



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

FINANCIAL STATEMENTS

DECEMBER 31, 2025

(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
The Rainbow Connection
(A Nonprofit Organization)

Opinion

We have audited the financial statements of The Rainbow Connection (A Nonprofit Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 (A Nonprofit Organization) as of December 31, 2025 and 2024, 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 (A Nonprofit 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 Rainbow Connection's (A Nonprofit Organization) ability to continue as a going concern for one year after the date that the financial statements are issued.

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 (A Nonprofit Organization) 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 (A Nonprofit Organization) 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.

Doeren Mayhew Assurance

Troy, Michigan
April 21, 2026

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

| Assets | 2025 | 2024 |
|---|--------------|--------------|
| Current assets | | |
| Cash and cash equivalents | \$ 1,965,737 | \$ 2,502,101 |
| Non-negotiable certificate of deposit | 271,036 | 261,871 |
| Investments for operations - mutual funds - equities (note 1) | 5,165,128 | 3,087,935 |
| Investments for operations - mutual funds - debt (note 1) | 586,735 | 1,285,985 |
| Receivables | | |
| Interest receivable | 7,645 | 7,855 |
| Contributions receivable | 24,133 | 14,996 |
| Prepaid expenses and other current assets | 29,611 | 26,212 |
| Total current assets | 8,050,025 | 7,186,955 |
| Property and equipment | | |
| At cost, less accumulated depreciation of \$629,848 in 2025 and \$579,625 in 2024 (note 3) | 438,005 | 440,562 |
| Total assets | \$ 8,488,030 | \$ 7,627,517 |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities | | |
| Accounts payable | \$ 9,570 | \$ 8,692 |
| Accrued expenses | 34,154 | 29,764 |
| Deferred revenue (note 2) | 12,507 | 13,673 |
| Total current liabilities | 56,231 | 52,129 |
| Net assets (note 4) | | |
| Without donor restrictions | 8,060,411 | 7,278,521 |
| With donor restrictions | 371,388 | 296,867 |
| Total net assets | 8,431,799 | 7,575,388 |
| Total liabilities and net assets | \$ 8,488,030 | \$ 7,627,517 |

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | | | 2024 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues and support | | | | | | |
| Public support | | | | | | |
| Contributions of cash | \$ 745,865 | \$ 479,076 | \$ 1,224,941 | \$ 1,055,082 | \$ 149,615 | \$ 1,204,697 |
| Donated assets and services (note 5) | 1,475,130 | - | 1,475,130 | 1,313,278 | - | 1,313,278 |
| Memorials and bequests | 56,993 | - | 56,993 | 39,395 | - | 39,395 |
| Special event revenue | 1,092,975 | 44,871 | 1,137,846 | 971,545 | 68,852 | 1,040,397 |
| Total public support | 3,370,963 | 523,947 | 3,894,910 | 3,379,300 | 218,467 | 3,597,767 |
| Interest income | 249,386 | - | 249,386 | 253,682 | - | 253,682 |
| Gain on sale of equipment | - | - | - | 8,000 | - | 8,000 |
| Unrealized and realized gain on investments, net of fees | 573,091 | - | 573,091 | 386,977 | - | 386,977 |
| Total revenues and support | 4,193,440 | 523,947 | 4,717,387 | 4,027,959 | 218,467 | 4,246,426 |
| Expenses | | | | | | |
| Program services | 3,362,531 | - | 3,362,531 | 2,837,173 | - | 2,837,173 |
| Fundraising | 186,555 | - | 186,555 | 185,885 | - | 185,885 |
| Special event expense | 162,931 | - | 162,931 | 147,572 | - | 147,572 |
| General and administrative | 148,959 | - | 148,959 | 144,144 | - | 144,144 |
| Total expenses | 3,860,976 | - | 3,860,976 | 3,314,774 | - | 3,314,774 |
| Release of net assets from restrictions | 449,426 | (449,426) | - | 253,566 | (253,566) | - |
| Changes in net assets | 781,890 | 74,521 | 856,411 | 966,751 | (35,099) | 931,652 |
| Net assets - beginning | 7,278,521 | 296,867 | 7,575,388 | 6,311,770 | 331,966 | 6,643,736 |
| Net assets - ending | <u>\$ 8,060,411</u> | <u>\$ 371,388</u> | <u>\$ 8,431,799</u> | <u>\$ 7,278,521</u> | <u>\$ 296,867</u> | <u>\$ 7,575,388</u> |

