



Delivering Joy to Children in Need

THE TOY FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

THE TOY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Toy Foundation, Inc.

Opinion

We have audited the financial statements of The Toy Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and 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 Toy Foundation, Inc. as of December 31, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Foundation'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 Foundation'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.

Marcum LLP

Washington, DC
June 3, 2024

THE TOY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 260,015	\$ 693,728
Investments	2,839,358	2,437,166
Contributions receivable	184,990	150,000
Prepaid expenses	11,711	19,424
Property and equipment, net	<u>2,351</u>	<u>16,455</u>
Total Assets	<u>\$ 3,298,425</u>	<u>\$ 3,316,773</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 55,441	\$ 36,848
Grants payable	380,053	46,890
Due to The Toy Association, Inc.	<u>114,083</u>	<u>43,849</u>
Total Liabilities	<u>549,577</u>	<u>127,587</u>
Net Assets		
Without donor restrictions	<u>2,748,848</u>	<u>3,189,186</u>
Total Net Assets	<u>2,748,848</u>	<u>3,189,186</u>
Total Liabilities and Net Assets	<u>\$ 3,298,425</u>	<u>\$ 3,316,773</u>

The accompanying notes are an integral part of these financial statements.

THE TOY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenue and Support		
Contributions	\$ 236,588	\$ 1,812,913
TOTY special event revenue, net of costs of direct benefits to donors of \$649,121 in 2023 and \$254,372 in 2022	366,605	674,180
In-kind donations	26,206,502	22,697,785
Investment income (loss), net	<u>326,669</u>	<u>(469,892)</u>
Total Revenue and Support	<u>27,136,364</u>	<u>24,714,986</u>
Expenses		
Program services:		
Children's Hospital Program	416,051	456,589
Diversity, Equity & Inclusion	50,589	165,800
Emergency Grants	1,477,787	3,519,261
Toy Bank	4,883,422	7,295,576
Genius of Play	<u>19,732,488</u>	<u>13,209,999</u>
Total Program Services	<u>26,560,337</u>	<u>24,647,225</u>
Supporting services:		
General and administrative	645,852	609,947
Fundraising	<u>370,513</u>	<u>372,434</u>
Total Supporting Services	<u>1,016,365</u>	<u>982,381</u>
Total Expenses	<u>27,576,702</u>	<u>25,629,606</u>
Change in Net Assets	(440,338)	(914,620)
Net Assets, Beginning of Year	<u>3,189,186</u>	<u>4,103,806</u>
Net Assets, End of Year	<u>\$ 2,748,848</u>	<u>\$ 3,189,186</u>

The accompanying notes are an integral part of these financial statements.

THE TOY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

							Supporting Services			Total
	Children's Hospital Program	Diversity, Equity & Inclusion	Emergency Grants	Toy Bank	Genius of Play	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related benefits	\$ 26,362	\$ 41,968	\$ --	\$ 59,070	\$ --	\$ 127,400	\$ 409,020	\$ 245,718	\$ 654,738	\$ 782,138
Public service announcements	--	--	--	--	19,732,488	19,732,488	--	--	--	19,732,488
Toy donations	--	--	1,477,785	4,737,658	--	6,215,443	--	--	--	6,215,443
Other expenses	7,586	8,621	2	86,694	--	102,903	173,055	124,795	297,850	400,753
Grants	380,053	--	--	--	--	380,053	2,399	--	2,399	382,452
Professional services	2,050	--	--	--	--	2,050	61,378	--	61,378	63,428
Cost of direct benefits to donors	--	--	--	--	--	--	--	649,121	649,121	649,121
	<u>416,051</u>	<u>50,589</u>	<u>1,477,787</u>	<u>4,883,422</u>	<u>19,732,488</u>	<u>26,560,337</u>	<u>645,852</u>	<u>1,019,634</u>	<u>1,665,486</u>	<u>28,225,823</u>
Less expenses deducted directly from revenues on the statements of activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(649,121)</u>	<u>(649,121)</u>	<u>(649,121)</u>
Total	<u>\$ 416,051</u>	<u>\$ 50,589</u>	<u>\$ 1,477,787</u>	<u>\$ 4,883,422</u>	<u>\$ 19,732,488</u>	<u>\$ 26,560,337</u>	<u>\$ 645,852</u>	<u>\$ 370,513</u>	<u>\$ 1,016,365</u>	<u>\$ 27,576,702</u>

The accompanying notes are an integral part of these financial statements.

