
The Teammates for Kids Foundation

**Modified Cash Basis Financial Report
with Supplemental Information
December 31, 2018**

Independent Auditor's Report	1-2
Modified Cash Basis Financial Statements	
Statement of Assets and Net Assets	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Notes to Modified Cash Basis Financial Statements	7-13
Supplemental Information	14
Independent Auditor's Report on Supplemental Information	15
Schedule of Net Assets	16

Independent Auditor's Report

To the Board of Directors
The Teammates for Kids Foundation

We have audited the accompanying modified cash basis financial statements of The Teammates for Kids Foundation (the "Foundation"), which comprise the modified cash basis statement of assets and net assets as of December 31, 2018 and the related modified cash basis statements of activities and changes in net assets and functional expenses for the year then ended, and the related notes to the modified cash basis financial statements.

Management's Responsibility for the Modified Cash Basis Financial Statements

Management is responsible for the preparation and fair presentation of these modified cash basis financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of modified cash basis financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these modified cash basis 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 modified cash basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the modified cash basis financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the modified cash basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the modified cash basis 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 modified cash basis financial statements.

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 modified cash basis financial statements referred to above present fairly, in all material respects, the financial position of The Teammates for Kids Foundation as of December 31, 2018 and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 2 to the modified cash basis financial statements, the Foundation adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of December 31, 2018. Our opinion is not modified with respect to this matter.

To the Board of Directors
The Teammates for Kids Foundation

We draw attention to Note 2 to the modified cash basis 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 this matter.

Report on Prior Year Modified Cash Basis Financial Statements

The modified cash basis financial statements of The Teammates for Kids Foundation as of December 31, 2017 were audited by EKS&H LLLP, whose report dated May 25, 2018 expressed an unmodified opinion on those statements.

Plante & Moran, PLLC

June 3, 2019

The Teammates for Kids Foundation

Modified Cash Basis Statement of Assets and Net Assets

		December 31, 2018 and 2017	
		2018	2017
		<u>2018</u>	<u>2017</u>
Assets			
Assets			
Cash and cash equivalents		\$ 3,251,256	\$ 6,139,129
Investments		<u>57,364,689</u>	<u>51,727,497</u>
Total assets		<u><u>\$ 60,615,945</u></u>	<u><u>\$ 57,866,626</u></u>
Net Assets			
Liabilities		\$ -	\$ -
Net Assets			
Net assets without donor restrictions		19,898,248	21,108,374
Net assets with donor restrictions		<u>40,717,697</u>	<u>36,758,252</u>
Total net assets		<u><u>\$ 60,615,945</u></u>	<u><u>\$ 57,866,626</u></u>

The Teammates for Kids Foundation

Modified Cash Basis Statement of Activities and Changes in Net Assets

Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue						
Athlete contributions	\$ -	\$ 946,574	\$ 946,574	\$ -	\$ 1,386,670	\$ 1,386,670
Individual, corporate, and foundation contributions	38,143	5,266,813	5,304,956	389,298	1,877,201	2,266,499
Special event	-	-	-	-	4,069,885	4,069,885
Net assets released from restrictions	2,253,942	(2,253,942)	-	2,417,570	(2,417,570)	-
Total operating revenue	2,292,085	3,959,445	6,251,530	2,806,868	4,916,186	7,723,054
Operating Expenses						
Program services:						
Children's health	646,324	-	646,324	955,514	-	955,514
Children's education	237,401	-	237,401	737,357	-	737,357
Children's inner city needs	1,098,663	-	1,098,663	793,956	-	793,956
Total program services	1,982,388	-	1,982,388	2,486,827	-	2,486,827
Support services:						
General and administrative	120,645	-	120,645	122,793	-	122,793
Fundraising	189,052	-	189,052	197,248	-	197,248
Total support services	309,697	-	309,697	320,041	-	320,041
Total operating expenses	2,292,085	-	2,292,085	2,806,868	-	2,806,868
Change in Net Assets - Before other revenue (expenses)	-	3,959,445	3,959,445	-	4,916,186	4,916,186
Other Revenue (Expenses)						
Interest and dividend income	1,490,917	-	1,490,917	1,276,021	-	1,276,021
Exchange currency conversion	(2,223)	-	(2,223)	1,869	-	1,869
Investment return - Net	447,211	(3,146,031)	(2,698,820)	3,627,417	-	3,627,417
Total other revenue (expenses)	1,935,905	(3,146,031)	(1,210,126)	4,905,307	-	4,905,307
Change in Net Assets	1,935,905	813,414	2,749,319	4,905,307	4,916,186	9,821,493
Net Assets - Beginning of year	21,108,374	36,758,252	57,866,626	16,203,067	31,842,066	48,045,133
Net Assets - End of year	\$ 23,044,279	\$ 37,571,666	\$ 60,615,945	\$ 21,108,374	\$ 36,758,252	\$ 57,866,626

