



TEAM IMPACT, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

LMHS, P.C.

Certified Public Accountants and Advisors

TEAM IMPACT, INC.
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
of Team Impact, Inc.
Quincy, Massachusetts

We have audited the accompanying financial statements of Team Impact, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Team Impact, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LMHS, P.C.

LMHS, P.C.
Norwell, Massachusetts

November 9, 2017

TEAM IMPACT, INC.
BALANCE SHEET
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 730,989
Accounts Receivable	10,000
Prepaid Expenses and Other	8,198
	<hr/> 749,187

PROPERTY AND EQUIPMENT:

Computer Software	20,440
Leasehold Improvements	79,950
Website	84,119
	<hr/> 184,509
Accumulated Depreciation	(28,718)
	<hr/> 155,791
	<hr/> <u>\$ 904,978</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 60,436
Accrued Payroll and Related	16,218
	<hr/> 76,654

DEFERRED RENT

<hr/> 1,462
1,462

NET ASSETS:

Unrestricted	826,862
	<hr/> <u>\$ 904,978</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

REVENUE AND OTHER SUPPORT:

Contributions	\$ 1,993,703
Dividend Income	4
Interest Income	4
	<u>1,993,711</u>

EXPENSES:

Program Expenses	955,818
Fundraising Expense	411,459
Management and General	282,251
	<u>1,649,528</u>

CHANGE IN UNRESTRICTED NET ASSETS 344,183

UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR 482,679

UNRESTRICTED NET ASSETS AT END OF YEAR \$ 826,862

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program Expense</u>	<u>Fundraising Expense</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 602,557	\$ 35,093	\$ 90,474	\$ 728,124
Payroll Taxes	51,303	2,812	7,919	62,034
Bank Charges	169		555	724
Computer Maintenance	9,815		135	9,950
Consulting	152,052	12,000	75,274	239,326
Employee Benefits	10,983	484	1,745	13,212
Fundraising Expense		324,630		324,630
Insurance	60,493		15,991	76,484
Miscellaneous Expense			654	654
Office Expense	13,513	6,078	6,501	26,092
Other Program Expenses	13,934	3,509	477	17,920
Printing			10	10
Processing Fees		1,519	4,951	6,470
Professional Fees			19,470	19,470
Rent and Occupancy	100		28,217	28,317
Telephone	484	715	9,940	11,139
Travel	30,695	24,545	2,935	58,175
Website Maintenance	9,720	74	123	9,917
Depreciation	-		16,880	16,880
	<u>\$ 955,818</u>	<u>\$ 411,459</u>	<u>\$ 282,251</u>	<u>\$ 1,649,528</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 344,183
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	16,880
Change in Operating Assets and Liabilities:	
(Increase) Decrease In:	
Accounts Receivable	(10,000)
Prepaid Expenses and Other	2,990
Increase (Decrease) In:	
Accounts Payable and Accrued Expenses	48,792
Accrued Payroll and Related	12,384
Deferred Rent	1,462
	<u>416,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Additions To Property and Equipment	<u>(134,119)</u>
	(134,119)
NET INCREASE IN CASH AND CASH EQUIVALENTS	282,572
CASH AND CASH EQUIVALENTS - BEGINNING	448,417
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 730,989</u>

See Notes to Financial Statements

TEAM IMPACT, INC.
NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Organization - Team Impact, Inc. (the Organization) was incorporated under the laws of the Commonwealth of Massachusetts and commenced operations on May 10, 2011.
2. Operations - The Organization was formed to raise funds to improve the quality of life for children with terminal diseases. Each child is adopted by a team and becomes an honorary member of the team. All contributions are used to fund this process.
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 conformity with FASB ASC 958-205-05, "Financial Statements of Not-for-Profit Organizations," which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows:

Unrestricted - Net Assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designed for specific purposes by action of the Board of Directors.

Temporarily Restricted - 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.

Permanently Restricted - Net Assets subject to donor imposed restrictions that they be maintained permanently by the Organization.

Under FASB ASC 958-210-45, expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

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.
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.

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

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

7. **Marketable Securities** - The Organization accounts for marketable securities 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.
8. **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 using the straight-line method over three to five years.
9. **Fair Value of Financial Instruments** - The Organization's financial instruments include cash and cash equivalents, prepaid expenses and accounts payable and accrued expenses. The recorded values of cash and cash equivalents, prepaid expenses and accounts payable and accrued expenses approximate their fair values based on their short-term nature.
10. **Revenue Recognition** - Revenue and other support are recognized at point of receipt.
11. **Contributions** - The Organization accounts for contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Contributions of marketable securities are recorded in the financial statements at their quoted market price at the date of donation.
12. **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.
13. **Uncertainty In Income Taxes** - The Organization adopted the new standards for *Accounting for Uncertainty in Income Taxes*, which required the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2016, 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 state jurisdictions as applicable. These returns are generally subject to examination by tax authorities for the last three years.
14. **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.

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

B. MARKETABLE SECURITIES:

The Organization holds investments in marketable securities, all of which represent level 1 inputs. Level 1 inputs are defined as unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity would have access.

At December 31, 2016, the Organization held investments with a cost and market value as follows:

	<u>Cost</u>	<u>Fair Market Value</u>
Publicly Traded Common Stocks	\$ 92,145	\$ 92,145

C. LEASE OBLIGATIONS:

On September 1, 2016, the Company executed a five year lease at 500 Victory Road, Quincy, Massachusetts for its office space. Under the terms of this lease, monthly payments are \$5,910 for year one, \$6,088 for year two, \$6,269 for year three, \$6,459 for year four and \$6,653 for year five. For the year ended December 31, 2016, rent expense paid and charged to operations under this lease amounted to \$23,641.

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

2017	\$ 71,633
2018	73,778
2019	75,990
2020	78,287
2021	<u>53,227</u>
	<u>\$ 352,915</u>

D. RETIREMENT PLAN:

The Company 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 Company matches up to 3% of employee eligible earnings. Employer contributions for the year ended December 31, 2016 amounted to \$13,212.

E. SUBSEQUENT EVENTS:

Management has evaluated events occurring after the statement of position date through November 9, 2017, the date on 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.