THE TOY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

						Supporting Services				Total
	Children's Hospital Program	Diversity, Equity & Inclusion	Emergency Grants	Toy Bank	Genius of Play	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and related benefits	\$ 29,404	\$ 48,952	\$ --	\$ 38,637	\$ --	\$ 116,993	\$ 412,471	\$ 212,037	\$ 624,508	\$ 741,501
Public service announcements	--	--	--	--	13,209,999	13,209,999	--	--	--	13,209,999
Toy donations	--	--	1,981,498	7,248,908	--	9,230,406	--	--	--	9,230,406
Other expenses	1,694	4,218	22,743	8,031	--	36,686	145,411	160,397	305,808	342,494
Grants	386,810	102,550	1,509,000	--	--	1,998,360	--	--	--	1,998,360
Professional services	38,681	10,080	6,020	--	--	54,781	52,065	--	52,065	106,846
Cost of direct benefits to donors	--	--	--	--	--	--	--	254,372	254,372	254,372
	<u>456,589</u>	<u>165,800</u>	<u>3,519,261</u>	<u>7,295,576</u>	<u>13,209,999</u>	<u>24,647,225</u>	<u>609,947</u>	<u>626,806</u>	<u>1,236,753</u>	<u>25,883,978</u>
Less expenses deducted directly from revenues on the statements of activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(254,372)</u>	<u>(254,372)</u>	<u>(254,372)</u>
Total	<u>\$ 456,589</u>	<u>\$ 165,800</u>	<u>\$ 3,519,261</u>	<u>\$ 7,295,576</u>	<u>\$ 13,209,999</u>	<u>\$ 24,647,225</u>	<u>\$ 609,947</u>	<u>\$ 372,434</u>	<u>\$ 982,381</u>	<u>\$ 25,629,606</u>

The accompanying notes are an integral part of these financial statements.

THE TOY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (440,338)	\$ (914,620)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (gain) loss on investments	(252,908)	519,364
Depreciation and amortization	14,104	14,105
Changes in assets and liabilities:		
Contributions receivable	(34,990)	(139,750)
Prepaid expenses	7,713	87,709
Accounts payable and accrued expenses	18,593	20,034
Grants payable	333,163	46,890
Due to The Toy Association, Inc.	70,234	69,278
Deferred income	--	(113,015)
Net Cash Used In Operating Activities	<u>(284,429)</u>	<u>(410,005)</u>
Cash Flows From Investing Activities		
Purchases of investments	(1,200,981)	(864,671)
Proceeds from sales and maturities of investments	<u>1,051,697</u>	<u>858,819</u>
Net Cash Used In Investing Activities	<u>(149,284)</u>	<u>(5,852)</u>
Net Decrease in Cash and Cash Equivalents	(433,713)	(415,857)
Cash and Cash Equivalents, Beginning of Year	<u>693,728</u>	<u>1,109,585</u>
Cash and Cash Equivalents, End of Year	<u>\$ 260,015</u>	<u>\$ 693,728</u>

The accompanying notes are an integral part of these financial statements.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Toy Foundation, Inc. (the Foundation) is a nonprofit organization dedicated to bringing joy and comfort to children in need through the experience of toys and play. The Foundation operates several programs that serve children who are sick, impoverished, in foster care, or those suffering in the wake of natural disasters. The Foundation makes cash grants to various organizations to enhance the work these organizations do on behalf of children in need. The Foundation's major programs are as follows:

Children's Hospital Program

The Children's Hospital Program brings the healing power of play to children in hospital settings, especially those in underserved communities.

Diversity, Equity & Inclusion Program

The Foundation works with a network of colleges and universities across the country to attract diverse, young talent to career pathways in the toy industry. The Foundation engages toy industry professionals across business sectors, career levels, and personal backgrounds to illustrate the variety of exciting career opportunities and place students in internships and first-hire positions.

Emergency Grants Program

The Emergency Grants Program brings the healing power of play to children and families in the wake of natural disasters, domestic upheaval and other humanitarian crises.

Toy Bank Program

The Foundation's signature program delivering play to children in need, the Toy Bank is the toy industry's year-round corporate social responsibility and inventory management solution for product donations. The Foundation collects toys from manufacturers, retailers, and distributors, which are donated to children's charities nationwide and across the globe.

Genius of Play

In conjunction with The Toy Association, Inc.'s (the Association) Genius of Play program, the Foundation utilizes donated Public Service Announcements to educate parents and caregivers on the benefits of play for kids and the critical role play has for child development.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of the Foundation’s significant accounting policies follows:

BASIS OF PRESENTATION

The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions include undesignated funds that are available for the support of the Foundation’s activities and are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions result from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations. When a restriction expires (that is, when 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 statements of activities as net assets released from restrictions. However, 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. For the years ended December 31, 2023 and 2022, the Foundation did not recognize any donor-restricted contributions revenue. There were no net assets with donor restrictions as of December 31, 2023 and 2022.