The Teammates for Kids Foundation

Modified Cash Basis Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services				Support Services			
	Children's Health	Children's Education	Children's Inner City Needs	Total	General and Administrative	Fundraising	Total	Total
Awards and grants to organizations	\$ 590,045	\$ 182,000	\$ 990,808	\$ 1,762,853	\$ -	\$ -	\$ -	\$ 1,762,853
Salaries and bonuses	21,609	21,609	64,827	108,045	21,609	86,436	108,045	216,090
Professional fees and services	14,000	14,000	14,000	42,000	92,369	9,000	101,369	143,369
Marketing and promotional	5,042	5,042	5,042	15,126	-	47,368	47,368	62,494
Travel and lodging	13,122	13,122	22,358	48,602	-	13,123	13,123	61,725
Fundraising in kind	-	-	-	-	-	22,234	22,234	22,234
Insurance	984	984	984	2,952	4,429	7,381	11,810	14,762
Office and administrative	424	424	424	1,272	1,909	3,181	5,090	6,362
Occupancy	1,098	220	220	1,538	329	329	658	2,196
Total expenses	\$ 646,324	\$ 237,401	\$ 1,098,663	\$ 1,982,388	\$ 120,645	\$ 189,052	\$ 309,697	\$ 2,292,085

The Teammates for Kids Foundation

Modified Cash Basis Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services				Support Services			
	Children's Health	Children's Education	Children's Inner City Needs	Total	General and Administrative	Fundraising	Total	Total
Awards and grants to organizations	\$ 853,126	\$ 680,500	\$ 673,289	\$ 2,206,915	\$ -	\$ -	\$ -	\$ 2,206,915
Salaries and bonuses	61,476	17,323	51,970	130,769	17,323	69,292	86,615	217,384
Professional fees and services	14,000	14,000	14,000	42,000	95,569	9,000	104,569	146,569
Travel and lodging	17,984	17,984	47,147	83,115	-	53,953	53,953	137,068
Marketing and promotional	5,119	5,119	5,119	15,357	-	48,845	48,845	64,202
Office and administrative	1,104	1,104	1,104	3,312	4,967	8,279	13,246	16,558
Insurance	982	982	982	2,946	4,417	7,362	11,779	14,725
Occupancy	1,723	345	345	2,413	517	517	1,034	3,447
Total expenses	\$ 955,514	\$ 737,357	\$ 793,956	\$ 2,486,827	\$ 122,793	\$ 197,248	\$ 320,041	\$ 2,806,868

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 1 - Nature of Business

The Teammates for Kids Foundation (the "Foundation") is a nonprofit 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 nonprofit entities that have consistently demonstrated the capacity to efficiently and effectively deliver educational programs, healthcare services, other recreation/faith activities, and social interactive opportunities to needy children. Funding is received from fundraising events, individuals, private corporate donors, and foundations.

The Foundation has enlisted and will continue to enlist the participation of professional athletes who contribute predetermined donations. The Foundation also enlists corporate "teammates" that match the contributions made by players. Of the contributions by these individuals or entities, 100 percent have been used and will continue to be used by the Foundation for children's charities unless specifically authorized for operations by the donors.

The Foundation, in a partnership with other private and corporate donors, also focuses 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 modified cash basis statement of functional expenses.

Note 2 - Significant Accounting Policies

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 pledge 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 on the modified cash basis statement of activities and changes in net assets.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence for donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation does not currently maintain net assets to be held in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

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 on the accompanying modified cash basis statement of assets and net assets. The Foundation also maintains an insignificant 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 on the modified cash basis statement of activities and changes in net assets. Realized gains and losses on the sale of investments are calculated using 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 net assets without donor restrictions.

The Foundation holds alternative investments, which are not readily marketable and are carried at fair value based on net asset value (NAV), as provided by the investment managers. The Foundation reviews and evaluates the value provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

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, equity securities, and alternative investments.

Revenue Recognition

Contributions are reported as revenue when received. All contributions are considered to be without donor restrictions unless specifically restricted by the donors. All donor-restricted support is reported as an increase in net assets with donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as an increase to net assets without donor restrictions. When a 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 as net assets released from restrictions.

