

KyMel, Inc.

Financial Report
December 31, 2021

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Independent Auditor's Report

Board of Directors
KyMel, Inc.

Opinion

We have audited the financial statements of KyMel, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Kansas City, Missouri
March 6, 2023

KyMel, Inc.

**Statements of Financial Position
December 31, 2021 and 2020**

	2021	2020
Assets		
Cash	\$ 234,470	\$ 183,964
Investments	807,290	736,758
Prepaid expenses	8,549	7,616
Property and equipment, net of accumulated depreciation, \$1,572 and \$1,312, respectively	211	471
Facility credits, net of allowance	256,934	256,934
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Total assets	\$ 1,307,454	\$ 1,185,743
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Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ -	\$ 18,600
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	902,558	720,596
With donor restrictions	404,896	446,547
Total net assets	1,307,454	1,167,143
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Total liabilities and net assets	\$ 1,307,454	\$ 1,185,743
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See notes to financial statements.

KyMel, Inc.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions:			
General contributions	\$ 124,933	\$ 3,100	\$ 128,033
Professional in kind	25	-	25
Special event revenue, net of direct costs	35,876	-	35,876
Investment return	70,532	-	70,532
Net assets released from restriction	44,751	(44,751)	-
Total revenues, gains and other support	276,117	(41,651)	234,466
Expenses:			
Program services	50,643	-	50,643
General and administrative expenses	26,826	-	26,826
Fundraising expenses	16,686	-	16,686
Total expenses	94,155	-	94,155
Change in net assets	181,962	(41,651)	140,311
Net assets:			
Beginning	720,596	446,547	1,167,143
Ending	\$ 902,558	\$ 404,896	\$ 1,307,454

See notes to financial statements.

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 53,565	\$ 700	\$ 54,265
-	-	-
38,492	-	38,492
69,521	-	69,521
20,783	(20,783)	-
182,361	(20,083)	162,278
26,075	-	26,075
16,658	-	16,658
18,978	-	18,978
61,711	-	61,711
120,650	(20,083)	100,567
599,946	466,630	1,066,576
\$ 720,596	\$ 446,547	\$ 1,167,143

KyMel, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Services	Fundraising	General and Administrative	Total
Camp expenses:				
Activities	\$ 35,542	\$ -	\$ -	\$ 35,542
Medical	1,691	-	-	1,691
Operations	13,410	-	-	13,410
Printing and postage	-	-	936	936
Insurance	-	-	-	-
Meeting expenses	-	-	8,866	8,866
Depreciation	-	-	260	260
Professional fees	-	-	12,257	12,257
Miscellaneous	-	-	3,645	3,645
Conferences and training	-	-	862	862
Marketing	-	16,686	-	16,686
Total expenses	\$ 50,643	\$ 16,686	\$ 26,826	\$ 94,155

See notes to financial statements.

KyMel, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services	Fundraising	General and Administrative	Total
Camp expenses:				
Activities	\$ 17,462	\$ -	\$ -	\$ 17,462
Operations	8,613	-	-	8,613
Printing and postage	-	-	283	283
Insurance	-	-	1,304	1,304
Meeting expenses	-	-	1,084	1,084
Depreciation	-	-	357	357
Professional fees	-	-	10,660	10,660
Miscellaneous	-	-	2,630	2,630
Conferences and training	-	-	340	340
Marketing	-	18,978	-	18,978
Total expenses	\$ 26,075	\$ 18,978	\$ 16,658	\$ 61,711

See notes to financial statements.

