



**TEAM IMPACT, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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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

### *Opinion*

We have audited the financial statements of Team Impact, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Team Impact, Inc. as of December 31, 2021 and 2020, 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.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Team Impact, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Team Impact, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Team Impact, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Team Impact, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*LMHS, P.C.*

LMHS, P.C.  
Norwell, Massachusetts

July 15, 2022

TEAM IMPACT, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

|                                       | <u>2021</u>         | <u>2020</u>         |
|---------------------------------------|---------------------|---------------------|
| <u>ASSETS</u>                         |                     |                     |
| <b>CURRENT ASSETS:</b>                |                     |                     |
| Cash and Cash Equivalents             | \$ 4,565,269        | \$ 3,093,345        |
| Pledges Receivable                    | 1,361,385           | 576,000             |
| Prepaid Expenses and Other            | 67,614              | 58,503              |
|                                       | <u>5,994,268</u>    | <u>3,727,848</u>    |
| <br><b>PROPERTY AND EQUIPMENT:</b>    |                     |                     |
| Computer Software                     | 54,530              | 54,530              |
| Furniture                             | 61,228              | 61,228              |
| Website and Digital Technology        | 546,360             | 676,900             |
|                                       | <u>662,118</u>      | <u>792,658</u>      |
| Accumulated Depreciation              | (290,671)           | (222,839)           |
|                                       | <u>371,447</u>      | <u>569,819</u>      |
| <br><b>OTHER ASSET:</b>               |                     |                     |
| Pledges Receivable                    | -                   | 600,000             |
|                                       | <u>\$ 6,365,715</u> | <u>\$ 4,897,667</u> |
| <br><u>LIABILITIES AND NET ASSETS</u> |                     |                     |
| <br><b>CURRENT LIABILITIES:</b>       |                     |                     |
| Accounts Payable and Accrued Expenses | \$ 93,378           | \$ 47,106           |
| Accrued Payroll and Related           | 220,190             | 170,726             |
|                                       | <u>313,568</u>      | <u>217,832</u>      |
| DEFERRED RENT                         | <u>39,287</u>       | <u>27,023</u>       |
| <b>TOTAL LIABILITIES</b>              | <b>352,855</b>      | <b>244,855</b>      |
| <br><b>NET ASSETS:</b>                |                     |                     |
| Without Donor Restrictions            | 4,087,408           | 2,857,882           |
| With Donor Restrictions               | 1,925,452           | 1,794,930           |
|                                       | <u>6,012,860</u>    | <u>4,652,812</u>    |
|                                       | <u>\$ 6,365,715</u> | <u>\$ 4,897,667</u> |

See Notes to Financial Statements

TEAM IMPACT, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

|                                       | 2021                          |                            |                     | 2020                          |                            |                     |
|---------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| REVENUE AND OTHER SUPPORT:            |                               |                            |                     |                               |                            |                     |
| Contributions                         | \$ 4,320,717                  | \$ 688,871                 | \$ 5,009,588        | \$ 3,061,565                  | \$ 1,710,500               | \$ 4,772,065        |
| Special Events:                       |                               |                            |                     |                               |                            |                     |
| Events Revenue                        | 2,965,610                     | 110,000                    | 3,075,610           | 1,573,007                     | 90,000                     | 1,663,007           |
| Events Expense                        | (1,053,635)                   | -                          | (1,053,635)         | (112,448)                     | -                          | (112,448)           |
|                                       | <u>1,911,975</u>              | <u>110,000</u>             | <u>2,021,975</u>    | <u>1,460,559</u>              | <u>90,000</u>              | <u>1,550,559</u>    |
| Dividend Income                       | 27                            | -                          | 27                  | 807                           | -                          | 807                 |
| Interest Income                       | 7                             | -                          | 7                   | 7                             | -                          | 7                   |
| Other Income (Loss)                   | (95,728)                      | -                          | (95,728)            | (993)                         | -                          | (993)               |
| Net Assets Released From Restrictions | <u>668,349</u>                | <u>(668,349)</u>           | <u>-</u>            | <u>395,492</u>                | <u>(395,492)</u>           | <u>-</u>            |
| TOTAL REVENUE AND OTHER SUPPORT       | <u>6,805,347</u>              | <u>130,522</u>             | <u>6,935,869</u>    | <u>4,917,437</u>              | <u>1,405,008</u>           | <u>6,322,445</u>    |
| EXPENSES:                             |                               |                            |                     |                               |                            |                     |
| Program Expense                       | 4,601,021                     | -                          | 4,601,021           | 4,133,893                     | -                          | 4,133,893           |
| Fundraising Expense                   | 610,443                       | -                          | 610,443             | 459,907                       | -                          | 459,907             |
| Management and General                | 364,357                       | -                          | 364,357             | 248,582                       | -                          | 248,582             |
|                                       | <u>5,575,821</u>              | <u>-</u>                   | <u>5,575,821</u>    | <u>4,842,382</u>              | <u>-</u>                   | <u>4,842,382</u>    |
| CHANGE IN NET ASSETS                  | 1,229,526                     | 130,522                    | 1,360,048           | 75,055                        | 1,405,008                  | 1,480,063           |
| NET ASSETS AT BEGINNING OF YEAR       | <u>2,857,882</u>              | <u>1,794,930</u>           | <u>4,652,812</u>    | <u>2,782,827</u>              | <u>389,922</u>             | <u>3,172,749</u>    |
| NET ASSETS AT END OF YEAR             | <u>\$ 4,087,408</u>           | <u>\$ 1,925,452</u>        | <u>\$ 6,012,860</u> | <u>\$ 2,857,882</u>           | <u>\$ 1,794,930</u>        | <u>\$ 4,652,812</u> |

