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# The Teammates for Kids Foundation

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**Modified Cash Basis Financial Report  
with Supplemental Information  
December 31, 2019**

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## **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, 2019 and 2018 and the related modified cash basis statements of activities and changes in net assets and functional expenses for the years 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 described in Note 2; 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2019 and 2018 and its changes in net assets and functional expenses the years then ended in accordance with the modified cash basis of accounting described in Note 2.

### ***Emphasis of Matter***

As described in Note 2 to the modified cash basis financial statements, the impact of the worldwide COVID-19 pandemic on the Foundation's net assets, cash flows, and financial condition subsequent to the modified cash basis statement of assets and net assets date is unknown, including the impacts on investment valuations resulting from changing financial market conditions. Our opinion is not modified with respect to this matter.

To the Board of Directors  
The Teammates for Kids Foundation

***Basis of Accounting***

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.

*Plante & Moran, PLLC*

June 25, 2020

## The Teammates for Kids Foundation

### Modified Cash Basis Statement of Assets and Net Assets

		December 31, 2019 and 2018	
		2019	2018
<b>Assets</b>			
<b>Assets</b>			
Cash and cash equivalents		\$ 1,261,167	\$ 3,251,256
Investments		<u>75,472,648</u>	<u>57,364,689</u>
Total assets		<u><b>\$ 76,733,815</b></u>	<u><b>\$ 60,615,945</b></u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
		\$ -	\$ -
<b>Net Assets</b>			
Without donor restrictions		29,367,118	19,898,248
With donor restrictions		<u>47,366,697</u>	<u>40,717,697</u>
Total liabilities and net assets		<u><b>\$ 76,733,815</b></u>	<u><b>\$ 60,615,945</b></u>

## The Teammates for Kids Foundation

# Modified Cash Basis Statement of Activities and Changes in Net Assets

Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue</b>						
Individual, corporate, and foundation contributions	\$ -	\$ 9,693,235	\$ 9,693,235	\$ 38,143	\$ 6,213,387	\$ 6,251,530
Net assets released from restrictions	3,044,235	(3,044,235)	-	2,253,942	(2,253,942)	-
Total operating revenue	3,044,235	6,649,000	9,693,235	2,292,085	3,959,445	6,251,530
<b>Operating Expenses</b>						
Program services:						
Children's health	795,941	-	795,941	646,324	-	646,324
Children's education	710,642	-	710,642	237,401	-	237,401
Children's inner city needs	1,325,290	-	1,325,290	1,098,663	-	1,098,663
Total program services	2,831,873	-	2,831,873	1,982,388	-	1,982,388
Support services:						
General and administrative	91,890	-	91,890	120,645	-	120,645
Fundraising	120,472	-	120,472	189,052	-	189,052
Total support services	212,362	-	212,362	309,697	-	309,697
Total operating expenses	3,044,235	-	3,044,235	2,292,085	-	2,292,085
<b>Change in Net Assets - Before other revenue (expenses)</b>	-	6,649,000	6,649,000	-	3,959,445	3,959,445
<b>Other Revenue (Expenses)</b>						
Interest and dividend income	1,720,811	-	1,720,811	1,490,917	-	1,490,917
Exchange currency conversion	9,660	-	9,660	(2,223)	-	(2,223)
Investment return - Net	7,738,399	-	7,738,399	(2,698,820)	-	(2,698,820)
Total other revenue (expenses)	9,468,870	-	9,468,870	(1,210,126)	-	(1,210,126)
<b>Change in Net Assets</b>	9,468,870	6,649,000	16,117,870	(1,210,126)	3,959,445	2,749,319
<b>Net Assets - Beginning of year</b>	19,898,248	40,717,697	60,615,945	21,108,374	36,758,252	57,866,626
<b>Net Assets - End of year</b>	<b>\$ 29,367,118</b>	<b>\$ 47,366,697</b>	<b>\$ 76,733,815</b>	<b>\$ 19,898,248</b>	<b>\$ 40,717,697</b>	<b>\$ 60,615,945</b>