KyMel, Inc.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 140,311	\$ 100,567
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	260	357
Net realized and unrealized gain on investments	(53,765)	(53,409)
Changes in operating assets and liabilities:		
Accounts receivable	-	1,990
Prepaid expenses	(933)	1,658
Accounts payable	(18,600)	18,600
Net cash provided by operating activities	67,273	69,763
Cash flows from investing activities:		
Purchases of investments	(16,767)	(16,112)
Net cash used in investing activities	(16,767)	(16,112)
Net increase in cash	50,506	53,651
Cash, beginning of year	183,964	130,313
Cash, end of year	\$ 234,470	\$ 183,964

See notes to financial statements.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: KyMel, Inc. (f/k/a Camp Hope Heartland, Inc.) (the Organization) is a nonprofit organization whose primary purpose is to provide connecting experiences for families on the cancer journey with an ultimate goal of improving the health of children and adolescents with cancer. The name change was effective November 2018. Their primary program is Camp Hope, which is a summer program for youth who have, or have had, cancer. The camp is located in Clafin, Kansas.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial statement presentation: The Organization presents their financial statements based on *FASB Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements*.

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed stipulations but may be subject to board designations. Earnings on investments are reported as increases in net assets without donor restrictions unless their use is limited by donor stipulation or by laws.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations and expire neither by the passage of time nor by actions of the Organization. As of December 31, 2021 and 2020, all donor-restricted assets could be met by either actions or the passage of time.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Revenue: Under Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard replaced the most recently existing revenue recognition guidance under U.S. GAAP. This standard also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, which is derived primarily from special events revenue.

Contributions: Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts of materials and property are recorded as contributions at their estimated fair value at the date of donation. Such gifts are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional pledges at December 31, 2021 or 2020.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

In-kind contributions: In addition to receiving cash contributions, the Organization receives in-kind contributions of goods and services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in the financial statements, and similarly increase contribution revenue by a like amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Special event revenue: Special event revenue is derived primarily from tickets and sponsorships purchased for special events. The related performance obligation is satisfied at a point in time when the event occurs. As of December 31, 2021 and 2020, gross special event revenue was \$35,876 and \$38,492, respectively. Amounts received for special events are deferred to the applicable period in which the related event occurs and are classified as liabilities on the statements of financial position. At December 31, 2021 and 2020, there was \$0 of deferred revenue and accounts receivable related to special events.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Use of estimates: The preparation of financial statements in accordance with U.S. 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 estimates.

Functional allocation of expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among program, fundraising, and general and administrative categories based on the nature of the expense. Expenses directly related to Camp operations are included in program expenses, while other expenses such as administrative, promotional items, etc. are included in general and administrative.

Cash: Cash consists of cash on hand and deposits with a bank.

Facility credits: In 2015, the Organization provided \$317,000 to Barton County Community College (the College) for the construction and replacement of the dining and events center at Camp Aldrich. These funds were generated by tax credits and were to offset the cost of enhancements made to the facility and to reduce the overall College contribution. The \$317,000 is used as a credit for any event scheduled by KyMel, Inc. or Kans for Kids Fighting Cancer Foundation until the available credit had been used. The Organization has recorded the value of this credit as an asset with a balance of \$256,934 at December 31, 2021 and 2020.

As Kans for Kids Fighting Cancer Foundation (an unaffiliated entity) also has use of the facility and credit, management of the Organization estimates an allowance against this asset based on their usage. The allowance as of December 31, 2021 and 2020, is \$2,000. These funds are recorded net of allowance in the statements of financial position.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are recorded at invoice cost less an allowance for uncollectible accounts. Management of the Organization determines the allowance for uncollectible accounts based upon current factors. There was no allowance or receivables recorded at December 31, 2021 or 2020.

Investments: Investments are recorded at fair value. Fair value of publicly traded mutual funds and equity securities is determined by quoted market prices. See Note 5 for a discussion of fair value measurements.

Prepays: Prepays held on the balance sheet are payments related to down payments for future camp dates. These down payments are for the location where camp is held and yearbook printing for the camp year.

Income tax status: The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. However, the Organization is subject to federal income tax on any unrelated business taxable income. Uncertain tax provisions, if any, are recorded in accordance with ASC Topic 740, Income Taxes, which requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at December 31, 2021 or 2020.