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 net assets with donor restrictions. In the absence of such stipulations, contributions of facilities and goods are recorded as net assets without donor restrictions.

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.

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the modified cash basis statement of activities and changes in net assets. Accordingly, certain 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. General and administrative expenses include subscriptions/dues, postage and shipping, supplies, telephone, bank service charges, and computer support.

Income Taxes

The Foundation classifies interest and penalties associated with tax liabilities as interest expense and operating expenses, respectively, in the accompanying financial statements. No interest and penalties have been assessed as of December 31, 2018 and 2017.

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Recently Adopted Accounting Pronouncement

As of December 31, 2018, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Foundation, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, there were no restatements to prior year amounts; however, net assets of \$36,758,252 previously reported as temporarily restricted have been presented as net assets with donor restrictions.

Upcoming Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Foundation's year ending December 31, 2019 and will be applied on a modified prospective basis. The Foundation does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Use of Estimates

The preparation of modified cash basis 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 at the date of the modified cash basis 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.

The Teammates for Kids Foundation

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The modified cash basis financial statements and related disclosures include evaluation of events up through and including June 3, 2019, which is the date the modified cash basis financial statements were available to be issued.

Note 3 - Major Contributions

For the year ended December 31, 2018, contributions by three donors to the Foundation amounted to \$3,818,039 (61.3 percent of total contributions and support). For the year ended December 31, 2017, there were no significant contributions made by any one donor.

Note 4 - 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:

	2018	2017
Corporate fixed-income securities	\$ 29,635,687	\$ 24,514,369
Equities	16,597,202	17,153,337
Exchange-traded funds	8,987,671	8,137,380
Alternative:		
Hedge fund	220,120	1,418,901
Managed futures	1,490,398	242,474
Private equity	418,625	241,988
Municipal bonds	14,986	19,048
Total	<u>\$ 57,364,689</u>	<u>\$ 51,727,497</u>

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2018 and 2017 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 5 - Fair Value Measurements (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2018			
	Level 1	Level 2	Total
Investments:			
Corporate fixed-income securities	\$ -	\$ 24,235,892	\$ 24,235,892
Equities	16,597,202	-	16,597,202
Exchange-traded funds	8,987,671	-	8,987,671
Municipal bonds	-	14,986	14,986
Total investments	<u>\$ 25,584,873</u>	<u>\$ 24,250,878</u>	49,835,751
Investments measured at NAV			<u>7,528,938</u>
Total			<u>\$ 57,364,689</u>

Assets Measured at Fair Value on a Recurring Basis at December 31, 2017			
	Level 1	Level 2	Total
Investments:			
Corporate fixed-income securities	\$ -	\$ 21,017,871	\$ 21,017,871
Equities	17,153,337	-	17,153,337
Exchange-traded funds	8,137,380	-	8,137,380
Municipal bonds	-	19,048	19,048
Total investments	<u>\$ 25,290,717</u>	<u>\$ 21,036,919</u>	46,327,636
Investments measured at NAV			<u>5,399,861</u>
Total			<u>\$ 51,727,497</u>

Level 1 assets in the Foundation include equities, which are composed of exchange-traded funds (ETFs), money market funds, and stocks. ETFs, money market funds, and stocks are valued based on quoted daily market values that are directly observable in the marketplace by market participants, and the fair values of the ETFs, money market funds, and stocks are equivalent to the market value at the close of business on the reporting date.

The fair value of corporate fixed-income securities and municipal bonds at December 31, 2018 were determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments 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 securities and municipal bonds can be determined through review of the transactions involving the specified security or a similar security.

The Teammates for Kids Foundation

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 5 - Fair Value Measurements (Continued)

The following table sets forth a summary of certain investments that are valued based on NAV per share:

<u>Fund Description</u>	<u>NAV at December 31, 2018</u>	<u>NAV at December 31, 2017</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Mutual fund	\$ 5,399,796	\$ 3,496,498	\$ -	Daily	None required
Hedge fund	1,490,398	1,418,901	-	Quarterly to annually	30 to 90 days
Managed futures	220,120	242,474	-	Monthly	30 days
Private equity	418,624	241,988	416,485	No redemption available	N/A
Total	<u>\$ 7,528,938</u>	<u>\$ 5,399,861</u>	<u>\$ 416,485</u>		

The Foundation has multiple types of alternative investment funds with the goal of providing additional diversification to the overall investment portfolio and seeking to realize attractive risk-adjusted returns over a medium time horizon. The Foundation has funds of hedge funds and private equity with the goal of diversification, stability, and growth and income. The Foundation has managed futures with the goal of uncorrelated returns relative to the equity and fixed-income markets.