## The Teammates for Kids Foundation

# Modified Cash Basis Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services				Support Services			
	Children's Health	Children's Education	Children's Inner City Needs	Total	General and Administrative	Fundraising	Total	Total
Grants and charitable program support	\$ 698,853	\$ 614,297	\$ 1,220,973	\$ 2,534,123	\$ -	\$ -	\$ -	\$ 2,534,123
Salaries and bonuses	73,300	73,300	73,300	219,900	47,121	47,120	94,241	314,141
Professional fees and services	5,840	5,840	5,840	17,520	37,377	3,504	40,881	58,401
Marketing and promotional	4,974	4,974	4,974	14,922	-	47,249	47,249	62,171
Travel and lodging	10,465	10,465	18,437	39,367	-	10,465	10,465	49,832
Insurance	983	983	983	2,949	4,424	7,373	11,797	14,746
Office and administrative	597	597	597	1,791	2,690	4,483	7,173	8,964
Occupancy	929	186	186	1,301	278	278	556	1,857
<b>Total expenses</b>	<b>\$ 795,941</b>	<b>\$ 710,642</b>	<b>\$ 1,325,290</b>	<b>\$ 2,831,873</b>	<b>\$ 91,890</b>	<b>\$ 120,472</b>	<b>\$ 212,362</b>	<b>\$ 3,044,235</b>

## 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
Grants and charitable program support	\$ 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
<b>Total expenses</b>	<b>\$ 646,324</b>	<b>\$ 237,401</b>	<b>\$ 1,098,663</b>	<b>\$ 1,982,388</b>	<b>\$ 120,645</b>	<b>\$ 189,052</b>	<b>\$ 309,697</b>	<b>\$ 2,292,085</b>

# Notes to Modified Cash Basis Financial Statements

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December 31, 2019 and 2018

### 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.

At times, the Foundation also enlists "teammates" to triple the contributions made by professional athletes. 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 statements of activities and changes in net assets and 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.

This basis differs from the cash basis of accounting primarily as follows:

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 of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions 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**

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**December 31, 2019 and 2018**

**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 alternative investments, primarily composed of mutual funds, hedge funds, managed futures, and private equity (in the form of limited partnerships, which are not readily marketable), are measured at fair value, valued at net asset value per share as the practical expedient. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. 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, if any, which are provided by a board member at no cost.

**Notes to Modified Cash Basis Financial Statements**

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**December 31, 2019 and 2018**

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

***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 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.

***Reclassification***

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

***Subsequent Events***

The modified cash basis financial statements and related disclosures include evaluation of events up through and including June 25, 2020, which is the date the modified cash basis financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

Subsequent to the modified cash basis statement of assets and net assets date, as a result of the pandemic and the impacts it has had on financial markets, the Foundation's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. No impairments were recorded as of the modified cash basis statement of assets and net assets date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Foundation's activities, cash flows, and financial position could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time. There have been no other significant impacts to the Foundation's operations, but the Foundation continues to monitor the situation.

## The Teammates for Kids Foundation

# Notes to Modified Cash Basis Financial Statements

December 31, 2019 and 2018

### Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): 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. Government grants now meet the criteria of a nonreciprocal (contribution) transaction, typically with conditions to be met before revenue is recognized. The Foundation adopted the new standard on a modified prospective basis and evaluated its impact on the recognition of contribution and grant agreements. The standard did not require a restatement of prior year amounts.

### Note 4 - Major Contributions

For the years ended December 31, 2019 and 2018, contributions by one and three donors, respectively, to the Foundation amounted to \$7,500,000 and \$3,818,039, respectively (77.4 and 61.3 percent, respectively, of total contributions and support).

### Note 5 - 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:

	2019	2018
Corporate fixed-income securities	\$ 37,808,494	\$ 29,635,687
Equities	24,949,470	16,597,202
Exchange-traded funds	10,519,534	8,987,671
Alternative:		
Hedge fund	1,581,028	1,490,398
Managed futures	-	220,120
Private equity	602,826	418,625
Municipal bonds	11,296	14,986
Total	<u>\$ 75,472,648</u>	<u>\$ 57,364,689</u>

Net investment earnings, gains, losses, and fees are as follows:

	2019	2018
Interest and dividend income	\$ 1,720,811	\$ 1,490,917
Exchange currency conversion	9,660	(2,223)
Unrealized gains (losses)	7,729,125	(2,895,721)
Realized gains	294,242	447,211
Investment advisory fees	(284,968)	(250,310)
Total	<u>\$ 9,468,870</u>	<u>\$ (1,210,126)</u>

### Note 6 - 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.

Notes to Modified Cash Basis Financial Statements

December 31, 2019 and 2018

**Note 6 - Fair Value Measurements (Continued)**

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2019 and 2018 and the valuation techniques used by the Foundation to determine those 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.

