



**Financial Statements
and
Independent Auditors' Report
For the Period Ended December 31, 2013
and For the Year Ended October 31, 2012**

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THE TEAMMATES FOR KIDS FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Teammates for Kids Foundation
Denver, Colorado

We have audited the accompanying financial statements of The Teammates for Kids Foundation, which are comprised of the statements of assets and net assets - modified cash basis as of December 31, 2013, and the related statements of activities and changes in net assets - modified cash basis and functional expenses - modified cash basis for the 14-month period then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors
The Teammates for Kids Foundation
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of The Teammates for Kids Foundation as of December 31, 2013, and its revenues and expenses for the 14-month period then ended in accordance with the modified cash basis of accounting as described in Note 1.

BASIS OF ACCOUNTING

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

OTHER MATTERS

The financial statements of The Teammates for Kids Foundation as of October 31, 2012, were audited by other auditors, whose report dated January 31, 2013, expressed an unmodified opinion on those statements.

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May 9, 2014
Denver, Colorado

THE TEAMMATES FOR KIDS FOUNDATION

Statements of Assets and Net Assets - Modified Cash Basis

	December 31, 2013	October 31, 2012
Assets		
Assets		
Cash and cash equivalents	\$ 8,801,615	\$ 8,009,602
Investments	23,183,885	18,279,440
Prepaid insurance	-	11,091
Property and equipment, net of accumulated depreciation of \$59,306 and \$57,163, respectively	<u>-</u>	<u>2,143</u>
Total assets	<u>\$ 31,985,500</u>	<u>\$ 26,302,276</u>
Liabilities and Net Assets		
Net assets		
Unrestricted	\$ 5,315,755	\$ 2,688,138
Temporarily restricted	<u>26,669,745</u>	<u>23,614,138</u>
Total net assets	<u>31,985,500</u>	<u>26,302,276</u>
Total liabilities and net assets	<u>\$ 31,985,500</u>	<u>\$ 26,302,276</u>

See notes to financial statements.

THE TEAMMATES FOR KIDS FOUNDATION

Statements of Activities and Changes in Net Assets - Modified Cash Basis

	For the Period Ended December 31, 2013			For the Year Ended October 31, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating revenues						
Contributions and support						
Athlete contributions	\$ -	\$ 1,551,929	\$ 1,551,929	\$ -	\$ 1,252,209	\$ 1,252,209
Individual, corporate and foundation contributions	1,163,628	1,265,094	2,428,722	683,724	2,339,526	3,023,250
Special events, net of expenses of \$213,159 (2013) and \$10,201 (2012)	-	3,084,685	3,084,685	-	638,767	638,767
Net assets released from restriction	<u>2,846,101</u>	<u>(2,846,101)</u>	<u>-</u>	<u>1,948,059</u>	<u>(1,948,059)</u>	<u>-</u>
Total contributions and support	<u>4,009,729</u>	<u>3,055,607</u>	<u>7,065,336</u>	<u>2,631,783</u>	<u>2,282,443</u>	<u>4,914,226</u>
Operating expenses						
Program services						
Children's health	2,470,867	-	2,470,867	1,080,446	-	1,080,446
Children's education	222,847	-	222,847	469,477	-	469,477
Children's inner-city needs	<u>462,847</u>	<u>-</u>	<u>462,847</u>	<u>621,100</u>	<u>-</u>	<u>621,100</u>
Total program services	<u>3,156,561</u>	<u>-</u>	<u>3,156,561</u>	<u>2,171,023</u>	<u>-</u>	<u>2,171,023</u>
Supporting services						
General and administrative	276,318	-	276,318	390,848	-	390,848
Fundraising	<u>400,651</u>	<u>-</u>	<u>400,651</u>	<u>368,677</u>	<u>-</u>	<u>368,677</u>
Total supporting services	<u>676,969</u>	<u>-</u>	<u>676,969</u>	<u>759,525</u>	<u>-</u>	<u>759,525</u>
Total operating expenses	<u>3,833,530</u>	<u>-</u>	<u>3,833,530</u>	<u>2,930,548</u>	<u>-</u>	<u>2,930,548</u>
Change in net assets before other revenues (expenses)	<u>176,199</u>	<u>3,055,607</u>	<u>3,231,806</u>	<u>(298,765)</u>	<u>2,282,443</u>	<u>1,983,678</u>
Other revenues (expenses)						
Interest and dividend income	880,633	-	880,633	604,433	-	604,433
Exchange currency conversion	(103)	-	(103)	(558)	-	(558)
Net realized (loss) gain on sale of investments	(14,666)	-	(14,666)	72,442	-	72,442
Unrealized gain on investments	1,675,278	-	1,675,278	656,990	-	656,990
Investment fees	<u>(89,724)</u>	<u>-</u>	<u>(89,724)</u>	<u>(72,988)</u>	<u>-</u>	<u>(72,988)</u>
Total other revenues (expenses)	<u>2,451,418</u>	<u>-</u>	<u>2,451,418</u>	<u>1,260,319</u>	<u>-</u>	<u>1,260,319</u>
Change in net assets	2,627,617	3,055,607	5,683,224	961,554	2,282,443	3,243,997
Net assets at beginning of year	<u>2,688,138</u>	<u>23,614,138</u>	<u>26,302,276</u>	<u>1,726,584</u>	<u>21,331,695</u>	<u>23,058,279</u>
Net assets at end of period	<u>\$ 5,315,755</u>	<u>\$ 26,669,745</u>	<u>\$ 31,985,500</u>	<u>\$ 2,688,138</u>	<u>\$ 23,614,138</u>	<u>\$ 26,302,276</u>

