

**HEARTS AND NOSES HOSPITAL
CLOWN TROUPE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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Independent Accountant's Review Report

To the Board of Directors
Heart and Noses Hospital Clown Troupe, Inc.
Needham, Massachusetts

We have reviewed the accompanying financial statements of Hearts and Noses Hospital Clown Troupe, Inc., 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Hearts and Noses Hospital Clown Troupe, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Needham, Massachusetts
October 17, 2024

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 115,625	\$ 188,717
Certificate of deposit	50,000	-
Total assets	\$ 165,625	\$ 188,717

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 2,865	\$ 2,495
Accrued retirement plan contribution	1,073	1,073
	3,938	3,568
Net assets without donor restrictions	161,687	185,149
Total liabilities and net assets	\$ 165,625	\$ 188,717

See accompanying notes and independent accountant's review report.

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Support and revenue:		
Donated services	\$ 168,600	\$ 191,500
Contributions	93,743	104,205
Training fees and manual sales	1,350	408
Donated facilities	3,000	3,000
Interest income	266	66
Total support and revenue	266,959	299,179
Expenses:		
Program services	237,547	243,537
Fundraising	22,929	21,225
General and administrative	29,945	21,669
Total expenses	290,421	286,431
Increase (decrease) in net assets without donor restrictions	(23,462)	12,748
Net assets without donor restrictions at beginning of year	185,149	172,401
Net assets without donor restrictions at end of year	\$ 161,687	\$ 185,149

See accompanying notes and independent accountant's review report.

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General and Administrative</u>
Salaries				
Executive director	\$ 32,596	\$ 19,557	\$ 3,260	\$ 9,779
Administrative assistant	21,502	12,901	2,150	6,451
Artistic director	8,873	8,873	-	-
Paid clowns	6,615	6,615	-	-
Payroll taxes	6,444	3,867	644	1,933
Retirement plan	1,356	813	136	407
Accounting	2,500	-	-	2,500
Advertising	5,000	1,250	2,500	1,250
Charitable donations	3,500	3,500	-	-
Computer services	589	589	-	-
Consulting services -				
Fund-raising	8,658	-	8,658	-
Support services	1,476	-	1,476	-
Clown services - donated	168,600	168,600	-	-
Dues and subscriptions	6,221	-	3,259	2,962
Insurance	2,395	1,436	240	719
Payroll service fees	820	492	82	246
Postage	2,113	1,268	211	634
Rent - donated facilities	3,000	1,800	300	900
Supplies	111	111	-	-
Telephone	127	76	13	38
Training	4,401	4,401	-	-
Travel and meals	1,398	1,398	-	-
Other	2,126	-	-	2,126
	<u>\$ 290,421</u>	<u>\$ 237,547</u>	<u>\$ 22,929</u>	<u>\$ 29,945</u>

See accompanying notes and independent accountant's report

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General and Administrative</u>
Salaries				
Executive director	\$ 23,019	\$ 13,811	\$ 2,302	\$ 6,906
Administrative assistant	14,921	8,953	1,492	4,476
Artistic director	7,722	7,722	-	-
Paid clowns	11,850	11,850	-	-
Payroll taxes	5,691	3,415	569	1,707
Retirement plan	1,230	738	123	369
Accounting	2,500	-	-	2,500
Computer services	19	19	-	-
Consulting services -				
Fund-raising	7,332	-	7,332	-
Support services	5,066	-	5,066	-
Clown services - donated	191,500	191,500	-	-
Dues and subscriptions	4,546	-	3,259	1,287
Insurance	1,630	978	163	489
Payroll service fees	781	469	78	234
Printing and brochures	1,412	50	500	862
Postage	279	167	28	84
Rent - donated facilities	3,000	1,800	300	900
Supplies	1,091	1,091	-	-
Telephone	127	76	13	38
Training	281	281	-	-
Travel and meals	617	617	-	-
Other	1,817	-	-	1,817
	<u>\$ 286,431</u>	<u>\$ 243,537</u>	<u>\$ 21,225</u>	<u>\$ 21,669</u>