Transfers between fair value hierarchy levels: Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date. There were no such transfers in 2021 or 2020.

Concentration of credit risk: The Organization occasionally maintains cash balances in excess of federally insured amounts. Management believes that the risk of loss is minimal due to the strength of the institutions. Management also notes no history of loss on the cash balances in excess of federally insured amounts.

Note 2. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has cash and investments available at its disposal as sources of liquidity.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows, which identify the sources and uses of the Organization's cash and show positive cash generated by operations for fiscal years 2021 and 2020.

KyMel, Inc.**Notes to Financial Statements**

Note 2. Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash	\$ 234,470	\$ 183,964
Investments	807,290	736,758
Total financial assets	<u>1,041,760</u>	<u>920,722</u>
Less amounts not available to be used within one year:		
Donor imposed restrictions	404,896	446,547
Financial assets available to meet general expenditures within one year	<u>\$ 636,864</u>	<u>\$ 474,175</u>

Note 3. Net Assets

Net assets with donor restrictions at December 31, 2021 and 2020, are available for the following purposes:

	2021	2020
KyMel program expenses	\$ 150,721	\$ 192,372
Facility rent	254,175	254,175
	<u>\$ 404,896</u>	<u>\$ 446,547</u>

Net assets released from restrictions for the years ended December 31, 2021 and 2020, were \$44,751 and \$20,783, respectively, and were a result of incurring expenses for the following purposes:

	2021	2020
KyMel Programs	\$ 44,751	\$ 20,783
	<u>\$ 44,751</u>	<u>\$ 20,783</u>

Note 4. Investments and Investment Return

Investments at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Cash and cash equivalents	\$ 12,575	\$ 10,376
Mutual funds	147,031	162,398
Common stock	647,684	563,984
	<u>\$ 807,290</u>	<u>\$ 736,758</u>

KyMel, Inc.

Notes to Financial Statements

Note 4. Investment and Investment Return (Continued)

Total investment return consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividend income	\$ 16,767	\$ 16,112
Net realized and unrealized gains	53,765	53,409
	<u>\$ 70,532</u>	<u>\$ 69,521</u>

Note 5. Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The Organization accounts for its investments at fair value. In accordance with the guidance, the Organization has categorized its investments based on the priority of the inputs to the valuation technique, which gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs are quoted prices for identical instruments traded in active markets.

Level 2: Inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; or derived from inputs that are observable.

Level 3: Inputs are valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker trade transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid corporate bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset-backed and other securities. In certain cases where there is limited activity or transparency around inputs to the valuation, including alternative investments, securities are classified with Level 3 of the valuation hierarchy.

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 147,031	\$ 147,031	\$ -	\$ -
Common stock	647,684	647,684	-	-
Cash and cash equivalents	12,575	-	-	-
	<u>\$ 807,290</u>	<u>\$ 794,715</u>	<u>\$ -</u>	<u>\$ -</u>

KyMel, Inc.

Notes to Financial Statements

Note 5. Fair Value of Assets and Liabilities (Continued)

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 162,398	\$ 162,398	\$ -	\$ -
Common stock	563,984	563,984	-	-
Cash and cash equivalents	10,376	-	-	-
	<u>\$ 736,758</u>	<u>\$ 726,382</u>	<u>\$ -</u>	<u>\$ -</u>

Note 6. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Barton County Community College tax credits allowance: Estimates related to the Barton County Community College tax credits are described in Note 1.

Fair value of investments: Estimates related to the fair value of investments are described in Note 1 and disclosed in Note 5.

Functional expense allocation: Estimates related to the allocation of functional expense are described in Note 1.

There are no concentrations of revenue for the years ended December 31, 2021 and 2020.

Note 7. Subsequent Events

The Organization has evaluated and disclosed subsequent events up to and including March 6, 2023, which is the date the financial statements were available to be issued.