Children benefit from the power of music as a result of sessions with music therapists who not only encourage their creativity and personal expression but also help them develop coping skills and techniques for pain management.
 - **Starworks** - Graduate writing students teach creative expression to pediatric patients in several area hospitals. As a result, these children have composed pictures of their hopes, dreams and lives in poems, stories and essays. Creativity has a powerful impact - it heightens spirits, generates pride and builds self-esteem.

enCOURAGE KIDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION (Continued)

- **Hospital Happenings:** (Continued)
 - **Send A Smile, Send A Bear** - Teddy bears are given to hospitalized children throughout the year. A teddy bear can provide the support and comfort a child needs during a scary medical procedure, and ease his or her nervousness before a surgery.
- **Escapes Program:** Escapes are family activities and outings that are offered regularly to give children and their families a chance to have fun together away from the hospital so they can relax, regroup, and return home with a renewed sense of strength and hope. These events also forge important connections between families struggling with similar issues, helping them combat feelings of isolation and build a community of support.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

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

The financial statement presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, “Not-for-Profit Entities”. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation (“FDIC”) subject to certain limitations. For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

enCOURAGE KIDS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Pledges Receivable

Contributions and pledges receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount is included in contribution revenue. The Foundation's allowance for uncollectible pledges is based on management's estimates of the creditworthiness of its contributors, current economic conditions and historical information. At December 31, 2020 and 2019, an allowance was not warranted. All contributions and pledges receivable are expected to be collected within one year.

Property and Equipment

Property and equipment includes assets held for supporting administrative use. All such assets are stated at their costs at the date of acquisition, less accumulated. Depreciation is provided over the estimated useful life of the respective assets, using the straight-line method. Software and the related implementation costs are depreciated over 7 years.

Paycheck Protection Program ("PPP") Loan

The Foundation's policy is to account for the PPP loan (see Note 11) as debt under FASB ASC 470. The Foundation will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the Foundation has been legally released, at which point the amount forgiven will be recorded as contribution income or (2) the Foundation pays off the loan.

Contributed Goods, Services, and Use of Facilities

Contributions of donated noncash assets are recorded at fair value as revenue in the period received or when an unconditional promise to give has been made. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue in the period received or when an unconditional promise to give has been made. Contributed goods generally consist of toys, videos, DVDs, airline tickets, hotel accommodations, theme park admissions and other tangible goods. For the years ended December 31, 2020 and 2019, the Foundation received \$3,394,659 and \$767,216, respectively, of contributed goods, services and use of facilities (see Note 6).

Contributions

Contributions, are recognized at fair value as revenue when received or when an unconditional promise to give has been made. Contributions of cash or non-cash assets are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome.

enCOURAGE KIDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events

Revenue from special events is recognized at the point in time when the related services have been rendered.

Grant Expenditures

Grant expenditures are incurred in the period the grant is approved, provided the grant is not subject to significant future conditions. At December 31, 2020 and 2019, there were no conditional grants.

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and investments.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is 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 statements of financial position. The Foundation's investments are maintained primarily with a high-quality institution, traded in highly liquid markets and are regularly monitored by the Board.

Advertising

The Foundation receives in-kind contributions of advertising, which are included as revenue and expenses. These contributions help the Foundation to continue to receive invaluable exposure through the donated advertising space. The campaign reached millions of people in the tri-state area through outdoor coverage on billboards in NYC, buses, subways, transit shelters, phone kiosks, mall kiosks and billboards along the interstate in New Jersey. Because of this exposure, the Foundation has been able to generate substantial brand awareness both with the general public and with seriously ill children and their families in need of the Foundation's programs and services. There was no advertising (in-kind) expense for the years ended December 31, 2020 and 2019.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been presented in the statements of functional expenses. Such costs are segregated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by full-time equivalents under each activity. Allocations are based on salary and related costs, which are determined by management on the basis of estimates of time and effort.

enCOURAGE KIDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications have no effect on total assets, total liabilities, or net assets.

