

David Ortiz Children's Fund

Financial Statements

June 30, 2022 and 2021



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DAVID ORTIZ CHILDREN'S FUND

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
David Ortiz Children's Fund
El Segundo, California

Opinion

We have audited the accompanying financial statements of the David Ortiz Children's Fund (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the David Ortiz Children's Fund as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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, 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 the Organizations ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.



November 1, 2022
Glen Allen, Virginia

DAVID ORTIZ CHILDREN'S FUND

Statements of Financial Position
June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,068,564	\$ 1,490,835
Receivables	33,549	15,100
Pledges receivable	20,000	20,000
Prepaid expenses	<u>50,000</u>	<u>5,000</u>
Total current assets	<u>1,172,113</u>	<u>1,530,935</u>
Property and equipment:		
Medical equipment	1,495,057	495,057
Less: accumulated depreciation	<u>(606,168)</u>	<u>(350,613)</u>
Net property and equipment	<u>888,889</u>	<u>144,444</u>
Pledges receivable, less current portion	20,000	40,000
Deposit on equipment	<u>-</u>	<u>450,000</u>
Total assets	<u>\$ 2,081,002</u>	<u>\$ 2,165,379</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	<u>\$ 48,433</u>	<u>\$ 6,561</u>
Net assets:		
Without donor restrictions	1,992,569	2,098,818
With donor restrictions	<u>40,000</u>	<u>60,000</u>
Total net assets	<u>2,032,569</u>	<u>2,158,818</u>
Total liabilities and net assets	<u>\$ 2,081,002</u>	<u>\$ 2,165,379</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and support:			
Contributions	\$ 35,140	\$ -	\$ 35,140
In-kind contributions	<u>526,029</u>	<u>-</u>	<u>526,029</u>
Special events:			
Special event revenue	2,021,320	-	2,021,320
Costs of direct benefits to donors	<u>985,374</u>	<u>-</u>	<u>985,374</u>
Net revenue from special events	<u>1,035,946</u>	<u>-</u>	<u>1,035,946</u>
Total revenues, gains, and support	<u>1,597,115</u>	<u>-</u>	<u>1,597,115</u>
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
Expenses:			
Program services	1,561,917	-	1,561,917
Management and general	52,077	-	52,077
Fundraising	<u>109,370</u>	<u>-</u>	<u>109,370</u>
Total expenses	<u>1,723,364</u>	<u>-</u>	<u>1,723,364</u>
Change in net assets	(106,249)	(20,000)	(126,249)
Net assets, beginning of year	<u>2,098,818</u>	<u>60,000</u>	<u>2,158,818</u>
Net assets, end of year	<u>\$ 1,992,569</u>	<u>\$ 40,000</u>	<u>\$ 2,032,569</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Activities, Continued
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 Functional Expenses Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 1,931	\$ -	\$ -	\$ 1,931
Banking and processing fees	-	-	2,451	2,451
Charitable medical activities	118,352	-	-	118,352
Depreciation	255,555	-	-	255,555
Events and conferences	2,500	-	45,342	47,842
Insurance	-	1,069	-	1,069
Grants awarded to medical facilities and organizations	422,492	-	-	422,492
Professional services	218,698	50,524	52,102	321,324
Meals and entertainment	406	-	1,052	1,458
Medical services - in-kind	496,178	-	-	496,178
Miscellaneous	-	-	94	94
Office expense and supplies	10,961	433	7,514	18,908
Travel	34,194	-	75	34,269
Taxes and licenses	-	51	-	51
Website	650	-	740	1,390
	<u>\$ 1,561,917</u>	<u>\$ 52,077</u>	<u>\$ 109,370</u>	<u>\$ 1,723,364</u>

See accompanying notes to financial statements.