The Foundation has one mutual fund position with a three- to five-year investment time horizon. The goal of this particular investment is to provide additional income to the portfolio.

There were no changes to the valuation methodologies during the years ended December 31, 2018 and 2017.

The Foundation's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event. There were no transfers among the fair value classifications during the years ended December 31, 2018 and 2017.

Note 6 - Net Assets

At December 31, 2018 and 2017, net assets with donor restrictions had been restricted by donors to either be spent specifically for children's charities and specific child life zones or had been restricted by donors to fund only operational and administrative expenses. Net assets with donor restrictions are released from restriction when appropriate expenses have been paid.

Included within net assets with donor restrictions are Zone Angel accounts in the amounts of \$14,531,469 and \$10,141,655 as of December 31, 2018 and 2017, respectively. Zone Angel accounts are established by donors with the intent of supporting the future maintenance and refurbishment of existing child life zones. Although intended to provide long-term support, these accounts are not established as perpetual endowments.

Included within net assets with donor restrictions are amounts restricted for future operational expenses in the amounts of \$3,368,141 and \$3,859,230 as of December 31, 2018 and 2017, respectively.

Net assets without donor restrictions represents historical donations received that have not been specified for a particular purpose, as well as any accumulated investment earnings. Though not restricted by the donor, these net assets will be used to fulfill direct programmatic activities because all administrative and operational expenses are covered by a separate restricted donation noted above that is to be used to cover all operational and administrative expenses.

Notes to Modified Cash Basis Financial Statements

December 31, 2018 and 2017

Note 7 - Operating Leases

The Foundation is obligated under operating leases primarily for office equipment and storage space. The Foundation had monthly payments for the office equipment of approximately \$460 through May 2017. The office space was provided by a board member at a discounted rent rate. The storage space is leased under a month-to-month operating lease with monthly payments of approximately \$183 and no expiration date. Rent expense incurred for these leases was \$3,472 and \$5,819 for December 31, 2018 and 2017, respectively.

Note 8 - Liquidity and Availability of Resources

The Foundation has \$3,368,141 of financial assets available within one year of the modified cash basis statement of assets and net assets date to meet cash needs for general expenditure, which include cash and cash equivalents of \$20,716 and investments of \$3,347,425 as of December 31, 2018. These financial assets are subject to donor restrictions that make them only available for operating and administrative expenses. All other financial assets held by the Foundation are restricted by donors for specific purposes or have been accumulated through investment earnings and will be used on direct program expenses.

The Foundation manages its operating cash balance by ensuring that any administrative or operational expenses are paid from the operating cash checking account. All direct program expenses are paid out of the charitable giving accounts which are included in both cash equivalents and investments in the accompanying modified cash basis statement of assets and net assets. The Foundation has received a commitment from a donor that the administrative and operating expenses will continue to be funded by this donor in order to ensure that all other assets of the Foundation will be utilized on direct program activities.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
The Teammates for Kids Foundation

We have audited the modified cash basis financial statements of The Teammates for Kids Foundation as of and for the year ended December 31, 2018 and have issued our report thereon dated June 3, 2019, which contained an unmodified opinion on those modified cash basis financial statements. Our audit was performed for the purpose of forming an opinion on the 2018 modified cash basis financial statements as a whole. The supplemental schedule of net assets is presented for the purpose of additional analysis and is not a required part of the modified cash basis financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2018 modified cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 modified cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the modified cash basis financial statements or to the modified cash basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2018 modified cash basis financial statements as a whole.

Plante & Moran, PLLC

June 3, 2019

The Foundation operates under a 100% model, meaning that 100% of donations received are used for direct program expenses unless otherwise directed by the donor. The Foundation has received donations specifically for operating and administrative expenses and all other donations are utilized for direct program expenses as indicated in the tables below:

Net Assets Available for Programmatic Activities:

Net assets as of December 31, 2017	\$	54,007,396
Donations		6,213,387
Investment loss, net		(1,210,126)
Direct program expenses		<u>(1,762,853)</u>
Net assets as of December 31, 2018	\$	<u>57,247,804</u>

Net Assets Available for Operating and Administrative Expenses:

Net assets as of December 31, 2017	\$	3,859,230
Donations		38,143
Operating and administrative expenses		<u>(529,232)</u>
Net assets as of December 31, 2018	\$	<u>3,368,141</u>