Subsequent Events

These financial statements were approved by management for issuance on April 1, 2022. Management has evaluated subsequent events through this date, and has no events to disclose except as disclosed herein (see Note 11).

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures consist of the following components:

	Year Ended December 31,	
	2020	2019
Cash and cash equivalents	\$ 289,683	\$ 210,892
Investment in multi-asset fund	1,115,907	1,274,430
Contributions and pledges receivable	6,800	21,493
Total financial assets available within one year	\$ 1,412,390	\$ 1,506,815

The Foundation has a goal to maintain financial assets, which consist of those disclosed above, on hand to meet six months of normal operating expenses, based on the annual approved budget. Excess funds will be primarily invested in an interest-bearing money market account. Additional funds may be added to the multi-asset fund (specifically, the Investment Fund for the Foundation ("TIFF") Multi-Asset Fund) at the discretion of the Executive Committee and/or the Board.

To achieve the aforementioned goals, the Foundation utilizes cash forecasting for its future cash flows and monitors its levels of liquidity on a quarterly basis, while performing a reserve analysis annually. During the years ended December 31, 2020 and 2019, the levels of liquidity and reserves have satisfied the aforementioned policy requirements.

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NOTES TO FINANCIAL STATEMENTS

4 - FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). Under GAAP, the three levels of the fair value hierarchy are described as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for assets measured at fair value:

The fair value of the holdings in the TIFF Multi-Asset Fund is determined based upon the net asset value ("NAV") of the fund as determined by TIFF Advisory Services, Inc. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. A redemption notice must be received by the close of business on any business day. Payment, less any applicable exit fee, generally will be made on the business day following receipt of the notice, up to seven days. The open-ended balanced mutual fund invests, either directly or indirectly through its investments in acquired funds, in common and preferred stocks, real estate investment trusts, high-yield bonds, securities issued or guaranteed by the U.S. government, corporate bonds, and short-term investments, such as high-quality, short-term money market instruments.

The fair value of a minority interest in a closely held limited liability company ("LLC") within Level 3 was estimated by determining the market value, then applying valuation adjustments. The LLC owns and operates 40 residential apartments and 5 commercial units in New York, the LLC's principal income-producing asset. The market value of the real property was based on an appraisal prepared by a certified General Real Estate Appraiser using the income and market approaches. Inputs used for the income and market approaches included the evaluation of certain observable market data such as capitalization rates on similar property types and sales of comparable properties.

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NOTES TO FINANCIAL STATEMENTS

4 - FAIR VALUE MEASUREMENTS (Continued)

Valuation adjustments of 40% to 47% were applied by management to the market value in the appraisal report to account for discounts for lack of marketability and minority interest. The following tables present information about the Foundation’s assets that are measured at fair value on a recurring basis at December 31, 2020 and 2019, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in a limited liability company	\$ 510,000	\$ -	\$ -	\$ 510,000
TIFF Multi-Asset Fund (a)	1,115,907	-	-	-
Total assets at fair value	\$ 1,625,907	\$ -0-	\$ -0-	\$ 510,000

	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in a limited liability company	\$ 720,000	\$ -	\$ -	\$ 720,000
TIFF Multi-Asset Fund (a)	1,274,430	-	-	-
Total assets at fair value	\$ 1,994,430	\$ -0-	\$ -0-	\$ 720,000

(a) Certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The NAV amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

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NOTES TO FINANCIAL STATEMENTS

4 - FAIR VALUE MEASUREMENTS (Continued)

Investments Measured using the NAV per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2020 and 2019.

TIFF Multi-Asset Fund	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
December 31, 2020	\$ 1,115,907	\$ -	Daily	None
December 31, 2019	1,274,430	-	Daily	None

During the years ended December 31, 2020 and 2019, the Foundation did not have any transfers between any of the levels of the fair value hierarchy.