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | | | | 2024 | | | |
|--------------------------------------|---------------------|-------------------|----------------------------|---------------------|---------------------|-------------------|----------------------------|---------------------|
| | Program Services | Fundraising | General and Administrative | Total | Program Services | Fundraising | General and Administrative | Total |
| Employee compensation | | | | | | | | |
| Salaries - administrative | \$ 618,244 | \$ 94,561 | \$ 66,724 | \$ 779,529 | \$ 531,732 | \$ 83,308 | \$ 64,327 | \$ 679,367 |
| Payroll taxes | 44,582 | 6,819 | 4,811 | 56,212 | 38,475 | 6,027 | 4,655 | 49,157 |
| Total employee compensation | 662,826 | 101,380 | 71,535 | 835,741 | 570,207 | 89,335 | 68,982 | 728,524 |
| Other expenses | | | | | | | | |
| Rainbow wishes | 791,241 | - | - | 791,241 | 652,770 | - | - | 652,770 |
| Donated assets and services (note 5) | 1,456,988 | - | 18,142 | 1,475,130 | 1,295,444 | - | 17,834 | 1,313,278 |
| Promotion expense | 91,053 | 10,117 | - | 101,170 | 90,768 | 10,085 | - | 100,853 |
| Automotive expense | 4,130 | 217 | - | 4,347 | 6,050 | 319 | - | 6,369 |
| Bank service charge | - | 32,725 | 1,722 | 34,447 | - | 26,368 | 8,790 | 35,158 |
| Depreciation expense | 25,363 | 251 | 24,609 | 50,223 | 22,547 | 571 | 21,937 | 45,055 |
| Insurance | 8,621 | 2,155 | 3,592 | 14,368 | 6,957 | 1,739 | 2,899 | 11,595 |
| Miscellaneous | 11,430 | 1,944 | 1,002 | 14,376 | 3,721 | 621 | 429 | 4,771 |
| Office expense | 18,620 | 3,491 | 1,164 | 23,275 | 18,348 | 3,440 | 1,146 | 22,934 |
| Postage and shipping | 6,865 | 1,287 | 429 | 8,581 | 6,694 | 1,255 | 419 | 8,368 |
| Professional fees | - | 11,096 | 14,000 | 25,096 | - | - | 13,000 | 13,000 |
| Repairs and maintenance | 24,693 | 6,173 | 10,288 | 41,154 | 15,007 | 3,752 | 6,253 | 25,012 |
| Equipment lease expense | 3,904 | 732 | 244 | 4,880 | 4,197 | 787 | 262 | 5,246 |
| Telephone | 12,516 | 1,473 | 736 | 14,725 | 10,317 | 1,215 | 607 | 12,139 |
| Special response expenses | 214,689 | - | - | 214,689 | 110,338 | - | - | 110,338 |
| Scholarship expense | 26,000 | - | - | 26,000 | 20,000 | 17,934 | - | 37,934 |
| Grant research expense | - | - | - | - | - | 14,681 | - | 14,681 |
| Other events and benefits expense | - | 12,616 | - | 12,616 | - | 12,831 | - | 12,831 |
| Utilities | 3,592 | 898 | 1,496 | 5,986 | 3,808 | 952 | 1,586 | 6,346 |
| Total functional expenses | <u>\$ 3,362,531</u> | <u>\$ 186,555</u> | <u>\$ 148,959</u> | <u>\$ 3,698,045</u> | <u>\$ 2,837,173</u> | <u>\$ 185,885</u> | <u>\$ 144,144</u> | <u>\$ 3,167,202</u> |

See accompanying notes to financial statements

THE RAINBOW CONNECTION
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|--|--------------|--------------|
| Cash flows from operating activities | | |
| Changes in net assets | \$ 856,411 | \$ 931,652 |
| Adjustments | | |
| Depreciation | 50,223 | 45,055 |
| Unrealized and realized gain on investments | (586,118) | (398,288) |
| Donated stock | (47,613) | (24,772) |
| Gain on sale of equipment | - | (8,000) |
| Decrease/(increase) in assets | | |
| Interest receivable | 210 | (2,216) |
| Contributions receivable | (9,137) | (14,996) |
| Prepaid expenses and other current assets | (3,399) | (23,412) |
| Increase/(decrease) in liabilities | | |
| Accounts payable | 878 | (17,510) |
| Accrued expenses | 4,390 | 8,655 |
| Deferred revenue | (1,166) | (17,041) |
| Total adjustments | (591,732) | (452,525) |
| Net cash provided from operating activities | 264,679 | 479,127 |
| Cash flows from investing activities | | |
| Acquisition of property and equipment | (47,666) | - |
| Purchase of investments | (816,917) | (185,225) |
| Proceeds from sale of investments | 72,705 | - |
| Proceeds from sale of property and equipment | - | 8,000 |
| Proceeds from maturity of certificate of deposit | 267,704 | 255,336 |
| Purchase of certificate of deposit | (276,869) | (261,871) |
| Net cash used in investing activities | (801,043) | (183,760) |
| Net change in cash and cash equivalents | (536,364) | 295,367 |
| Cash and cash equivalents - beginning | 2,502,101 | 2,206,734 |
| Cash and cash equivalents - ending | \$ 1,965,737 | \$ 2,502,101 |

See accompanying notes to financial statements

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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.