See accompanying notes and independent accountant's report

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in net assets without donor restrictions	\$ (23,462)	\$ 12,748
Adjustments to reconcile change in net assets to net cash from operating activities:		
Increase in accounts payable and accrued expenses	370	19
Decrease in accrued retirement plan contribution	<u>-</u>	<u>220</u>
Net cash provided by (used) in operating activities	<u>(23,092)</u>	<u>12,987</u>
Net increase (decrease) in cash	(23,092)	12,987
Cash at beginning of year	<u>188,717</u>	<u>175,730</u>
Cash at end of year	<u><u>\$ 165,625</u></u>	<u><u>\$ 188,717</u></u>
Cash and cash equivalents consist of the following:		
Cash and cash equivalents at bank	\$ 115,625	\$ 188,717
Certificate of deposit	<u>50,000</u>	<u>-</u>
	<u><u>\$ 165,625</u></u>	<u><u>\$ 188,717</u></u>

See accompanying notes and independent accountant's review report.

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. Nature of Activities

Hearts and Noses Hospital Clown Troupe, Inc. (the “Organization”) provides ongoing training and administrative support to develop and maintain a highly skilled clown troupe which serves a full range of medical settings including but not limited to hospitals, clinics and hospices. The clown troupe promotes healing for sick children by helping to create a cheerful, positive, and joyful hospital environment for the patients and their families. The Organization is a not-for-profit corporation.

2. Significant Accounting Policies

Basis of Presentation

Generally accepted accounting principles require the Organization 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. The Organization does not have any net assets with donor restrictions at the present time.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Money market funds are considered to be cash equivalents.

Contributions

A contribution received by the Organization is recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as with restrictions or without restrictions depending on the existence or nature of any donor restrictions.

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

2. Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Members of the clown troupe perform as volunteers and are not paid by the Organization or by the medical facilities in which they perform. Clown services provided by the members of the clown troupe are recorded as donated services as management believes that recognizing the donated clown services in the financial statements will more accurately reflect the Organization's activities. The value of donated clown services is determined by using rates charged by professional clowns for similar performances at private functions. The value of donated clown services amounted to \$168,600 in 2023 and \$191,500 in 2022.

Members of the Board of Directors and other persons contribute significant amounts of time in administrative and fund-raising activities without being paid. These donated services are not recognized in the financial statements because they do not meet the criteria for recognition under generally accepted accounting principles.

Donated Facilities

Donated facilities are recorded as donations received and rental expense in the amount of the fair value of the premises.

Functional Expenses

The statements of expenses list expenses by type of expense (natural classification) and show the allocation between the functional classifications of program, fundraising, and general and administrative. Program services represent costs incurred to provide clowning performances to medical facilities. All allocations are determined by management equitably and on a time and effort basis.

Income Taxes

No provision for income taxes has been made in these financial statements because the Organization is a not-for-profit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

3. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to a concentration of contributions received near calendar year end. To manage liquidity, the Organization invests cash in excess of daily requirements in a money market account.

There are no donor-imposed restrictions or internal designations on financial assets as of the reporting date. Net assets as of December 31, 2023 and 2022 as presented on the statements of financial position are financial assets available to meet cash needs for general expenditures within one year.

4. Major Donors

Four major donors provided 43% of total contributions in 2023 and three major donors provided 28% of total contributions in 2022.

5. Concentration of Credit Risk

The Organization maintains some of its cash in a money market account at a bank. The Organization's bank accounts are insured up to the federal limit of \$250,000.

6. Retirement Plan

The Organization has a defined contribution retirement plan covering eligible employees. Under the provisions of the plan, employees can elect to have a portion of their salary withheld and contributed to a Simple Retirement Plan. The Organization may make a contribution to the plan each year at the discretion of the board of directors. The Organization's contribution was \$1,356 in 2023 and \$1,230 in 2022.

7. Related Party Transactions

The Executive Director donates office space, located in Needham, Massachusetts, to the Organization. The fair market rental of the donated facilities in 2023 and 2022 amounted to \$3,000.

8. Subsequent Events

Management has evaluated subsequent events through October 17, 2024, the date the financial statements were available to be issued, and has determined that there are no subsequent events which occurred that require recognition or additional disclosure in these financial statements.