

THE RAINBOW CONNECTION
(A Nonprofit Organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2022
(With Independent Auditor's Report Thereon)

**THE RAINBOW CONNECTION
(A Nonprofit Organization)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Rainbow Connection
(A Nonprofit Organization)

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of The Rainbow Connection, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Rainbow Connection as of December 31, 2022 and 2021, 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.

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 Audits of the Financial Statements section of our report. We are required to be independent of The Rainbow Connection 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 Rainbow Connection's ability to continue as a going concern for one year after the date that the financial statements are issued.

Report on the Audits of the Financial Statements (Continued)

Auditor's Responsibilities for the Audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Rainbow Connection'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 Rainbow Connection'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



Troy, Michigan
May 3, 2023

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,624,059	\$ 1,788,600
Non-negotiable certificate of deposit	249,910	-
Investments for operations - equity securities (note 3)	2,713,112	2,188,527
Investments for operations - debt securities (note 3)	184,231	-
Receivables:		
Donations and interest receivable (notes 2 and 4)	3,811	67,946
Employee Retention Credit receivable	27,877	-
Deposits	7,788	26,500
Total current assets	4,810,788	4,071,573
Property and equipment:		
At cost, less accumulated depreciation of \$526,077 in 2022 and \$512,260 in 2021 (note 5)	467,695	503,624
Total assets	\$ 5,278,483	\$ 4,575,197
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 121,928	\$ 6,452
Accrued expenses	24,792	17,991
Deferred revenue (note 4)	74,535	6,300
Total current liabilities	221,255	30,743
Net assets (note 6):		
Without donor restrictions	5,005,888	4,490,426
With donor restrictions	51,340	54,028
Total net assets	5,057,228	4,544,454
Total liabilities and net assets	\$ 5,278,483	\$ 4,575,197

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Public support:						
Contributions	\$ 1,174,961	\$ 93,330	\$ 1,268,291	\$ 796,655	\$ 58,817	\$ 855,472
Donated assets and services (note 7)	1,296,783	-	1,296,783	1,298,288	-	1,298,288
Memorials and bequests	111,808	-	111,808	105,838	-	105,838
Special event revenue	1,170,879	18,845	1,189,724	1,206,470	10,500	1,216,970
Total public support	3,754,431	112,175	3,866,606	3,407,251	69,317	3,476,568
Interest income	130,032	-	130,032	132,447	-	132,447
Loss on disposition of property and equipment	(289)	-	(289)	(992)	-	(992)
Paycheck Protection Program loan forgiveness	-	-	-	231,000	-	231,000
Employee Retention Credit income	27,877	-	27,877	-	-	-
Unrealized and realized (loss) gain on investments	(508,329)	-	(508,329)	71,418	-	71,418
Total revenues and support	3,403,722	112,175	3,515,897	3,841,124	69,317	3,910,441
Expenses:						
Program services	2,584,517	-	2,584,517	2,601,562	-	2,601,562
Fundraising	180,086	-	180,086	149,094	-	149,094
Special event expense	111,422	-	111,422	101,085	-	101,085
General and administrative	127,098	-	127,098	119,989	-	119,989
Total expenses	3,003,123	-	3,003,123	2,971,730	-	2,971,730
Release of net assets from restrictions	114,863	(114,863)	-	121,270	(121,270)	-
Changes in net assets	515,462	(2,688)	512,774	990,664	(51,953)	938,711
Net assets - beginning	4,490,426	54,028	4,544,454	3,499,762	105,981	3,605,743
Net assets - ending	<u>\$ 5,005,888</u>	<u>\$ 51,340</u>	<u>\$ 5,057,228</u>	<u>\$ 4,490,426</u>	<u>\$ 54,028</u>	<u>\$ 4,544,454</u>

