

David Ortiz Children's Fund

Financial Statements

June 30, 2019 and 2018



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DAVID ORTIZ CHILDREN'S FUND

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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, 2019 and 2018, 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, 2019 and 2018, 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 stylized flourish at the end.

January 20, 2020
Glen Allen, Virginia

DAVID ORTIZ CHILDREN'S FUND

Statements of Financial Position
June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 1,683,674	\$ 1,664,179
Receivables	45,049	-
Refundable deposits	82,500	-
Prepaid expenses	<u>52,250</u>	<u>-</u>
Total current assets	<u>1,863,473</u>	<u>1,664,179</u>
Property and equipment:		
Medical equipment	495,057	133,950
Less: accumulated depreciation	<u>(152,591)</u>	<u>(53,580)</u>
Net property and equipment	<u>342,466</u>	<u>80,370</u>
Total assets	<u>\$ 2,205,939</u>	<u>\$ 1,744,549</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 70,631	\$ 16,334
Total liabilities	70,631	16,334
Net assets:		
Without donor restrictions	<u>2,135,308</u>	<u>1,728,215</u>
Total liabilities and net assets	<u>\$ 2,205,939</u>	<u>\$ 1,744,549</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Activities
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Revenues and support:		
Contributions	\$ 289,231	\$ 275,828
In-kind contributions	507,234	440,025
Other income	<u>-</u>	<u>44</u>
Special events:		
Special event revenue	1,429,426	1,187,672
Costs of direct benefits to donors	<u>582,710</u>	<u>732,150</u>
Net revenue from special events	<u>846,716</u>	<u>455,522</u>
 Total revenues and support	 <u>1,643,181</u>	 <u>1,171,419</u>
 Expenses:		
Program services	1,131,629	1,110,359
Management and general	36,363	94,343
Fundraising	<u>68,096</u>	<u>81,536</u>
 Total expenses	 <u>1,236,088</u>	 <u>1,286,238</u>
 Change in net assets	 407,093	 (114,819)
 Net assets, beginning of year	 <u>1,728,215</u>	 <u>1,843,034</u>
 Net assets, end of year	 <u>\$ 2,135,308</u>	 <u>\$ 1,728,215</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statement of Functional Expenses Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 674	\$ -	\$ 622	\$ 1,296
Banking and processing fees	257	-	1,218	1,475
Charitable medical activities	7,614	-	-	7,614
Depreciation	99,011	-	-	99,011
Events and conferences	9,984	-	-	9,984
Insurance	-	961	-	961
Grants awarded to medical facilities and organizations	361,164	-	-	361,164
Professional services	203,737	33,113	52,845	289,695
Meals and entertainment	753	3	1,409	2,165
Medical services - in-kind	274,734	-	-	274,734
Miscellaneous	5	-	589	594
Office expense and supplies	12,633	80	8,220	20,933
Travel	24,588	2,106	1,993	28,687
Travel-in-kind	135,000	-	-	135,000
Taxes and licenses	275	100	-	375
Website	1,200	-	1,200	2,400
	<u>\$ 1,131,629</u>	<u>\$ 36,363</u>	<u>\$ 68,096</u>	<u>\$ 1,236,088</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	366,101	-	-	366,101
Insurance	-	1,082	-	1,082
Meals and entertainment	10,579	-	-	10,579
Medical services - in-kind	80,025	-	-	80,025
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>\$ 1,110,359</u>	<u>\$ 94,343</u>	<u>\$ 81,536</u>	<u>\$ 1,286,238</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 407,093	\$ (264,819)
Adjustment to reconcile change in net assets to net cash from operations:		
Depreciation	99,011	26,790
Contributed property and equipment	(47,500)	-
Changes in operating assets and liabilities:		
Receivables	(45,049)	-
Refundable deposits	(82,500)	-
Prepaid expenses	(52,250)	-
Accounts payable	<u>54,297</u>	<u>(82,528)</u>
Net cash provided by (used in) operating activities	333,102	(320,557)
Cash used in investing activities:		
Purchase of property and equipment	(313,607)	-
Cash and cash equivalents, beginning of year	<u>1,664,179</u>	<u>1,984,736</u>
Cash and cash equivalents, end of year	<u>\$ 1,683,674</u>	<u>\$ 1,664,179</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 a 501(c)(3) organization under the Internal Revenue Code that provides essential support for children in the Dominican Republic and in New England who cannot afford the critical cardiac services they need. The Organization is proud to partner with CEDIMAT Hospital in Santo Domingo and the Massachusetts General Hospital for Children to fulfill this mission. Through outreach, education, and support for medical care, we're committed to enhancing the health and well-being of children who require life-saving heart surgeries.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), which require reporting information regarding its net assets and related revenues and expenses according to these two classes of net assets:

Net Assets Without Donor Restrictions – 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 without donor restrictions 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 net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Newly Adopted Accounting Standard: In August 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Organization has adopted this ASU as of and for the year ended June 30, 2019, with the presentation shown retrospectively to include the year ended June 30, 2018.

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.

Receivables: Receivables consists of sponsorship donations that were due for 2018 events, but not collected as of June 30, 2019. The receivables are considered fully collectable as of June 30, 2019.

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. During 2019, the pledged donation was both made and paid out before yearend.

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.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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, 2019 and 2018. 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 as to purpose or time are reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restriction. During 2019 and 2018, 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 \$513,904 for 2019 and \$440,025 for 2018 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.

Advertising Costs: The Organization expenses advertising costs when incurred. Advertising expense amounted to \$1,296 for 2019 and \$544 for 2018.

Functional Allocation of Expenses: The cost of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position. Website costs are allocated based on the messaging of content. All other costs are evaluated on a per invoice basis to determine what functions have been served.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Accounting Standards Update: In June 2018, the FASB issued ASU No. 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made", which presents a new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. This new standard is effective for fiscal years beginning after December 15, 2018, for entities receiving contributions and fiscal years beginning after December 15, 2019, for entities providing contributions, with early adoption permitted. The Organization is currently evaluating the reporting and economic implications of the new standard.

Subsequent Events: Management has evaluated subsequent events through January 20, 2020, 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. Liquidity and Availability of Financial Assets:

The Organization has \$1,683,674 of cash and cash equivalents that are available for general expenditure. The organization does not have any net assets with donor restrictions.