See Notes to Financial Statements

TEAM IMPACT, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

|   | 2021                |                        |                              |                     | 2020                |                        |                              |                     |
|---|---------------------|------------------------|------------------------------|---------------------|---------------------|------------------------|------------------------------|---------------------|
|   | Program<br>Expense  | Fundraising<br>Expense | Management<br>and<br>General | Total               | Program<br>Expense  | Fundraising<br>Expense | Management<br>and<br>General | Total               |
| PERSONNEL EXPENSES:   |                     |                        |                              |                     |                     |                        |                              |                     |
| Salaries and Wages  | \$ 2,701,860        | \$ 386,228             | \$ 135,012                   | \$ 3,223,100        | \$ 2,455,316        | \$ 296,413             | \$ 78,838                    | \$ 2,830,567        |
| Payroll Taxes   | 198,158             | 25,421                 | 9,629                        | 233,208             | 181,985             | 19,227                 | 5,475                        | 206,687             |
| Employee Benefits   | 585,341             | 55,777                 | 23,925                       | 665,043             | 530,268             | 45,260                 | 10,877                       | 586,405             |
| TOTAL PERSONNEL EXPENSES  | 3,485,359           | 467,426                | 168,566                      | 4,121,351           | 3,167,569           | 360,900                | 95,190                       | 3,623,659           |
| Case Management   | 243,197             | -                      | -                            | 243,197             | 255,728             | -                      | -                            | 255,728             |
| Dues and Subscriptions  | 23,414              | 11,000                 | 7,943                        | 42,357              | 6,923               | 244                    | 3,000                        | 10,167              |
| Events  | 16,168              | 1,053,635              | -                            | 1,069,803           | 149                 | 112,448                | -                            | 112,597             |
| Grants  | 32,721              | -                      | -                            | 32,721              | -                   | -                      | -                            | -                   |
| Information Technology  | 50,441              | 237                    | 5,484                        | 56,162              | 40,289              | -                      | 2,484                        | 42,773              |
| Insurance   | 14,283              | -                      | -                            | 14,283              | 21,228              | -                      | -                            | 21,228              |
| Marketing and Communications  | 273,374             | 44,923                 | 7,630                        | 325,927             | 138,466             | 25,624                 | 8,106                        | 172,196             |
| Miscellaneous Expense   | 90                  | 12                     | 2,276                        | 2,378               | 85                  | -                      | 608                          | 693                 |
| Office Expense  | 25,451              | 15,291                 | 47,129                       | 87,871              | 15,547              | 22,416                 | 23,690                       | 61,653              |
| Professional Fees   | 95,505              | 15,202                 | 81,918                       | 192,625             | 138,975             | 3,005                  | 74,985                       | 216,965             |
| Rent and Occupancy  | 219,957             | 21,180                 | 27,895                       | 269,032             | 229,082             | 22,034                 | 28,295                       | 279,411             |
| Telephone   | 16,884              | 1,828                  | 1,080                        | 19,792              | 19,247              | 2,162                  | 1,133                        | 22,542              |
| Travel  | 19,487              | 25,082                 | 4,108                        | 48,677              | 17,158              | 15,381                 | 914                          | 33,453              |
| Depreciation  | 84,690              | 8,262                  | 10,328                       | 103,280             | 83,447              | 8,141                  | 10,177                       | 101,765             |
| TOTAL EXPENSES  | 4,601,021           | 1,664,078              | 364,357                      | 6,629,456           | 4,133,893           | 572,355                | 248,582                      | 4,954,830           |
| Less: Special Events Expense netted<br>against Special Events Revenue | -                   | (1,053,635)            | -                            | (1,053,635)         | -                   | (112,448)              | -                            | (112,448)           |
| TOTAL FUNCTIONAL EXPENSES   | <u>\$ 4,601,021</u> | <u>\$ 610,443</u>      | <u>\$ 364,357</u>            | <u>\$ 5,575,821</u> | <u>\$ 4,133,893</u> | <u>\$ 459,907</u>      | <u>\$ 248,582</u>            | <u>\$ 4,842,382</u> |