DAVID ORTIZ CHILDREN'S FUND

Statements of Functional Expenses, Continued
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 Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (126,249)	\$ (172,116)
Adjustment to reconcile change in net assets to net cash from operations:		
Depreciation	255,555	99,011
Changes in operating assets and liabilities:		
Receivables	(18,449)	99,648
Pledges receivable	20,000	249,000
Prepaid expenses	(45,000)	163,357
Accounts payable	41,872	(30,492)
Grant payable	<u>-</u>	<u>(195,000)</u>
Net cash provided by operating activities	<u>127,729</u>	<u>213,408</u>
Cash from investing activities:		
Deposit on equipment	-	(450,000)
Purchase of property and equipment	<u>(550,000)</u>	<u>-</u>
Net used in investing activities	<u>(550,000)</u>	<u>(450,000)</u>
Net change in cash	(422,271)	(236,592)
Cash and cash equivalents, beginning of year	<u>1,490,835</u>	<u>1,727,427</u>
Cash and cash equivalents, end of year	<u>\$ 1,068,564</u>	<u>\$ 1,490,835</u>
Supplemental disclosure of noncash transactions:		
Transfer of deposit to property and equipment placed in service	<u>\$ 450,000</u>	<u>\$ -</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 2022 and 2021 events, but not collected as of June 30, 2022 and 2021, respectively. The receivables are considered fully collectable as of June 30, 2022 and 2021.

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, 2022 and 2021.

Concentrations of Credit Risk: The Organization maintains its cash accounts in several financial institutions. At June 30, 2022 and 2021, deposits were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. As of June 30, 2022, the Organization had \$810,537 in excess of the federally insured limits. As of June 30, 2021, the Organization had \$1,142,139 in excess of the federally insured limits.

Pledges receivable and revenue are from individuals, corporations, and foundations. As of June 30, 2022, one donor accounted for 100% of pledges receivable. There were no donors accounting for 10% or greater of contribution revenue for 2022. As of June 30, 2021, one donor accounted for 100% of pledges receivable, and two donors accounted for 31% of revenue in 2021. 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 five 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. During 2022 and 2021, approved grants were both made and paid out prior to year-end.

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, 2022 and 2021. 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 2022 and 2021.

Contributed Materials, Hospital Charges and 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 Organization has adopted this ASU using the retrospective approach as of July 1, 2020.

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 \$526,029 for 2022 and \$145,020 for 2021 and have been recognized at their fair value as determined either by the donor or by management using standard market rates charged for those services or quoted market prices for materials. 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 \$1,931 for 2022 and \$3,273 for 2021.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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.

Subsequent Events: Management has evaluated subsequent events through November 1, 2022, 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>2022</u>	<u>2021</u>
Due within one year	\$ 20,000	\$ 20,000
Due in one to five years	<u>20,000</u>	<u>40,000</u>
	<u>\$ 40,000</u>	<u>\$ 60,000</u>

No discount to the present value of pledges receivable was considered necessary as of June 30, 2022 and 2021.

3. Net Assets With Donor Restrictions:

Net assets with donor restrictions were restricted for the following reason as of June 30:

	<u>2022</u>	<u>2021</u>
Pledge receivable	<u>\$ 40,000</u>	<u>\$ 60,000</u>

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

3. Net Assets With Donor Restrictions, Continued:

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

	2022	2021
Expenditures for hemodynamic catheterization lab	\$ 20,000	\$ 40,000
Passage of time	-	229,000
	\$ 20,000	\$ 269,000

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:

	2022	2021
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,068,564	\$ 1,490,835
Pledges receivable, collectible in one year	20,000	20,000
Total	1,088,564	1,510,835
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions (purpose only)	20,000	20,000
Financial assets available in one year for general expenditure	\$ 1,068,564	\$ 1,490,835

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.

DAVID ORTIZ CHILDREN'S FUND

Notes to Financial Statements, Continued

5. Contributed Materials, Hospital Charges and Services:

The Organization received the following in-kind contributions for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Donated surgery services	\$ 275,402	\$ 124,088
Donated facilities	54,557	20,932
Donated medical supplies	193,087	-
Donated ambulatory care	<u>2,983</u>	<u>-</u>
	<u>\$ 526,029</u>	<u>\$ 145,020</u>