

David Ortiz Children's Fund

Financial Statements

June 30, 2021 and 2020



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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
El Segundo, California

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, 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.

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, 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.

A handwritten signature in black ink, appearing to read "Keita", with a stylized flourish extending to the right.

December 21, 2021
Glen Allen, Virginia

DAVID ORTIZ CHILDREN'S FUND

Statements of Financial Position June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,490,835	\$ 1,727,427
Receivables	15,100	114,748
Pledges receivable	20,000	249,000
Prepaid expenses	5,000	168,357
	<u>1,530,935</u>	<u>2,259,532</u>
Property and equipment:		
Medical equipment	495,057	495,057
Less: accumulated depreciation	<u>(350,613)</u>	<u>(251,602)</u>
	<u>144,444</u>	<u>243,455</u>
Pledges receivable, less current portion	40,000	60,000
Deposit on equipment	<u>450,000</u>	<u>-</u>
	<u>\$ 2,165,379</u>	<u>\$ 2,562,987</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 6,561	\$ 37,053
Grant payable	<u>-</u>	<u>195,000</u>
	<u>6,561</u>	<u>232,053</u>
Net assets:		
Without donor restrictions	2,098,818	2,001,934
With donor restrictions	<u>60,000</u>	<u>329,000</u>
	<u>2,158,818</u>	<u>2,330,934</u>
	<u>\$ 2,165,379</u>	<u>\$ 2,562,987</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and support:			
Contributions	\$ 514,406	\$ -	\$ 514,406
In-kind contributions	145,020	-	145,020
Other income	<u>2</u>	<u>-</u>	<u>2</u>
Special events:			
Special event revenue	550,697	-	550,697
Costs of direct benefits to donors	<u>171,210</u>	<u>-</u>	<u>171,210</u>
Net revenue from special events	<u>379,487</u>	<u>-</u>	<u>379,487</u>
 Total revenues, gains, and support	 <u>1,038,915</u>	 <u>-</u>	 <u>1,038,915</u>
 Net assets released from restrictions	 <u>269,000</u>	 <u>(269,000)</u>	 <u>-</u>
Expenses:			
Program services	1,014,172	-	1,014,172
Management and general	43,957	-	43,957
Fundraising	<u>152,902</u>	<u>-</u>	<u>152,902</u>
 Total expenses	 <u>1,211,031</u>	 <u>-</u>	 <u>1,211,031</u>
 Change in net assets	 96,884	 (269,000)	 (172,116)
 Net assets, beginning of year	 <u>2,001,934</u>	 <u>329,000</u>	 <u>2,330,934</u>
 Net assets, end of year	 <u>\$ 2,098,818</u>	 <u>\$ 60,000</u>	 <u>\$ 2,158,818</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Activities, Continued
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and support:			
Contributions	\$ 160,079	\$ 329,000	\$ 489,079
In-kind contributions	139,466	-	139,466
Other income	<u>1,932</u>	<u>-</u>	<u>1,932</u>
Special events:			
Special event revenue	1,404,336	-	1,404,336
Costs of direct benefits to donors	<u>768,741</u>	<u>-</u>	<u>768,741</u>
Net revenue from special events	<u>635,595</u>	<u>-</u>	<u>635,595</u>
 Total revenues, gains, and support	 <u>937,072</u>	 <u>329,000</u>	 <u>1,266,072</u>
 Expenses:			
Program services	907,560	-	907,560
Management and general	75,502	-	75,502
Fundraising	<u>87,384</u>	<u>-</u>	<u>87,384</u>
 Total expenses	 <u>1,070,446</u>	 <u>-</u>	 <u>1,070,446</u>
 Change in net assets	 (133,374)	 329,000	 195,626
 Net assets, beginning of year	 <u>2,135,308</u>	 <u>-</u>	 <u>2,135,308</u>
 Net assets, end of year	 <u>\$ 2,001,934</u>	 <u>\$ 329,000</u>	 <u>\$ 2,330,934</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Functional Expenses Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 2,546	\$ -	\$ 727	\$ 3,273
Banking and processing fees	-	911	7,667	8,578
Charitable medical activities	232,558	-	-	232,558
Depreciation	99,011	-	-	99,011
Events and conferences	35,524	-	89,268	124,792
Insurance	-	1,655	1,034	2,689
Grants awarded to medical facilities and organizations	266,345	-	-	266,345
Professional services	186,178	40,101	43,417	269,696
Meals and entertainment	516	-	202	718
Medical services - in-kind	145,020	-	-	145,020
Miscellaneous	-	-	584	584
Office expense and supplies	5,397	538	5,168	11,103
Software	-	727	3,500	4,227
Travel	37,377	-	1,185	38,562
Taxes and licenses	-	25	-	25
Website	3,700	-	150	3,850
	<u>\$ 1,014,172</u>	<u>\$ 43,957</u>	<u>\$ 152,902</u>	<u>\$ 1,211,031</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Functional Expenses, Continued
Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 2,474	\$ -	\$ 1,731	\$ 4,205
Banking and processing fees	-	1,166	2,166	3,332
Charitable medical activities	208,240	-	-	208,240
Depreciation	99,011	-	-	99,011
Insurance	-	1,297	-	1,297
Grants awarded to medical facilities and organizations	161,731	-	-	161,731
Professional services	222,233	70,411	60,286	352,930
Meals and entertainment	1,132	118	2,381	3,631
Medical services - in-kind	139,466	-	-	139,466
Miscellaneous	-	16	1,020	1,036
Office expense and supplies	3,872	2,055	12,345	18,272
Travel	13,434	21	7,415	20,870
Travel-in-kind	50,000	-	-	50,000
Taxes and licenses	-	418	40	458
Website	5,967	-	-	5,967
	<u>\$ 907,560</u>	<u>\$ 75,502</u>	<u>\$ 87,384</u>	<u>\$ 1,070,446</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (172,116)	\$ 195,626
Adjustment to reconcile change in net assets to net cash from operations:		
Depreciation	99,011	99,011
Changes in operating assets and liabilities:		
Receivables	99,648	(69,699)
Pledges receivable	249,000	(309,000)
Refundable deposits	-	82,500
Prepaid expenses	163,357	(116,107)
Deposit on equipment	(450,000)	-
Accounts payable	(30,492)	(33,578)
Grant payable	<u>(195,000)</u>	<u>195,000</u>
Net cash (used in) provided by operating activities	(236,592)	43,753
Cash and cash equivalents, beginning of year	<u>1,727,427</u>	<u>1,683,674</u>
Cash and cash equivalents, end of year	<u>\$ 1,490,835</u>	<u>\$ 1,727,427</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, the Organization is 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.

