



TEAM IMPACT, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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LMHS, P.C.
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Team Impact, Inc.
Quincy, Massachusetts

We have audited the accompanying financial statements of Team Impact, Inc. (a non-profit corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, statements of functional expenses and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditor's 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 auditor considers 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.

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 financial position of Team Impact, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LMHS, P.C.

LMHS, P.C.
Norwell, Massachusetts

August 22, 2019

TEAM IMPACT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,801,696	\$ 1,151,053
Pledges Receivable	-	50,000
Prepaid Expenses and Other	48,632	26,207
	<u>1,850,328</u>	<u>1,227,260</u>
PROPERTY AND EQUIPMENT:		
Computer Software	20,440	20,440
Furniture	17,544	17,544
Leasehold Improvements	84,119	84,119
Website	564,950	429,950
	<u>687,053</u>	<u>552,053</u>
Accumulated Depreciation	(137,622)	(60,929)
	<u>549,431</u>	<u>491,124</u>
	<u>\$ 2,399,759</u>	<u>\$ 1,718,384</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 89,738	\$ 49,812
Accrued Payroll and Related	100,121	59,925
	<u>189,859</u>	<u>109,737</u>
DEFERRED RENT	<u>6,674</u>	<u>5,140</u>
TOTAL LIABILITIES	196,533	114,877
NET ASSETS:		
Without Donor Restrictions	1,968,226	1,263,507
With Donor Restrictions	235,000	340,000
	<u>2,203,226</u>	<u>1,603,507</u>
	<u>\$ 2,399,759</u>	<u>\$ 1,718,384</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:						
Contributions	\$ 1,583,960	\$ 135,000	\$ 1,718,960	\$ 1,004,990	\$ 499,735	\$ 1,504,725
Special Events:						
Events Revenue	2,588,862	125,000	2,713,862	2,055,520	130,000	2,185,520
Events Expense	(591,935)	-	(591,935)	(404,308)	-	(404,308)
	<u>1,996,927</u>	<u>125,000</u>	<u>2,121,927</u>	<u>1,651,212</u>	<u>130,000</u>	<u>1,781,212</u>
Dividend Income	516	-	516	144	-	144
Interest Income	257	-	257	17	-	17
Other Income (Loss)	(992)	-	(992)	-	-	-
Net Assets Released From Restrictions	365,000	(365,000)	-	289,735	(289,735)	-
TOTAL REVENUE AND OTHER SUPPORT	<u>3,945,668</u>	<u>(105,000)</u>	<u>3,840,668</u>	<u>2,946,098</u>	<u>340,000</u>	<u>3,286,098</u>
EXPENSES:						
Program Expense	2,721,417	-	2,721,417	1,973,610	-	1,973,610
Fundraising Expense	311,281	-	311,281	246,730	-	246,730
Management and General	208,251	-	208,251	289,113	-	289,113
	<u>3,240,949</u>	<u>-</u>	<u>3,240,949</u>	<u>2,509,453</u>	<u>-</u>	<u>2,509,453</u>
CHANGE IN NET ASSETS	704,719	(105,000)	599,719	436,645	340,000	776,645
NET ASSETS AT BEGINNING OF YEAR	<u>1,263,507</u>	<u>340,000</u>	<u>1,603,507</u>	<u>826,862</u>	<u>-</u>	<u>826,862</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,968,226</u>	<u>\$ 235,000</u>	<u>\$ 2,203,226</u>	<u>\$ 1,263,507</u>	<u>\$ 340,000</u>	<u>\$ 1,603,507</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Expense	Fundraising Expense	Management and General	Total	Program Expense	Fundraising Expense	Management and General	Total
PERSONNEL EXPENSES:								
Salaries and Wages	\$ 1,659,767	\$ 211,921	\$ 115,279	\$ 1,986,967	\$ 1,124,584	\$ 181,022	\$ 176,623	\$ 1,482,229
Payroll Taxes	117,590	14,327	7,647	139,564	91,326	12,259	12,942	116,527
Employee Benefits	209,360	21,036	11,292	241,688	155,350	18,259	28,499	202,108
TOTAL PERSONNEL EXPENSES	1,986,717	247,284	134,218	2,368,219	1,371,260	211,540	218,064	1,800,864
Case Management	60,142	-	-	60,142	-	-	-	-
Dues and Subscriptions	12,358	25	424	12,807	4,441	-	1,370	5,811
Events	38,474	-	-	38,474	-	-	-	-
Information Technology	60,903	2,937	127	63,967	30,119	3,080	3,287	36,486
Insurance	4,227	-	383	4,610	3,061	326	2,215	5,602
Marketing and Communications	123,016	13,205	-	136,221	201,744	781	115	202,640
Miscellaneous Expense	2,437	405	232	3,074	6,727	-	2,245	8,972
Office Equipment	5,118	294	471	5,883	31,537	1,813	2,900	36,250
Office Expense	32,862	102	11,020	43,984	20,938	2,166	11,606	34,710
Other Program Expenses	-	-	-	-	4,697	-	-	4,697
Processing Fees	81,498	8,383	3,929	93,810	31,475	5,071	4,947	41,493
Professional Fees	54,568	1,012	43,348	98,928	55,793	400	30,722	86,915
Rent and Occupancy	89,165	4,869	7,790	101,824	77,695	4,427	7,083	89,205
Telephone	22,257	161	167	22,585	18,673	56	1,356	20,085
Travel	80,953	28,769	6	109,728	87,427	15,459	626	103,512
Depreciation	66,722	3,835	6,136	76,693	28,023	1,611	2,577	32,211
	\$ 2,721,417	\$ 311,281	\$ 208,251	\$ 3,240,949	\$ 1,973,610	\$ 246,730	\$ 289,113	\$ 2,509,453

