

# David Ortiz Children's Fund

Financial Statements

June 30, 2018 and 2017



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# DAVID ORTIZ CHILDREN'S FUND

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors  
David Ortiz Children's Fund

### **Report on the Financial Statements**

We have audited the accompanying financial statements of David Ortiz Children's Fund (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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; 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.

### **Auditor's 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. Those standards require that we plan and perform the audits 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 David Ortiz Children's Fund as of June 30, 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.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

February 6, 2019  
Glen Allen, Virginia

## DAVID ORTIZ CHILDREN'S FUND

### Statements of Financial Position June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 1,664,179	\$ 1,984,736
Property and equipment:		
Medical equipment	133,950	133,950
Less: accumulated depreciation	<u>(53,580)</u>	<u>(26,790)</u>
Net property and equipment	<u>80,370</u>	<u>107,160</u>
Total assets	<u>\$ 1,744,549</u>	<u>\$ 2,091,896</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 16,334	\$ 98,862
Grant payable	<u>150,000</u>	<u>150,000</u>
Total liabilities	166,334	248,862
Net assets:		
Unrestricted	<u>1,578,215</u>	<u>1,843,034</u>
Total liabilities and net assets	<u>\$ 1,744,549</u>	<u>\$ 2,091,896</u>

See accompanying notes to financial statements.

**DAVID ORTIZ CHILDREN'S FUND**

Statements of Activities  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unrestricted net assets:		
Revenues and support:		
Contributions	\$ 275,828	\$ 2,166,771
In-kind contributions	440,025	360,483
Other income	<u>44</u>	<u>-</u>
Special events:		
Special event revenue	1,187,672	1,376,311
Costs of direct benefits to donors	<u>732,150</u>	<u>937,625</u>
Net revenue from special events	<u>455,522</u>	<u>438,686</u>
 Total revenues and support	 <u>1,171,419</u>	 <u>2,965,940</u>
 Expenses:		
Program services	1,260,359	928,803
Management and general	94,343	92,813
Fundraising	<u>81,536</u>	<u>238,024</u>
 Total expenses	 <u>1,436,238</u>	 <u>1,259,640</u>
 Change in net assets	 (264,819)	 1,706,300
 Net assets, beginning of year	 <u>1,843,034</u>	 <u>136,734</u>
 Net assets, end of year	 <u>\$ 1,578,215</u>	 <u>\$ 1,843,034</u>

See accompanying notes to financial statements.

## DAVID ORTIZ CHILDREN'S FUND

### Statement of Functional Expenses Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Administrative services - in-kind	\$ -	\$ 60,000	\$ -	\$ 60,000
Advertising and marketing	272	-	272	544
Bank and brokers fees	505	360	-	865
Charitable medical activities	362,434	-	-	362,434
Depreciation	26,790	-	-	26,790
Grants awarded to medical facilities and organizations	216,101	-	-	216,101
Insurance	-	1,082	-	1,082
Meals and entertainment	10,579	-	-	10,579
Medical services - in-kind	380,025	-	-	380,025
Office expense and supplies	6,491	1,151	2,869	10,511
Processing fees	-	-	15,208	15,208
Professional services	243,839	30,863	59,205	333,907
Taxes and licenses	-	320	-	320
Telephone	184	92	183	459
Travel	7,915	-	-	7,915
Website	5,224	475	3,799	9,498
	<u>\$ 1,260,359</u>	<u>\$ 94,343</u>	<u>\$ 81,536</u>	<u>\$ 1,436,238</u>

See accompanying notes to financial statements.

## DAVID ORTIZ CHILDREN'S FUND

### Statement of Functional Expenses Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
Administrative services - in-kind	\$ -	\$ 60,000	\$ -	\$ 60,000
Advertising and marketing	-	-	3,318	3,318
Bank and brokers fees	-	1,459	-	1,459
Charitable medical activities	16,974	-	-	16,974
Depreciation	26,790	-	-	26,790
Grants awarded to medical facilities and organizations	455,298	-	-	455,298
Insurance	-	961	-	961
Meals and entertainment	12,918	-	-	12,918
Medical services - in-kind	166,533	-	-	166,533
Miscellaneous	-	274	-	274
Office expense and supplies	-	3,204	786	3,990
Processing fees	-	-	14,098	14,098
Professional services	219,838	25,222	219,699	464,759
Taxes and licenses	-	1,148	-	1,148
Telephone	369	123	123	615
Travel	30,083	-	-	30,083
Website	-	422	-	422
	<u>\$ 928,803</u>	<u>\$ 92,813</u>	<u>\$ 238,024</u>	<u>\$ 1,259,640</u>

See accompanying notes to financial statements.



