

**SWIFTY FOUNDATION**

**FINANCIAL STATEMENTS**

**December 31, 2018  
and for the Year Then Ended**

# SWIFTY FOUNDATION

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

Board of Directors  
Swiftly Foundation  
Woodridge, Illinois

We have audited the accompanying financial statements of Swiftly Foundation (a nonprofit Foundation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 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 audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swifty Foundation as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, Swifty Foundation adopted the Financial Accounting Standards Board's Accounting Standard Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Desmond & Ahern, Ltd*

July 11, 2019  
Chicago, IL

**SWIFTY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2018**

**Assets**

Current Assets

Cash and equivalents	\$ 377,872
Investments	1,137,639
Accounts receivable	88

<b>Total Assets</b>	<b><u><u>\$ 1,515,599</u></u></b>
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**Liabilities and Net Assets**

Current Liabilities

Accounts payable and accrued expenses	\$ 262,755
Total current liabilities	<u>262,755</u>

Other Liabilities

Accounts payable - long term	<u>100,000</u>
Total liabilities	<u>362,755</u>

Net Assets

Without donor restrictions	
Undesignated	837,534
Designated by the board	<u>315,310</u>
Total net assets without donor restrictions	<u>1,152,844</u>

<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,515,599</u></u></b>
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See independent auditor's report and notes to financial statements.

**SWIFTY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2018**

**Revenues and Other Support**

Contributions	\$ 464,599
Unrealized loss	(120,543)
Realized gain	25,404
Dividends and interest	28,099
Investment fees	(6,049)
	<hr/>
<b>Total Public Support and Revenue</b>	<b>391,510</b>
	<hr/>

**Expenses**

Program	518,894
Administrative	39,800
Fundraising	6,855
	<hr/>
<b>Total Expenses</b>	<b>565,549</b>
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<b>Change in net assets</b>	<b>(174,039)</b>
<b>Net assets, beginning of year</b>	<b>1,326,883</b>
	<hr/>
<b>Net assets, end of year</b>	<b>\$ 1,152,844</b>
	<hr/> <hr/>

See independent auditor's report and notes to financial statements.

**SWIFTY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2018**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b><u>Functional Expenses</u></b>				
Grant and advocacy expense	\$ 509,585	\$ -	\$ 5,636	\$ 515,221
Professional fees	-	34,912	-	34,912
Office expenses	-	367	-	367
Equipment	1,046	82	47	1,175
Postage	-	1,111	800	1,911
Communication	1,769	139	80	1,988
Website	6,494	511	292	7,297
Fees	-	2,378	-	2,378
Dues and subscriptions	-	300	-	300
<b>Total Expenses</b>	<b><u>\$ 518,894</u></b>	<b><u>\$ 39,800</u></b>	<b><u>\$ 6,855</u></b>	<b><u>\$ 565,549</u></b>

See independent auditor's report and notes to financial statements.

**SWIFTY FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**

**Cash Flows from Operating Activities**

Change in net assets	\$ (174,039)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on investments	120,543
Changes in operating assets and liabilities	
Accounts receivable	(88)
Accounts payable	210,355
	<hr/>
Net cash provided by operating activities	156,771
	<hr/>

**Cash Flows from Investing Activities**

Proceeds from sales of investments	77,799
	<hr/>
Net cash provided by investing activities	77,799
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<b>Net decrease in cash and equivalents</b>	234,570
<b>Cash and equivalents, beginning of year</b>	143,302
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<b>Cash and equivalents, end of year</b>	<u>\$ 377,872</u>

See independent auditor's report and notes to financial statements.

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

Foundation

Swiftly Foundation (the Foundation) was founded in 2012 to raise awareness and support for research aimed at understanding the causes of pediatric brain cancer and finding a cure through tissue donation, research collaboration, and medulloblastoma research.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Foundation is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions.

As of December 31, 2018, the Foundation had no net assets with donor restrictions.

Cash and Equivalents

Cash and equivalents consist of bank deposits in federally insured accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. No cash was paid for taxes or interest during the year ended December 31, 2018.

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Contributions Receivable

Contributions receivable represent amounts promised by donors (unconditional promises to give), some of which are due in installments. All amounts are deemed collectible and no allowance for doubtful accounts is deemed necessary as the balances approximate fair value.

Support and Revenue

The Foundation reports gifts of cash and other assets 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, a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions.