See notes to financial statements.

THE TEAMMATES FOR KIDS FOUNDATION

**Statement of Functional Expenses - Modified Cash Basis
For the Period Ended December 31, 2013**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Children's Health	Children's Education	Children's Inner-City Needs		General and Administrative	Fundraising		
Expenses								
Awards and grants to organizations	\$ 2,254,101	\$ 176,000	\$ 416,000	\$ 2,846,101	\$ -	\$ -	\$ -	\$ 2,846,101
Salaries and bonuses	149,642	38,596	38,596	226,834	143,092	140,325	283,417	510,251
Travel and lodging	11,460	-	-	11,460	-	146,419	146,419	157,879
Marketing and promotional	29,953	-	-	29,953	-	70,205	70,205	100,158
Professional fees and services	-	-	-	-	88,237	-	88,237	88,237
Occupancy	22,698	5,238	5,238	33,174	31,427	5,238	36,665	69,839
Office and administrative	2,118	2,118	2,118	6,354	9,534	15,890	25,424	31,778
Special events	-	-	-	-	-	15,861	15,861	15,861
Insurance	895	895	895	2,685	4,028	6,713	10,741	13,426
Total expenses	\$ 2,470,867	\$ 222,847	\$ 462,847	\$ 3,156,561	\$ 276,318	\$ 400,651	\$ 676,969	\$ 3,833,530

See notes to financial statements.

THE TEAMMATES FOR KIDS FOUNDATION

**Statement of Functional Expenses - Modified Cash Basis
For the Year Ended October 31, 2012**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Children's Health	Children's Education	Children's Inner-City Needs		General and Administrative	Fundraising		
Expenses								
Awards and grants to organizations	\$ 861,463	\$ 454,338	\$ 582,260	\$ 1,898,061	\$ -	\$ -	\$ -	\$ 1,898,061
Insurance	-	-	-	-	19,424	6,475	25,899	25,899
Office and administrative	1,192	1,192	1,192	3,576	6,279	9,253	15,532	19,108
Occupancy	10,060	10,060	10,060	30,180	45,270	75,450	120,720	150,900
Professional fees and services	85,000	-	-	85,000	52,699	26,400	79,099	164,099
Salaries and bonuses	116,788	3,887	23,445	144,120	258,898	171,737	430,635	574,755
Special events	-	-	-	-	-	638	638	638
Travel and lodging	5,943	-	4,143	10,086	8,278	78,724	87,002	97,088
Total expenses	\$ 1,080,446	\$ 469,477	\$ 621,100	\$ 2,171,023	\$ 390,848	\$ 368,677	\$ 759,525	\$ 2,930,548

See notes to financial statements.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Teammates for Kids Foundation ("Foundation") is a non-profit corporation formed on January 9, 1999 in accordance with the Colorado Nonprofit Corporation Act. The Foundation's primary focus is to contribute financial resources to selected non-profit entities that have consistently demonstrated the capacity to efficiently and effectively deliver educational programs, health care services, and other recreation/faith and social interactive opportunities to needy children. Funding is received from fundraising events, individuals, private corporate donors, and foundations.

The Foundation has and will continue to enlist the participation of professional athletes who contribute a pre-determined donation. The Foundation also enlists corporate "teammates" that will match the contributions made by players. One hundred percent of contributions by these individuals or entities have, and will continue to be, used by the Foundation for children's charities unless specifically authorized for operations by the donor.