See accompanying notes to financial statements

THE RAINBOW CONNECTION
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STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Employee compensation:								
Salaries - administrative	\$ 407,115	\$ 84,062	\$ 48,510	\$ 539,687	\$ 446,576	\$ 82,637	\$ 48,449	\$ 577,662
Payroll taxes	29,382	6,067	3,501	38,950	32,310	5,979	3,505	41,794
Total employee compensation	436,497	90,129	52,011	578,637	478,886	88,616	51,954	619,456
Other expenses:								
Rainbow wishes	664,205	-	-	664,205	605,822	-	-	605,822
Donated assets and services (note 7)	1,278,127	-	18,656	1,296,783	1,280,739	-	17,549	1,298,288
Promotion expense	18,976	2,108	-	21,084	23,436	2,604	-	26,040
Automotive expense	4,590	241	-	4,831	6,452	340	-	6,792
Bank service charge	-	33,144	11,048	44,192	6,033	30,163	4,021	40,217
Depreciation expense	21,933	217	21,282	43,432	23,004	228	22,321	45,553
Insurance	5,060	1,265	2,108	8,433	3,463	866	1,443	5,772
Miscellaneous	9,103	1,846	881	11,830	2,694	505	168	3,367
Office expense	15,856	2,975	998	19,829	15,554	2,916	972	19,442
Postage and shipping	5,921	1,110	370	7,401	5,651	1,060	353	7,064
Professional fees	-	-	11,500	11,500	-	2,200	8,800	11,000
Repairs and maintenance	13,941	3,485	5,809	23,235	24,086	6,021	10,035	40,142
Equipment lease expense	3,401	638	212	4,251	3,444	646	215	4,305
Telephone	8,725	1,026	513	10,264	10,659	1,254	627	12,540
Special response expenses	74,079	-	-	74,079	76,824	-	-	76,824
Scholarship expense	20,000	-	-	20,000	21,000	-	-	21,000
Grant research expense	-	24,718	-	24,718	10,140	-	-	10,140
Other events and benefits expense	-	16,158	-	16,158	-	10,757	-	10,757
Utilities	4,103	1,026	1,710	6,839	3,675	918	1,531	6,124
Total functional expenses	<u>\$ 2,584,517</u>	<u>\$ 180,086</u>	<u>\$ 127,098</u>	<u>\$ 2,891,701</u>	<u>\$ 2,601,562</u>	<u>\$ 149,094</u>	<u>\$ 119,989</u>	<u>\$ 2,870,645</u>

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ 512,774	\$ 938,711
Adjustments:		
Depreciation	43,432	45,553
Unrealized and realized loss (gain) on investments	508,329	(71,418)
Donated stock	-	(54,978)
Paycheck Protection Program loan forgiveness income	-	(231,000)
Loss on disposition of property and equipment	289	992
Changes in assets and liabilities:		
(Increase)/decrease in:		
Donations and interest receivable	64,135	(35,626)
Employee Retention Credit receivable	(27,877)	-
Deposits	18,712	(25,900)
Increase/(decrease) in:		
Accounts payable	115,476	940
Accrued expenses	6,801	2,022
Deferred revenue	68,235	1,057
Total adjustments	797,532	(368,358)
Net cash provided from operating activities	1,310,306	570,353
Cash flows from investing activities:		
Acquisition of property and equipment	(7,792)	(33,008)
Proceeds from sale of investments	1,081,476	196,504
Purchase of certificate of deposit	(249,000)	-
Purchase of investments	(2,169,499)	(534,583)
Interest income on investments and certificate of deposit	(130,032)	(132,447)
Net cash used in investing activities	(1,474,847)	(503,534)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	115,500
Net cash provided from financing activities	-	115,500
Net (decrease) increase in cash and cash equivalents	(164,541)	182,319
Cash and cash equivalents - beginning	1,788,600	1,606,281
Cash and cash equivalents - ending	\$ 1,624,059	\$ 1,788,600

See accompanying notes to financial statements

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

The Rainbow Connection (A Nonprofit Organization) (the Organization) is a Michigan non-profit, public organization approved by the Internal Revenue Service to make dreams come true for Michigan children with life-threatening medical conditions and provide support services to the families. The Organization's sources of revenue are principally contributions and special fundraising events.

Accounting Standards Adopted in 2022

In 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). ASU No. 2020-07 and all subsequently issued clarifying ASUs do not replace existing recognition and measurement guidance in U.S. GAAP. The ASU improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets.

As part of the adoption of the ASU, the Organization must present nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash and other financial assets. Additionally, the Organization must disclose in-kind contributions in the notes to the financial statements by type. See Note 7 for the breakdown of contribution of nonfinancial assets.