USE OF ESTIMATES

The preparation of financial statements in conformity with 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.

CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

The Foundation maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Foundation.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of donor pledges and other receivables related to the Toy of the Year event (“TOTY”). Management periodically reviews the status of all balances for collectability and provides for probable losses using the allowance method. The allowance is determined based on management’s experience and collection efforts. As of December 31, 2023 and 2022, no allowance for doubtful accounts was recorded.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are reported at their fair value. Changes in the fair value of investments are recorded as unrealized gains and losses and are included in investment income in the accompanying statements of activities.

The Foundation invests in a professionally managed portfolio that contains various types of marketable securities, as detailed in Note 2. Such investments are exposed to various risks, such as fluctuations in market value and credit risks. As a result, the investment balances reported in the financial statements may not be reflective of the portfolio’s value during subsequent periods.

FAIR VALUE MEASUREMENTS

Fair value measurements are based on 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 order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels.

The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3:** Valuations based on unobservable inputs are used when little or no market data exists. The fair value hierarchy gives the lowest priority to Level 3 inputs.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost at the date of acquisition. The Foundation capitalizes property and equipment with a cost of \$500 or more and a useful life of greater than one year. As of December 31, 2023 and 2022, the Foundation's property and equipment consisted of capitalized software with a cost basis of \$42,313 as of each date and accumulated amortization of \$39,962 and \$25,858, respectively. The software is being amortized on a straight-line basis over three years.

REVENUE AND SUPPORT

Contributions of cash, toys, public service announcements, salaries and related benefits are recorded as support when received or promised unconditionally at their estimated fair value. Fair value with respect to toys is initially supplied by the donor and is generally determined based on the price that the recipient charity would pay in the normal marketplace. The fair value of public service announcements is provided by a third-party marketing research company that specializes in pooling together fair value price information paid by the nation's largest media buying services.

Unconditional contributions, including those from the Association, are recorded at the net present value of the amounts expected to be collected. Contributions received that are conditioned upon the occurrence of future events are recorded as refundable advances until the conditions are satisfied.

Funds received in connection with the Toy of the Year (TOTY) event are initially recorded as a liability and included in the accompanying statements of financial position as deferred income, and consist of registration fees, nomination fees, journal ads and sponsorships. Expenditures incurred in connection with TOTY are initially deferred and included in the accompanying statements of financial position as prepaid expenses. Revenues, net of direct expenses, are recognized in the accompanying statements of activities in the year the event is held. The direct costs of TOTY include expenses for the benefit of the donors.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. The primary allocable costs are salaries and benefits. These costs are allocated based primarily on estimates of where employees spend their time and effort.

INCOME TAX STATUS

The Foundation is a qualified organization exempt from the payment of federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC), and is not a private foundation under Section 509(a)(1). However, the Foundation is taxed on any unrelated business income.

Based on the Foundation's results of operations for the years ended December 31, 2023 and 2022, no provision for income taxes or uncertain tax positions is required or has been made in the accompanying financial statements.

As of December 31, 2023, there were tax years open that could be subjected to review by federal and state taxing authorities. However, there are currently no examinations pending or in progress. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2023 and 2022, the Foundation had no accruals for interest and/or penalties.

RECLASSIFICATIONS

Certain reclassifications were made to the prior-year financial statements to conform to the current-year presentation.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – INVESTMENTS

The following tables set forth, by level within the fair value hierarchy where applicable, the Organization's investments at fair value as of December 31, 2023 and 2022:

December 31, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
International large blend mutual fund	\$ 418,362	\$ 418,362	\$ --	\$ --
International growth mutual fund	396,966	396,966	--	--
U.S. large capital value mutual fund	333,142	333,142	--	--
U.S. large capital growth mutual fund	221,954	221,954	--	--
U.S. small capital growth mutual fund	156,216	156,216	--	--
U.S. small capital value mutual fund	257,480	257,480	--	--
REIT fund	229,099	229,099	--	--
Fixed income bond funds	825,943	825,943	--	--
Fixed income bank loan funds	<u>196</u>	<u>196</u>	<u>--</u>	<u>--</u>
Total Investments at Fair Value	<u>\$ 2,839,358</u>	<u>\$ 2,839,358</u>	<u>\$ --</u>	<u>\$ --</u>

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – INVESTMENTS (CONTINUED)