See Notes to Financial Statements

TEAM IMPACT, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Change in Net Assets   | \$ 1,360,048        | \$ 1,480,063        |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities: |                     |                     |
| Depreciation   | 103,280             | 101,765             |
| Loss on Disposal of Property and Equipment   | 95,092              | -                   |
| Change in Operating Assets and Liabilities:  |                     |                     |
| (Increase) Decrease In:  |                     |                     |
| Pledges Receivable   | (185,385)           | (1,092,000)         |
| Prepaid Expenses and Other   | (9,111)             | 19,448              |
| Increase (Decrease) In:  |                     |                     |
| Accounts Payable and Accrued Expenses  | 46,272              | (25,520)            |
| Accrued Payroll and Related  | 49,464              | (37,658)            |
| Deferred Rent  | 12,264              | 24,944              |
|  | <u>1,471,924</u>    | <u>471,042</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Additions To Property and Equipment  | <u>-</u>            | <u>(36,397)</u>     |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 1,471,924           | 434,645             |
| CASH AND CASH EQUIVALENTS - BEGINNING  | <u>3,093,345</u>    | <u>2,658,700</u>    |
| CASH AND CASH EQUIVALENTS - ENDING   | <u>\$ 4,565,269</u> | <u>\$ 3,093,345</u> |

See Notes to Financial Statements



**TEAM IMPACT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 is a national nonprofit that promotes healthy social and emotional development for children living with serious and chronic illnesses and medical conditions by matching them with a local college athletic team. The team provides an extended support network for the children and their families using a strengths-based, future-focused perspective. This two-year therapeutic program provides children with a true sense of belonging and focuses on building confidence and resilience and encouraging healthy behaviors. Parents and siblings gain a community of support and a distraction from medical realities, while student-athletes gain invaluable inspiration and perspective that will be carried with them long after graduation.
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 is as 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. As of December 31, 2021, the Organization included certain equity securities in cash and cash equivalents on a trade date basis.
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.

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

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

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 for using the straight-line method over the estimated useful lives of these assets in periods ranging from three to ten years.
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 - The Organization follows the guidance of ASC Topic 958, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of ASC Topic 958-605 or as exchange transactions subject to ASC Topic 606 and (2) determining whether a contribution is conditional.

On January 1, 2020, the Organization adopted ASC Topic 606, Revenue from Contracts with Customers, with respect to its revenue recognition policy. The core principle of the new accounting guidance is that an entity should recognize revenue when it satisfies a performance obligation by transferring promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard did not have a significant impact on the Organization's financial statements.

Contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Special events revenue is recognized when the event takes place. The value of an event ticket is an exchange transaction, in accordance with ASC Topic 606. The excess of the ticket price over the value of the benefit received is recognized as a contribution.

Donated materials and services are recorded as in-kind donations and recognized at their estimated fair value as of the date of donation or service.

Contributions of marketable securities are recorded in the financial statements at their quoted market price at the date of donation.

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.
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.

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

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

15. **Uncertainty In Income Taxes** - The Organization adopted the 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, 2021 and 2020, 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
- Payroll 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

18. **Recent Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For the Organization, the new standard is effective for fiscal years beginning after December 15, 2021, and interim periods beginning the following year. The Organization has not yet determined the impact ASC 842 will have on its financial statements.

**B. PLEDGES RECEIVABLE:**

Unconditional promises to give in future periods are recorded in the financial statements as Pledges Receivable, net of an allowance for uncollectible gifts. As of December 31, 2021, unconditional promises to give amounted to \$1,361,385, of which \$1,236,385 is unrestricted for general support and \$125,000 represents gifts with donor restrictions. As of December 31, 2020, unconditional promises to give amounted to \$1,176,000, of which \$946,000 is unrestricted for general support and \$230,000 represents gifts with donor restrictions. The Organization expects to collect total pledges receivable of \$1,361,385 in 2022.