Cash and Cash Equivalents

The statements of cash flows classify changes in cash or cash equivalents (short-term, highly liquid investments readily convertible into cash with an original maturity of three months or less) according to operating, investing or financing activities. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and temporary cash investments. The Organization maintains cash balances at high credit quality financial institutions. The Organization's accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000. The Organization had cash balances of approximately \$747,300 and \$271,200 held at financial institutions in excess of the FDIC insurance limit for the years ended December 31, 2022 and 2021, respectively. The Organization also has an Insured Cash Sweep (ICS) account which is fully secured by the FDIC. The Organization had cash balances of approximately \$5,700 and \$4,000 held at financial institutions in excess of the NCUA insurance limit for the years ended December 31, 2022 and 2021, respectively. The Organization places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Organization believes no significant concentration of credit risk exists with respect to these cash investments.

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Non-Negotiable Certificate of Deposit

The Organization invests in a non-negotiable certificate of deposit with an original maturity in excess of 90 days. The certificate of deposit matures August 4, 2023. The certificate of deposit is recorded at cost plus accrued interest.

Basis of Accounting

The Organization records revenues and support and expenses in the accompanying financial statements using the accrual basis of accounting. Donations are recorded when received or at the time the Organization has an established right to the donation and the amount is measurable.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions are reported as net assets without donor restrictions.

Special Event

Special event revenue is generated through ticket sales and sponsorship agreements associated with the event. Revenue is recognized upon the event occurring and the customer being admitted. Any revenues received in advance of the event are reported as deferred revenue.

Donations Receivable

Donations receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Management provides for uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation of allowance based on its assessment of the current status of individual accounts. Management believes all balances are collectible; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms and are charged-off when management determines the receivable will not be collected.

Investments

The Organization classifies its debt securities as trading. Investments in debt securities classified as trading and equity securities are measured at fair value in the statements of financial position.

Realized gains and losses on investment transactions are recorded as the difference between proceeds received and carrying value. Net unrealized appreciation or depreciation in the fair market value of investments is recorded as the change in carrying value of the investment portfolio from the beginning of the year or date of purchase to the end of the year.

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments (Continued)

Investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Generally accepted accounting principles established 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurements

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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. See Note 3, Investments, for investment valuations.

Income Tax Status

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income". No income tax was incurred during the years ended December 31, 2022 and 2021.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2019 - 2022.

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 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 Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statements of activities and changes in net assets. In the statements of functional expenses, salaries and related expenses are allocated to program services and supporting services on the basis of actual or estimated time devoted to those activities. Insurance, miscellaneous, office expense, postage and shipping, repairs and maintenance, equipment lease expense, telephone, and utilities are allocated based on employee activity. Depreciation expense is allocated based on square footage. Rainbow wishes, donated services, promotion expense, special response expenses, grant research expense, and scholarship expense are allocated based on actual usage.

Net Asset Classifications

Net assets of the Organization are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets. The Organization reports contributions of cash or other assets as with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Reclassification

Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the presentation of the December 31, 2022 financial statements. These reclassifications had no effect on the December 31, 2021 net assets, changes in net assets or cash flows as previously reported.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 3, 2023, which is the date the financial statements were available to be issued.

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Donations Receivable

Donations receivable consist of unconditional promises to give that the Organization will collect in future periods. The receivable consists of the following at December 31, 2022 and 2021:

	2022	2021
Celebration of dreams	\$ -	\$ 51,500
Special response	-	10,000
Wish enhancement	-	5,000
Total	\$ -	\$ 66,500

Note 3 - Investments

The tables below segregate all financial assets as of December 31, 2022 and 2021 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

	December 31, 2022			
	Fair Value Based on			
Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash and money market	\$ 13,859	\$ -	\$ 13,859	\$ -
Equity securities	2,699,253	2,699,253	-	-
Trading debt securities	184,231	-	184,231	-
Investments at fair value	\$ 2,897,343	\$ 2,699,253	\$ 198,090	\$ -

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 - Investments (Continued)

	December 31, 2021			
	Fair Value Based on			
	Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)
Cash and money market	\$ 14,162	\$ -	\$ 14,162	\$ -
Equity securities	<u>2,174,365</u>	<u>2,174,365</u>	<u>-</u>	<u>-</u>
Investments at fair value	<u>\$ 2,188,527</u>	<u>\$ 2,174,365</u>	<u>\$ 14,162</u>	<u>\$ -</u>

For the above equity securities, the fair value was determined by reference to quoted market prices in active markets (Level 1) and other relevant information generated by market transactions. For the above trading debt securities, the fair value was determined by reference to other observable inputs (Level 2). Cash and money market are categorized as Level 2 investments since they are not actively traded.