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 2020 and 2019 events, but not collected as of June 30, 2021 and 2020, respectively. The receivables are considered fully collectable as of June 30, 2021 and 2020.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Pledges Receivable: The Organization provides an allowance for potentially uncollectible pledges based on the Organization's historical bad pledge experience and based on management's judgment. When pledges are considered uncollectible, they are written off against the allowance. No allowance was considered necessary at June 30, 2021 and 2020.

Concentrations of Credit Risk: The Organization maintains its cash accounts in several financial institutions. At June 30, 2021 and 2020, deposits were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. As of June 30, 2021, the Organization had \$1,142,139 in excess of the federally insured limits. As of June 30, 2020, the Organization had \$1,147,477 in excess of the federally insured limits.

Pledges receivable and revenue are from individuals, corporations, and foundations. As of June 30, 2021, one donor accounted for 100% of pledges receivable, and two donors accounted for 31% of revenue in 2021. As of June 30, 2020, two donors accounted for 100% of pledges receivable, and one donor accounted for 10% of revenue in 2020. Management believes its credit risk related to these pledge receivables and contributions is limited due to the nature of its donors.

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 year-end are reported as liabilities. At June 30, 2020, grant payable consisted of a single pledged donation to a medical facility made annually and paid within the following year. During 2021, the pledge donation was both made and paid out prior to June 30, 2021.

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, 2021 and 2020. The Organization is not currently under audit by any tax jurisdiction.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Recognition of Contributions: The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the nature of the contribution. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as without donor restrictions. Unconditional promises to give are recorded when the promise is made. Unconditional promises to give due in the next year are reflected as current contributions receivable and long term unconditional promises to give are recorded at their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. 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. There were no conditional promises to give during 2021 and 2020.

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 \$145,020 for 2021 and \$139,466 for 2020 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 \$3,273 for 2021 and \$4,205 for 2020.

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:

Subsequent Events: Management has evaluated subsequent events through December 21, 2021, 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. Pledges Receivable:

The present value of estimated future cash flows of pledges receivable and are expected to be received as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 20,000	\$ 249,000
Due in one to five years	<u>40,000</u>	<u>60,000</u>
	<u>\$ 60,000</u>	<u>\$ 309,000</u>

No discount to the present value of pledges receivable was considered necessary as of June 30, 2021 and 2020.

3. Net Assets With Donor Restrictions:

Net assets with donor restrictions were available as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted - hemodynamic catheterization lab	\$ 60,000	\$ 100,000
Time restricted	<u>-</u>	<u>229,000</u>
Total	<u>\$ 60,000</u>	<u>\$ 329,000</u>

Net assets released from restrictions were as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Expenditures for hemodynamic catheterization lab	\$ 40,000	\$ -
Passage of time	<u>229,000</u>	<u>-</u>
	<u>\$ 269,000</u>	<u>\$ -</u>

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

4. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the years ending June 30, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,490,835	\$ 1,727,427
Pledges receivable, collectible in one year	<u>20,000</u>	<u>249,000</u>
 Total	 <u>1,510,835</u>	 <u>1,976,427</u>
 Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions (purpose only)	<u>20,000</u>	<u>20,000</u>
 Financial assets available in one year for general expenditure	 <u>\$ 1,490,835</u>	 <u>\$ 1,956,427</u>

As a part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. Risk and Uncertainties:

In March 2020, COVID-19 was declared a worldwide pandemic and has had a significant impact on the national and global economy. As a result, all events after March 2020 were either postponed or canceled and as of the date of issuance, event activity has not returned to prior levels. Management implemented certain cost-cutting techniques, and are reorganizing fundraising events. The ultimate impact of COVID-19 on the Organization's future financial state is unknown at this time.

6. New Accounting Pronouncements:

Contributed Services: In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.