Use of Estimates

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

Income Tax Status

The Foundation was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code (IRC) Section 501(c)(3). Contributions to the Foundation qualify for the charitable contribution deduction pursuant to IRS Section 170(b)(1)(A)(vi) and has been classified as a Foundation that is not a private Foundation under Section 509(a)(1). The tax-exempt purpose of the Foundation and the nature in which it operates is described above. Management believes the Foundation continues to operate in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements.

The Foundation has adopted the requirements for accounting for uncertain tax positions and management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of December 31, 2018.

The Foundation's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after they are filed. All filings are current.

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ending December 31, 2018, no donated services met the criteria for recognition. However, a number of volunteers, including the Board of Directors, have made significant contributions of time to the Foundation's programs and support functions, but the value of this contributed time does not meet the above criteria for recognition of contributed services contained per Generally Accepted Accounting Principles.

In-Kind Contributions

In addition to receiving cash contributions, the Foundation may receive in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. For the year ending December 31, 2018, the Foundation did not receive in-kind donations.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include equipment, communication, and website, which are allocated based on the estimation of the Foundation's historical experience and knowledge of the operating environment.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Foundation has evaluated subsequent events through July 11, 2019, which is the date the statements were available to be issued. See Note 5 for long term commitments. No other subsequent events have been identified that are required to be disclosed.

Not-for-Profit Financial Statement Presentation

During fiscal 2018, the Foundation adopted Accounting Standards Update ("ASU") No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The other main provisions of this guidance that impact the Foundation are: presentation of two classes of net assets versus the previously required three; and recognition of

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

No reclassification of 2017 net assets were necessary by the adoption of ASU No. 2016-14 by the Foundation as of December 31, 2018.

**Note 2 – Financial Assets and Liquidity Resources**

The Foundation monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures as part of its operating needs.

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and cash equivalents	\$ 377,872
Investments	1,137,639
Accounts receivable	88
Total financial assets at year-end	<u>1,515,599</u>
Less amounts not available to be used within one year:	
Board designations:	
Amount set aside for operating expenses	<u>(315,310)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,200,289</u>

Amounts not available within one year include amounts set aside for long-term investing that could be drawn upon if the governing board approves the action. However, these amounts were established with the sole purpose to fund the Foundation's operating activities (see Note 6 – Board Designate Net Assets). In addition to financials assets available to meet general expenditures over the next 12 months, the Foundation anticipates collecting sufficient revenue to cover general expenditures.

**Note 3 – Fair Value Measurements**

Generally Accepted Accounting Principles (GAAP) defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 3 – Fair Value Measurements (cont.)**

requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing. This is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities’ relationship to other benchmark quoted securities (Level 2 inputs).

Assets measured at fair value on a recurring basis as of December 31, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 699,735	\$ -	\$ -	\$ 699,735
Exchange traded funds	437,904	-	-	437,904
	<u>\$ 1,137,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,137,639</u>

**Note 4 – Investments**

Investments, primarily consisting of mutual funds and exchange traded funds, are stated at fair value. Gain and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities and changes in net assets as increases or decreases in net assets without donor restriction unless the use was restricted by explicit donor stipulations. Investment income is presented net on the Statement of Activities.

**SWIFTY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**Note 4 – Investments (cont.)**

Investments at cost and fair value as of December 31, 2018 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 711,468	\$ 699,735
Exchange traded funds	384,365	437,904
	<u>\$ 1,095,833</u>	<u>\$ 1,137,639</u>

**Note 5 – Long Term Commitments**

The Foundation has granted unconditional pledges to four organizations through 2021. The aggregate commitment under these agreements as of December 31, 2018 are as follows:

2019	\$ 250,000
2020	100,000
	<u>\$ 350,000</u>

The aggregate commitment under these agreements subsequent to the year ended December 31, 2018 are as follows:

2019	\$ 275,520
2020	280,486
2021	294,509
	<u>\$ 850,515</u>

**Note 6 – Board Designated Net Assets**

The founders of the Foundation made a contribution to the organization in 2013. Although not initially restricted, the purpose behind the contribution was for the principal to remain intact and investment income to be used solely for operational purposes (see Note 7 – Related Party Transactions). As part of the Foundation’s annual review, the governing board has designated net assets without donor restrictions of \$315,310 for general operating activities as of December 31, 2018.

**Note 7 – Related Party Transactions**

In 2013, the Gustafson Family transferred assets to the Foundation. Allen and Patti Gustafson serve on the board of Swifty Foundation.