Note 4 - Contract Balances

The following table summarizes our ending and beginning balances for contract liabilities associated with our contracts with customers:

	Ending	Beginning
<u>2022</u>		
Contract liabilities:		
Deferred revenue	<u>\$ 74,535</u>	<u>\$ 6,300</u>
<u>2021</u>		
Contract liabilities:		
Deferred revenue	<u>\$ 6,300</u>	<u>\$ 5,243</u>

Contract liabilities relate to deferred revenue for which the Organization has future performance obligations to the customer. Deferred revenue represents contributions received in advance for special events set to occur during future periods. The associated revenue will be recognized at the point in time the special events take place. The Organization does not have any contract assets as defined in ASC 606.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 5 - Property and Equipment

The principal categories of property and equipment may be summarized as follows:

	2022	2021
Building and building improvements	\$ 889,423	\$ 890,507
Furniture and equipment	65,667	86,695
Vehicles	38,682	38,682
Total cost	993,772	1,015,884
Less accumulated depreciation	526,077	512,260
Undepreciated cost	\$ 467,695	\$ 503,624

Property and equipment are recorded at cost. The Organization capitalizes assets with an initial cost of more than \$500. Depreciation is provided on a straight-line basis over the estimated useful lives (3 to 39 years) of the assets. Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$43,432 and \$45,553, respectively.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are for the following purposes:

Restricted for specific purposes:		
Scholarships for wish children	\$ 10,170	\$ 11,325
Special response	37,983	37,703
Wish enhancement	3,187	5,000
Total	\$ 51,340	\$ 54,028

Note 7 - Donated Assets and Services

The Organization recognizes contribution revenue for certain services received at the estimated 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.

THE RAINBOW CONNECTION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 7 - Donated Assets and Services (Continued)

The Organization recognized contributed nonfinancial assets within revenue including contributed food, gifts, tickets to sporting events and other entertainment, wish discounts, toys and games, donated services and other contributed nonfinancial assets. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions.

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities and changes in net assets include:

	2022	2021
Food	\$ 21,624	\$ 12,899
Gifts	139,393	171,952
Tickets to sporting events and other entertainment	125,131	-
Wish discounts	838,816	889,105
Toys and games	85,403	120,831
Donated services	74,982	93,236
Other contributed nonfinancial assets	11,434	10,265
Total contributed nonfinancial assets	\$ 1,296,783	\$ 1,298,288

Donated food, gifts, tickets to sporting events and other entertainment, toys and games, and other contributed nonfinancial assets are valued and are reported at the estimated fair value in the financial statements based on the current cost of the donation. These donated assets were used for the benefit of the wish families.

Wish discounts recognized comprise the discounts the Organization received when booking trips to Disney to fulfill wishes. These wish discounts are valued based on the cost savings the Organization received when booking these wish trips.

Donated services comprise services performed by individuals outside of the Organization. These services are measured at the fair market value of the cost of the services performed based on current market rates.

There were no donor imposed restrictions on contributions of nonfinancial assets.

**THE RAINBOW CONNECTION
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 8 - Liquidity and Availability

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:

	2022	2021
Total current assets	\$ 4,810,788	\$ 4,071,573
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purpose restrictions	(51,340)	(54,028)
Less deposits	(7,788)	(26,500)
Total	\$ 4,751,660	\$ 3,991,045

Financial assets in the amount of \$4,751,660 are available for general expenditure without donor or other restrictions limiting their use for the year ended December 31, 2022. If funds to cover the cost of current liabilities are backed out, a net amount of \$4,530,405 is available. Should a severe shortage of liquid assets occur, the Organization could liquidate a portion of its investment portfolio, which totaled \$2,897,343 as of December 31, 2022.

***** End of Notes *****