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 599,719	\$ 776,645
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	76,693	32,211
Change in Operating Assets and Liabilities:		
(Increase) Decrease In:		
Pledges Receivable	50,000	(40,000)
Prepaid Expenses and Other	(22,425)	(18,009)
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	(5,074)	(10,624)
Accrued Payroll and Related	40,196	43,707
Deferred Rent	1,534	3,678
	<u>740,643</u>	<u>787,608</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions To Property and Equipment	<u>(90,000)</u>	<u>(367,544)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 650,643	 420,064
 CASH AND CASH EQUIVALENTS - BEGINNING	 <u>1,151,053</u>	 <u>730,989</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,801,696</u>	<u>\$ 1,151,053</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Schedule of Noncash Investing Transactions		
Cost of Property and Equipment	\$ 135,000	\$ 367,544
Acquisition of Property and Equipment with Accrued Expenses	(45,000)	-
Cash Paid for Purchase of Property and Equipment	<u>\$ 90,000</u>	<u>\$ 367,544</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. **Organization - Team Impact, Inc. (the Organization)** is a non-profit corporation that was incorporated under the laws of the Commonwealth of Massachusetts and commenced operations on May 10, 2011.
2. **Operations -** The Organization was formed to raise funds to improve the quality of life for children with terminal diseases. Each child is adopted by a team and becomes an honorary member of the team. All contributions are used to fund this process.
3. **Method of Accounting -** The Organization's policy is to prepare its financial statements on the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This method of accounting conforms to generally accepted accounting principles.
4. **Financial Statement Presentation -** The Organization's financial statements are presented in accordance with FASB ASC Update 2016-14. As such, net assets are classified based upon the existence or absence of donor imposed restrictions, as follows: without donor restrictions, with donor restrictions. A description of the two net asset categories follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time, or that must remain intact, in perpetuity.

Under FASB ASC 958-210-45, expenses are generally reported as decreases in net assets without donor restrictions.