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 \$682,900 and \$457,200 held at financial institutions in excess of the FDIC insurance limit for the years ended December 31, 2025 and 2024, 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 \$55,900 and \$32,800 held at financial institutions in excess of the NCUA insurance limit for the years ended December 31, 2025 and 2024, 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.

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 December 2026. 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. All other contributions are reported as net assets without donor restrictions.

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Special Event

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

Investments

The Organization's investments are reported at fair market value determined by quoted market prices. 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.

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.

Investments as of December 31, 2025 and 2024 consist solely of mutual funds which are invested in certain debt and equity securities. The fair value is determined based on the quoted market price in active markets and, therefore, are Level 1 investments.

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.

THE RAINBOW CONNECTION (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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, 2025 and 2024.

The Organization’s income tax filings are subject to audit by various taxing authorities. The Organization’s open audit periods are 2022 - 2025.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2025 and 2024 amounted to \$101,170 and \$100,853, respectively.

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 direct allocation.

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.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Leases

The Organization does not have significant long-term leases. Short-term leases (initial term less than 12 months) are expensed on a straight-line basis over the lease term. The Organization's lease expenses amounted to \$4,880 and \$5,246 in December 31, 2025 and 2024, respectively.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 21, 2026, which is the date the financial statements were available to be issued.

Note 2 – Contract Balances

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 Organization's contract liabilities amounted to \$30,714 at January 1, 2024.

Note 3 – Property and Equipment

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

| | 2025 | 2024 |
|------------------------------------|-------------|-------------|
| Building and building improvements | \$ 903,545 | \$ 903,545 |
| Furniture and equipment | 59,474 | 59,474 |
| Vehicles | 104,834 | 57,168 |
| Total cost | 1,067,853 | 1,020,187 |
| Less accumulated depreciation | (629,848) | (579,625) |
| Undepreciated cost | \$ 438,005 | \$ 440,562 |

Property and equipment are recorded at cost. The Organization capitalizes assets with an initial cost of more than \$2,000. 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, 2025 and 2024 amounted to \$50,223 and \$45,055, respectively.

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 4 – Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2025 and 2024 are for the following purposes:

| | 2025 | 2024 |
|----------------------------------|-------------|-------------|
| Restricted for specific purposes | | |
| Scholarships for wish children | \$ 69,296 | \$ 50,425 |
| Special response | 151,948 | 136,875 |
| Future special events | 92,969 | 75,400 |
| Wish enhancement | 57,175 | 34,167 |
| Total | \$ 371,388 | \$ 296,867 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

| | 2025 | 2024 |
|--------------------------------|-------------|-------------|
| Scholarships for wish children | \$ 26,000 | \$ 37,934 |
| Special response | 244,689 | 112,855 |
| Future special events | 75,400 | 79,914 |
| Adopt-A-Dream | 60,000 | - |
| Other special events | 5,000 | - |
| Wish enhancement | 38,337 | 22,863 |
| Total | \$ 449,426 | \$ 253,566 |

Note 5 – 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 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.

THE RAINBOW CONNECTION
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities and changes in net assets include:

| | 2025 | 2024 |
|--|--------------|--------------|
| Food | \$ 25,691 | \$ 23,363 |
| Gifts | 192,557 | 187,576 |
| Tickets to sporting events and other entertainment | 139,973 | 95,891 |
| Wish discounts | 860,278 | 780,231 |
| Toys and games | 184,401 | 160,132 |
| Donated services | 44,400 | 44,616 |
| Other contributed nonfinancial assets | 27,830 | 21,469 |
| Total contributed nonfinancial assets | \$ 1,475,130 | \$ 1,313,278 |

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.

Note 6 – Simple IRA

The Organization offers a simple IRA account. All employees of the Organization, with the exception of summer part-time employees and employees expected to make less than \$5,000 in the plan year, are eligible to make elective deferrals to the plan. The Organization will contribute \$1.00 for every \$1.00 contributed for an eligible employee up to 3% of the employee's compensation. The Organization made matching contributions in the amount of \$18,573 and \$15,174 for the years ended December 31, 2025 and 2024, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 7 – 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:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Total current assets | \$ 8,050,025 | \$ 7,186,955 |
| Less those unavailable for general expenditure within one year, due to | | |
| Restricted by donor with time or purpose restrictions | (371,388) | (296,867) |
| Less prepaid expenses and other current assets | (29,611) | (26,212) |
| Total | \$ 7,649,026 | \$ 6,863,876 |

Financial assets in the amount of \$7,649,026 are available for general expenditure without donor or other restrictions limiting their use for the year ended December 31, 2025. If funds to cover the cost of current liabilities are backed out, a net amount of \$7,592,795 is available. Should a severe shortage of liquid assets occur, the Organization could liquidate a portion of its investment portfolio, which totaled \$5,751,863 as of December 31, 2025.