The Organization allows for estimated losses on pledges receivable based on prior bad debt experience and a review of existing pledges. Based on these factors, there was no allowance for uncollectible gifts for the years ended December 31, 2021 and 2020.

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

**C. LIQUIDITY AND AVAILABILITY:**

The following reflects the Organization's financial assets at December 31, 2021 and 2020, 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:

|  | 2021         | 2020         |
|--|--------------|--------------|
| Cash and Cash Equivalents  | \$ 4,565,269 | \$ 3,093,345 |
| Pledges Receivable   | 1,361,385    | 1,176,000    |
| Total Financial Assets   | 5,926,654    | 4,269,345    |
| Contributions Restricted For Purpose   | (235,452)    | (292,430)    |
| Contributions Restricted For Time  | (475,000)    | (930,000)    |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | \$ 5,216,202 | \$ 3,046,915 |

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.

**D. NET ASSETS WITH DONOR RESTRICTIONS:**

|  | 2021         | 2020         |
|--|--------------|--------------|
| Time Restricted                          | \$ 1,690,000 | \$ 1,502,500 |
| Purpose Restricted                       | 235,452      | 292,430      |
| Total Net Assets with Donor Restrictions | \$ 1,925,452 | \$ 1,794,930 |

**E. LEASE OBLIGATIONS:**

On September 1, 2016, the Organization executed a five-year lease at 500 Victory Road, Quincy, Massachusetts for its office space, with an amendment on December 1, 2019 to extend the lease through December 31, 2024. Under the terms of this lease amendment, monthly payments are \$17,963 for year one, \$19,020 for year two, \$20,077 for year three, \$21,133 for year four and \$22,190 for year five. For the years ended December 31, 2021 and 2020, rent expense paid under this lease amounted to \$240,595 and \$240,504, respectively.

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

|      |            |
|------|------------|
| 2022 | \$ 240,920 |
| 2023 | 253,600    |
| 2024 | 266,280    |
|      | \$ 760,800 |

**F. PPP FUNDS FORGIVENESS:**

On February 5, 2021 and April 15, 2020, the Organization received proceeds from Boston Private Bank & Trust Company in the amounts of \$593,248 and \$514,200, respectively, under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for advances to qualifying Organizations for amounts up to 2.5 times the average qualifying monthly payroll expenses of the qualifying Organization. The advances and accrued interest are forgivable as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower is unable to re-hire to the same employment level, reduces salaries during the covered period, or uses more than forty percent of the money spent on non-employment expenses.

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

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**F. PPP FUNDS FORGIVENESS: (Continued)**

As of December 31, 2021 and 2020, all conditions of PPP forgiveness have been met and the Organization was granted forgiveness from the Small Business Administration (SBA) for the full amount of the advances. Given these circumstances and under the guidance of ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*, \$593,248 and \$514,200 of PPP funds were recognized as a contribution on the statements of activities as of December 31, 2021 and 2020, respectively.

**G. EMPLOYEE RETENTION CREDIT:**

The CARES Act provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization qualifies for the tax credit under the CARES Act. Under the guidance of ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*, the Organization recorded \$382,673 related to the ERC in contributions on the statements of activities for year ended December 31, 2021. The Organization qualified for additional ERC funds totaling \$508,036 and received \$89,158 subsequent to year end. In accordance with ASC 958-605, these amounts are recognized in the year of receipt and are not recorded as a contribution as of December 31, 2021.

**H. 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, 2021 and 2020, amounted to \$64,694 and \$60,180, respectively.

**I. ADVERTISING:**

The Organization follows the policy of charging the costs of advertising and marketing to expense as incurred. For the years ended December 31, 2021 and 2020, advertising costs amounted to \$325,927 and \$172,196, respectively. Included in advertising costs for the years ended December 31, 2021 and 2020 were in-kind donations amounting to \$198,400 and \$24,600, respectively.

**J. COMMITMENTS AND CONTINGENCIES:**

On January 30, 2020, the World Health Organization declared COVID-19 a public health emergency. The declaration has a potential impact on the Organization and its program participants and donors. Significant work stoppages and an economic slowdown has impacted not only the United States, but the worldwide economy. Management is unable to estimate the impact that this public health emergency will have on the Organization's financial position or its operating results and accordingly, no adjustments have been made to the accompanying financial statements.

**K. SUBSEQUENT EVENTS:**

Management has evaluated events occurring after the statement of financial position date through July 15, 2022, the date in 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.