The Foundation, in a partnership with other private and corporate donors, is focusing on child life zones. The goal of these zones is to create a state-of-the-art, high-tech interactive play area for children in hospitals in various cities. Expenses related to these zones are included in the children's health program services on the statements of functional expenses - modified cash basis.

Change in Year-End

The Foundation changed its year-end from October 31 to December 31 during the period ended December 31, 2013. The accompanying financial statements of the Foundation have been prepared for the 14-month period ended December 31, 2013 and for the year ended October 31, 2012.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared using the modified cash basis of accounting. This basis differs from accounting principles generally accepted in the United States of America primarily as follows:

Unconditional promises to give are recognized upon receipt rather than when the unconditional promise is made.

Business expenses and grant obligations are recognized when paid instead of when incurred.

Investments are stated at fair value and unrealized gains and losses are included in the statement of activities and changes in net assets - modified cash basis.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in accordance with Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those not subject to donor-imposed restrictions.

Temporarily restricted amounts are assets restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by the Foundation as required by the donor, but the Foundation is permitted to use or expend part of or all of any income derived from those assets. The Foundation does not currently maintain any permanently restricted net assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, unless held as part of the Foundation's investment portfolio and intended to be used to purchase additional investments. In addition, the Foundation maintains cash equivalents within its investment portfolio to mitigate the exposure to market risks. Therefore, these amounts have been presented as cash and cash equivalents in the accompanying statement of assets and net assets - modified cash basis. The Foundation also maintains a cash balance in a Canadian bank. At various times throughout the year, the Foundation held cash balances in excess of federally insured limits.

Investments

The Foundation accounts for investments at fair value with the change in unrealized gains and losses included in the statement of activities and changes in net assets - modified cash basis. Realized gains and losses on the sale of investments are calculated by the specific identification method. Dividend and interest income are recorded as earned. Investment income and net gains and losses on the sale of investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by the donor.

The Foundation's assets are invested in financial instruments that are inherently subject to a certain amount of risk. The Foundation reduces its credit and market risks related to investments by investing primarily in high-grade bonds and equity securities.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Fair Value Accounting

The Foundation values its financial assets and liabilities 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.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which generally range from three to seven years.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Operating revenues and expenses include all activities of the Foundation except interest and dividend income and realized and unrealized gains and losses on investments, which are recorded as other revenues (expenses) in the statement of activities and changes in net assets - modified cash basis.

Contributed Facilities, Goods, and Services

Contributed facilities and goods are recorded at fair value on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of facilities and goods are recorded as unrestricted support.

The Foundation generally pays for services requiring specific expertise, with the exception of legal services, which are provided by a Board member at no cost.

Functional Allocation of Expenses

The costs of providing the various program services and fundraising activities have been summarized on a functional basis in the statements of functional expenses - modified cash basis. Accordingly, certain general and administrative costs have been allocated among the programs and supporting services benefited. Expenses are allocated based upon, among other things, evaluations of employees' time incurred on each program. Office and administrative expenses include depreciation expense, subscriptions/dues, postage and shipping, supplies, and telephone.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"). The Foundation is not a private foundation within the meaning of Section 509(a) of the Code.

The Foundation applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2013 or October 31, 2012.

Interest and penalties associated with tax positions are recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of December 31, 2013 and October 31, 2012.

Tax years that remain subject to examination include 2010 through the current year.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Subsequent Events

The Foundation has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance.

Note 2 - Major Contributions

For the period ended December 31, 2013 and the year ended October 31, 2012, contributions by one contributor to the Foundation amounted to \$747,000 and \$473,992 (10.3% and 7.5% of total support and revenue), respectively. These contributions are considered to be unrestricted support for the sole purpose of funding the general and administrative expenses of the Foundation.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 3 - Investments

The Foundation utilizes the services of an advisor at an investment firm to manage its investments. The Board of Directors has designated a group of individuals that is responsible for these functions and serves as the Finance Committee. Management, the investment advisor, and the Finance Committee monitor, on a periodic basis, the trades, balances, and performance of the investment portfolio.