5. **Concentration of Credit Risk -** The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related accounts.
6. **Cash and Cash Equivalents -** For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.
7. **Investments -** The Organization accounts for investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.
8. **Allowance for Uncollectible Pledges Receivable -** Management deems all pledges receivable to be fully collectible and has not established a bad debt reserve. Write-offs, should they occur, will be recorded as expenses in the year they are deemed to be uncollectible.
9. **Property and Equipment -** Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided using the straight-line method over the following estimated useful lives:

Computer Software - 5 years

Furniture - 10 years

Leasehold Improvements - Term of lease (currently 5 years)

Website - 3 to 8 years

TEAM IMPACT, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

10. **Deferred Rent** - Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In the later years of the lease, as payments exceed the amount of rent expense recognized, deferred rent will be reduced until it is zero at the end of the lease.
11. **Fair Value of Financial Instruments** - The Organization's financial instruments include cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable and accrued expenses. The recorded values of cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable and accrued expenses approximate their fair values based on their short-term nature.
12. **Revenue Recognition** - Contributions are recognized at the earlier of when cash is received or at the time the pledge becomes unconditional in nature.
13. **Contributions** - Contributions are recorded in net assets without donor restrictions or net assets with donor restrictions class of net assets depending on the existence and/or nature of any donor-imposed restriction. 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 are reported as net assets released from restriction in the statement of activities.

Contributions of marketable securities are recorded in the financial statements at their quoted market price at the date of donation.
14. **Income Taxes** - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.
15. **Uncertainty In Income Taxes** - The Organization adopted the new standards for *Accounting for Uncertainty in Income Taxes* (income, sales, use and payroll), which required the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2018 and 2017, the Organization determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Organization files tax and information returns in the United States Federal and applicable state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.
16. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
17. **Expense Allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort basis:

- Salaries and Wages, Payroll Taxes, and Employee Benefits
- Processing Fees

The following expenses were allocated using the square footage of the building as the basis:

- Rent and Occupancy
- Office Equipment
- Information Technology
- Depreciation

TEAM IMPACT, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. LIQUIDITY AND AVAILABILITY:

The following reflects the Organization's financial assets at December 31, 2018 and 2017, reduced by amounts that are not available for general use because of donor-imposed restrictions, within one year of the statement of financial position date. As part of its liquidity management plan, the Organization operates its programs within a balanced budget and relies on grants and contributions to fund its operations and program activities:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 1,801,696	\$ 1,151,053
Pledges Receivable	-	50,000
Total Financial Assets	<u>1,801,696</u>	<u>1,201,053</u>
Contributions Restricted For Purpose	<u>(10,000)</u>	<u>(200,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,791,696</u>	<u>\$ 1,001,053</u>

The Organization has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above.

C. NET ASSETS WITH DONOR RESTRICTIONS:

	<u>2018</u>	<u>2017</u>
Time Restricted	\$ 225,000	\$ 140,000
Purpose Restricted	10,000	200,000
Total Net Assets with Donor Restrictions	<u>\$ 235,000</u>	<u>\$ 340,000</u>

D. LEASE OBLIGATIONS:

On September 1, 2016, the Organization executed a five-year lease at 500 Victory Road, Quincy, Massachusetts for its office space. Under the terms of this lease, monthly payments are \$5,910 for year one, \$6,088 for year two, \$6,269 for year three, \$6,459 for year four and \$6,653 for year five. For the years ended December 31, 2018 and 2017, rent expense paid under this lease amounted to \$73,777 and \$71,632, respectively.

The following is a schedule by years of the future minimum rental payments as of December 31,:

2019	\$ 75,990
2020	78,287
2021	53,227
	<u>\$ 207,504</u>

E. RETIREMENT PLAN:

The Organization has a voluntary 401(k) plan covering all of its eligible employees. Employees can contribute up to the maximum amount applicable by law on a yearly basis. The Organization matches up to 3% of employee eligible earnings. Employer contributions for the years ended December 31, 2018 and 2017, amounted to \$45,634 and \$36,823, respectively.

F. ADVERTISING:

The Organization follows the policy of charging the costs of advertising and marketing to expense as incurred. For the years ended December 31, 2018 and 2017, advertising costs amounted to \$136,221 and \$202,640, respectively.

G. RECLASSIFICATIONS:

Certain amounts for the year ended December 31, 2017 have been reclassified to conform with the presentation of the December 31, 2018 amounts. The reclassifications have no effect on the change in net assets for the year ended December 31, 2017.

TEAM IMPACT, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. SUBSEQUENT EVENTS:

Management has evaluated events occurring after the statement of financial position date through August 22, 2019, the date on which the financial statements were available to be issued. No material events have been identified which would require disclosure under FASB ASC 855-10-50-1.