December 31, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
International large blend mutual fund	\$ 392,034	\$ 392,034	\$ --	\$ --
International growth mutual fund	366,799	366,799	--	--
U.S. large capital value mutual fund	322,457	322,457	--	--
U.S. large capital growth mutual fund	199,235	199,235	--	--
U.S. small capital growth mutual fund	106,157	106,157	--	--
U.S. small capital value mutual fund	148,865	148,865	--	--
REIT fund	221,540	221,540	--	--
Large blend exchange traded fund	26,770	26,770	--	--
Fixed income bond funds	534,382	534,382	--	--
Fixed income bank loan funds	<u>118,927</u>	<u>118,927</u>	<u>--</u>	<u>--</u>
Total Investments at Fair Value	<u>\$ 2,437,166</u>	<u>\$ 2,437,166</u>	<u>\$ --</u>	<u>\$ --</u>

Investments in equity mutual funds, fixed income and real estate funds are valued using market prices in active markets and are classified as Level 1. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Foundation's process of liquidity management calls for the Foundation to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. In addition, the Foundation has a goal to maintain long-term reserve funds that retain any excess cash above \$1 million. The reserve funds are invested in various securities in accordance with the Foundation's investment policy. Management of the Foundation periodically reviews the Foundation's liquid asset needs and adjusts the cash and cash equivalent balances as necessary.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (CONTINUED)

The following provides a summary of financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 260,015	\$ 693,728
Investments	2,839,358	2,437,166
Contributions receivable	<u>144,990</u>	<u>90,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,244,363</u>	<u>\$ 3,220,894</u>

NOTE 4 – GRANT EXPENSE/PAYABLE

During 2023 and 2022, the Foundation made cash grants to charities that support children in need as follows:

CHILDREN’S HOSPITAL PROGRAM

The Foundation made cash grants in 2023 to 20 children’s hospitals totaling \$380,053 for the year ended December 31, 2023 and 19 children’s hospitals totaling \$386,810 for the year ended December 31, 2022.

DIVERSITY, EQUITY & INCLUSION PROGRAM

The Foundation made cash grants in 2022 for supporting 20 interns with aspirations to join and support the toy industry and the benefits it has to children. Grant expenses amounted to \$102,550 for the year ended December 31, 2022. There were no such cash grants made for the year ended December 31, 2023.

EMERGENCY GRANTS PROGRAM

The Foundation made cash grants of \$1,509,000 to various charities to support relief efforts in the Ukraine for the year ended December 31, 2022. There were no such cash grants made for the year ended December 31, 2023.

Grants payable totaled \$380,053 and \$46,890 as of December 31, 2023 and 2022. These grants related to amounts to be paid to various children’s hospitals.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 – RELATED PARTY TRANSACTION

Donations of contributed services and cash received from the Association for the years ended December 31, 2023 and 2022, were:

	<u>2023</u>	<u>2022</u>
Personnel and staff support	\$ 216,571	\$ 230,380
Occupancy and other expenses	<u>42,000</u>	<u>27,000</u>
	258,571	257,380
Other cash support	<u>--</u>	<u>55,620</u>
Total Expenses	<u>\$ 258,571</u>	<u>\$ 313,000</u>

Contributed services received from the Association are recorded at the Association's cost. The Association contributes in-kind services, office space and cash to the Foundation, in addition to permitting the use of its intellectual property for fundraising by the Foundation. The Foundation and the Association formalized its relationship in an operating affiliation agreement in February 2020.

Amounts due to or receivable from, the Association in the accompanying statements of financial position at December 31, 2023 and 2022, represent expenses paid or fundraising monies received by the Association on behalf of the Foundation. As of December 31, 2023 and 2022, the amount due to the Association was \$ 114,083 and \$43,849, respectively.

NOTE 6 – IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Toy Bank product donations	\$ 6,215,443	\$ 9,230,406
Public service announcements	19,732,488	13,209,999
Administrative support	<u>258,571</u>	<u>257,380</u>
Total	<u>\$ 26,206,502</u>	<u>\$ 22,697,785</u>

Toy Bank product donations are received from member companies of the Association for distribution to various charities to serve children in need. Toy Bank product donations are valued based on the current selling prices as shown by major U.S. retailers on the date of donation.

THE TOY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 – IN-KIND CONTRIBUTIONS (CONTINUED)

Public service announcements are aired by television broadcasters to support the Genius of Play program. Public service announcements are valued based on the advertising rates for each local broadcast market within the United States and the number of audience impressions achieved within each local market.

Contributed administrative support is provided by the Association to support the functioning of the Foundation. Contributed administrative support is valued based on the costs incurred by the Association to provide the services.

All gifts-in-kind received during the years ended December 31, 2023 and 2022 were without donor restrictions.

NOTE 7 – SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through June 3, 2024, the date these financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements have been identified.