The fair values of investments consist of the following:

	December 31, 2013	October 31, 2012
Corporate fixed income	\$ 11,917,686	\$ 10,890,378
Equities	9,886,993	6,997,699
Money market funds	1,000,000	-
Other	337,667	319,880
Municipal bonds	41,539	71,483
	<u>\$ 23,183,885</u>	<u>\$ 18,279,440</u>

Note 4 - Fair Value Measurement

The Foundation values its financial assets and liabilities 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, the following fair value hierarchy prioritizes inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2, or 3) are intended to reflect the observability of the inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 4 - Fair Value Measurement (continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's financial instruments measured at fair value on a recurring basis as of December 31, 2013 and October 31, 2012:

December 31, 2013

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Corporate fixed income	\$ -	\$ 11,917,686	\$ -	\$ 11,917,686
Equities	9,886,993	-	-	9,886,993
Money market funds	1,000,000	-	-	1,000,000
Other	-	337,667	-	337,667
Municipal bonds	-	<u>41,539</u>	-	<u>41,539</u>
Total	<u>\$ 10,886,993</u>	<u>\$ 12,296,892</u>	<u>\$ -</u>	<u>\$ 23,183,885</u>

October 31, 2012

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Corporate fixed income	\$ -	\$ 10,890,378	\$ -	\$ 10,890,378
Equities	6,997,699	-	-	6,997,699
Other	-	319,880	-	319,880
Municipal bonds	-	<u>71,483</u>	-	<u>71,483</u>
Total	<u>\$ 6,997,699</u>	<u>\$ 11,281,741</u>	<u>\$ -</u>	<u>\$ 18,279,440</u>

Level 1 assets in the Foundation include equities, which are comprised of mutual funds/ETFs, money market funds, and stocks. Mutual funds/ETFs, money market funds, and equities are valued based on quoted daily market values that are directly observable in the marketplace by market participants and the fair value of the mutual funds/ETFs, money market funds, and equities is equivalent to the market value at the close of business on the reporting date.

Level 2 assets in the Foundation include corporate fixed income, other investments, and municipal bonds. The other investment classification includes various investments, including future contracts and commodities. The corporate fixed income, other investments, and municipal bonds are valued based on trades of the securities within a publicly observable marketplace and are based on negotiated contracts between a limited number of parties rather than high-volume exchange transactions. The determination of pricing for corporate fixed income, other investments, and municipal bonds can be determined through review of transactions involving the specified security or a similar security.

There were no changes to the valuation methodologies during the period ended December 31, 2013.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 5 - Property and Equipment

The Foundation's property and equipment is comprised of the following:

	<u>December 31, 2013</u>	<u>October 31, 2012</u>
Computer and office equipment	\$ 59,306	\$ 59,306
Less accumulated depreciation	<u>(59,306)</u>	<u>(57,163)</u>
	<u>\$ -</u>	<u>\$ 2,143</u>

Depreciation expense for the period ended December 31, 2013 and the year ended October 31, 2012 was \$2,143 and \$1,361, respectively.

Note 6 - Temporarily Restricted Assets

At December 31, 2013 and October 31, 2012, all of the temporarily restricted net assets have been restricted by donors to be spent specifically for children's charities and specific child life zones. Temporarily restricted net assets are released from restriction based upon their disbursement to the children's charities or disbursements for the construction and maintenance of child life zones.

Included within temporarily restricted net assets are Zone Angel accounts in the amount of approximately \$1,750,000 and \$798,000 as of December 31, 2013 and October 31, 2012, respectively. Zone Angel accounts are established by donors with the intent of supporting the future maintenance and refurbishment of existing child life zones. Though intended to provide long-term support, these accounts are not established as perpetual endowments.

Note 7 - Commitments and Contingencies

Building Lease Agreements

The Foundation occupies office and storage space under month-to-month operating leases with monthly payments of approximately \$400 and no expiration date. The office space is provided by a Board member at a discounted rent rate. During the period ended December 31, 2013 and the year ended October 31, 2012, the Foundation recognized in-kind rent of \$33,000 and \$0, respectively. The Foundation leases office equipment under a non-cancelable operating lease, which expires in 2018. Future minimum lease payments under this lease are approximately \$2,500 per year. Rent expense under these leases for the period ended December 31, 2013 and the year ended October 31, 2012 was \$42,792 and \$70,468, respectively.

THE TEAMMATES FOR KIDS FOUNDATION

Notes to Financial Statements

Note 7 - Commitments and Contingencies (continued)

Little League Commitment

In 2003, the Foundation approved and communicated to the Little League organization an eight-year commitment of annual payments of \$75,000 to be made commencing in 2007. The Little League did not request payment during the period ended December 31, 2013. The commitment remains and will be paid in the subsequent years.

Future payments associated with this commitment are as follows:

For the Year Ending December 31,

2014	\$	75,000
2015		<u>75,000</u>
	\$	<u>150,000</u>

Note 8 - Retirement Plan

The Foundation has a 403(b) tax-sheltered annuity plan whereby participating employees may contribute a specified percentage of their salary to the plan. The Foundation does not match the contribution made by its employees.