**DAVID ORTIZ CHILDREN'S FUND**

Statements of Cash Flows  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (264,819)	\$ 1,706,300
Adjustment to reconcile change in net assets to net cash from operations:		
Depreciation	26,790	26,790
Contributed property and equipment	-	(133,950)
Changes in operating assets and liabilities:		
Prepaid expenses	-	67,236
Accounts payable	<u>(82,528)</u>	<u>126,087</u>
Net cash (used in) provided by operating activities	(320,557)	1,792,463
Cash and cash equivalents, beginning of year	<u>1,984,736</u>	<u>192,273</u>
Cash and cash equivalents, end of year	<u>\$ 1,664,179</u>	<u>\$ 1,984,736</u>

See accompanying notes to financial statements.

# DAVID ORTIZ CHILDREN'S FUND

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies:

**Description of Organization:** David Ortiz Children's Fund (the "Organization") is committed to helping children in New England and the Dominican Republic who do not have access to the critical pediatric services they need. The Organization's main purposes are to (1) link medical services to sick children from the Dominican Republic who are unable to pay for and receive such services, (2) bring such children to medically advanced facilities as necessary to receive such surgical services, and return them to their homes, and (3) provide grants to organizations described in section 501(c)(3) of the Internal Revenue Code for similar purposes for sick children living within New England.

**Basis of Accounting:** The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"), which require reporting information regarding its financial position and activities according to these three classes of net assets:

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. If the Board of Directors specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within unrestricted net assets.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2018 and 2017, the Organization did not have any temporarily restricted net assets.

Permanently restricted net assets are subject to donor-imposed stipulations that the original fair value of the gift be maintained permanently by the Organization and use of all or part of the income earned on any related investments is for general or specific purposes. As of June 30, 2018 and 2017, the Organization did not have any permanently restricted net assets.

**Use of Estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:** Certain prior year balances have been reclassified to conform with the current year presentation.

## DAVID ORTIZ CHILDREN'S FUND

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Cash and Cash Equivalents:** The Organization considers as cash equivalents all short term, highly liquid investments with maturities of three months or less at date of acquisition.

**Property and Equipment:** Property and equipment are recorded at cost for purchased assets and at fair value for donated items. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, which was determined to be three years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

**Grant Payable:** Grants authorized but unpaid at yearend are reported as liabilities. Grant payable consist of a single pledged donation to a medical facility made annually and to be paid within the following year.

**Income Taxes:** The Organization is a not-for-profit Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Income Tax Uncertainties:** Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Organization had no significant financial statement exposure to uncertain income tax positions at June 30, 2018 and 2017. The Organization is not currently under audit by any tax jurisdiction.

**Recognition of Contributions:** Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is in substance unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted. As of June 30, 2018 and 2017, there were no donor restricted contributions.

**Contributed Materials, Hospital Charges and Services:** The value of contributed materials and the value of contributed services and hospital charges that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are of the type that would have been purchased if not contributed, amounted to \$440,025 for 2018 and \$360,483 for 2017 and have been recognized at their fair value as determined either by the donor or estimated by management in the financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments. The value of these services could not be estimated and is not recognized in the financial statements.

## DAVID ORTIZ CHILDREN'S FUND

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Advertising Costs:** The Organization expenses advertising costs when incurred. Advertising expense amounted to \$544 for 2018 and \$3,318 for 2017.

**Functional Allocation of Expenses:** The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Subsequent Events:** Management has evaluated subsequent events through February 6, 2019, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

#### 2. New Accounting Guidance:

**Not-for-Profit Reporting Model:** In August 2016, FASB issued ASU No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities", which both simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Significant changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets—net assets with donor restrictions and net assets without donor restrictions
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of *net assets with donor restrictions* and requires additional disclosures for underwater endowment funds
- Requires all not-for-profits to provide expenses by nature and function
- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources

The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The Organization has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.

## DAVID ORTIZ CHILDREN'S FUND

### Notes to Financial Statements, Continued

#### 2. New Accounting Guidance, Continued:

**Leases:** In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2019, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.