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, 2019				
	Level 1	Level 2	Level 3	Total
Investments:				
Corporate fixed-income securities	\$ -	\$ 28,500,946	\$ -	\$ 28,500,946
Equities	24,949,470	-	-	24,949,470
Exchange-traded funds	10,519,534	-	-	10,519,534
Municipal bonds	-	11,296	-	11,296
Total investments	\$ 35,469,004	\$ 28,512,242	\$ -	63,981,246
Investments measured at net asset value (NAV):				
Mutual funds				9,307,548
Hedge funds				1,581,028
Private equity				602,826
Total investments measured at NAV				11,491,402
Total				\$ 75,472,648

Notes to Modified Cash Basis Financial Statements

December 31, 2019 and 2018

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2018				
	Level 1	Level 2	Level 3	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	\$ 25,584,873	\$ 24,250,878	\$ -	49,835,751
Investments measured at NAV:				
Mutual funds				5,399,796
Hedge funds				1,490,398
Managed futures				220,120
Private equity				418,624
Total investments measured at NAV				7,528,938
Total				\$ 57,364,689

Level 1 assets in the Foundation's investment portfolio include equities and exchange-traded funds (ETFs), which comprise 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, 2019 was 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.

**Investments in Entities that Calculate Net Asset Value per Share**

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

	2019	2018	2019		
	NAV	NAV	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Mutual funds	\$ 9,307,548	\$ 5,399,796	\$ -	Daily	None required
Hedge funds	1,581,028	1,490,398	-	Quarterly to annually	30 to 90 days
Managed futures	-	220,120	-	N/A	N/A
Private equity	602,826	418,624	276,361	No redemption available	N/A
Total	\$ 11,491,402	\$ 7,528,938	\$ 276,361		

# Notes to Modified Cash Basis Financial Statements

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December 31, 2019 and 2018

### Note 6 - Fair Value Measurements (Continued)

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, 2019 and 2018.

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, 2019 and 2018.

### Note 7 - Net Assets

At December 31, 2019 and 2018, 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 \$24,582,715 and \$14,531,469 as of December 31, 2019 and 2018, 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 \$2,858,029 and \$3,368,141 as of December 31, 2019 and 2018, respectively.

Net assets without donor restrictions represent 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.

### Note 8 - Operating Leases

The Foundation is obligated under operating leases primarily for storage space. 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 this lease and others that have since expired was \$1,857 and \$3,472 for the years ended December 31, 2019 and 2018, respectively.

### Note 9 - Liquidity and Availability of Resources

The Foundation has \$2,858,029 of financial assets available within one year of December 31, 2019 to meet cash needs for general expenditure, which include cash and cash equivalents of \$75,995 and investments of \$2,782,034. As of December 31, 2018, the Foundation had \$3,368,141 of financial assets available, which included cash and cash equivalents of \$20,716 and investments of \$3,347,425. 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.

**Notes to Modified Cash Basis Financial Statements**

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**December 31, 2019 and 2018**

**Note 9 - Liquidity and Availability of Resources (Continued)**

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.

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## Supplemental Information

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## 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 years ended December 31, 2019 and 2018 and have issued our report thereon dated June 25, 2020, 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 2019 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 2019 modified cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 modified cash basis financial statements as a whole.

*Plante & Moran, PLLC*

June 25, 2020

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, 2018	\$	57,247,804
Donations		9,693,235
Investment gain, net		9,468,870
Direct program expenses		<u>(2,534,123)</u>
Net assets as of December 31, 2019	\$	<u><b>73,875,786</b></u>

Net Assets Available for Operating and Administrative Expenses:

Net assets as of December 31, 2018	\$	3,368,141
Donations		-
Operating and administrative expenses		<u>(510,112)</u>
Net assets as of December 31, 2019	\$	<u><b>2,858,029</b></u>