The fair value measurements using significant unobservable inputs (Level 3) are as follows:

	Interest in a Limited Liability Company	
	2020	2019
Beginning balance	\$ 720,000	\$ 975,000
Unrealized loss	(210,000)	(255,000)
Ending balance	\$ 510,000	\$ 720,000

Total investment income, gains and losses consist of the following:

	Year Ended December 31,	
	2020	2019
Interest and dividend income	\$ 203	\$ 626
Realized and unrealized losses, net	(16,764)	(57,073)
Investment loss, net	\$ (16,561)	\$ (56,447)

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NOTES TO FINANCIAL STATEMENTS

5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of software and implementation costs in the amount of \$62,633, less accumulated amortization of \$4,474.

Depreciation expense was \$4,474 for the year ended December 31, 2020.

6 - CONTRIBUTED GOODS, SERVICES AND USE OF FACILITIES

Contributed goods, services and use of facilities during the years ended December 31, 2020 and 2019, were reported as follows:

	Year Ended December 31,	
	2020	2019
Donated goods	\$ 3,144,312	\$ 472,358
Office and storage spaces	250,347	181,130
Events	-	113,728
Total	\$ 3,394,659	\$ 767,216

7 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions:

Program	2020			
	Balance, January 1, 2020	Contributions	Released from Restrictions	Balance, December 31, 2020
Hospital Happenings	\$ 210,971	\$ 3,165,995	\$ (3,351,005)	\$ 25,961
Escapes Program	-	16,807	(13,827)	2,980
Pediatric Hospital Support	304,729	250,000	(37,135)	517,594
Time Restrictions	21,493	-	(21,493)	-
	\$ 537,193	\$ 3,432,802	\$ (3,423,460)	\$ 546,535

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7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Program	2019			Balance, December 31, 2019
	Balance, January 1, 2019	Contributions	Released from Restrictions	
Hospital Happenings	\$ 210,971	\$ 82,560	\$ (82,560)	\$ 210,971
Escapes Program	-	82,800	(82,800)	-
Pediatric Hospital Support	45,777	262,135	(3,183)	304,729
Time Restrictions	5,979	21,493	(5,979)	21,493
	\$ 262,727	\$ 448,988	\$ (174,522)	\$ 537,193

8 - DEFINED CONTRIBUTION PENSION PLAN

The Foundation maintains a 401(k) defined-contribution pension plan with matching contributions of 3% of participant salaries. Matching contributions totaled \$18,771 and \$19,816, respectively, for the years ended December 31, 2020 and 2019.

9 - RELATED PARTY TRANSACTIONS

The Foundation receives donated use of facilities and storage space from a company whose chairman is a board member of the Foundation. The portion of the facilities and storage space donated by the company amounted to \$250,347 and \$181,130 for the years ended December 31, 2020 and 2019, respectively. The Foundation paid the company \$66,862 and \$113,513 for rent and related expenses on a month-to-month arrangement during the years ended December 31, 2020 and 2019, respectively. The Foundation received contributions from its board of directors of \$116,400 and \$131,695, respectively, for the years ended December 31, 2020 and 2019.

10 - CONCENTRATIONS OF RISK

During each of the years ended December 31, 2020 and 2019, the annual Gala event accounted for 45% and 28%, respectively, of the Foundation's revenue and support without donor restrictions.

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NOTES TO FINANCIAL STATEMENTS

11 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Foundation applied for and received funding for a loan totaling \$312,000 under the US Small Business Administration ("SBA") Paycheck Protection Program ("PPP"), which is part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), enacted on March 27, 2020. Under the terms of the SBA PPP loan, up to 100% of the principal and accrued interest may be forgiven if certain criteria are met and the loan proceeds are used for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act. The loan accrues interest at a rate of 1% and any portion of the principal and interest that is not forgiven is required to be repaid by May 20, 2022. In October 2021, the Foundation received approval of forgiveness of the first PPP loan.

In March 2021, the Foundation was approved for and received a second PPP loan in the amount of \$158,556.

12 – RISKS AND UNCERTAINTIES

The spread of a novel strain of coronavirus ("COVID-19") around the world in 2020 and 2021 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Foundation is unable to determine if it will materially impact its future operations.