

Tell Every Amazing Lady

About Ovarian Cancer

T.E.A.L.

**Louisa M. McGregor
Ovarian Cancer Foundation®**

**WWW.TEALWALK.ORG
WWW.TELLEVERYAMAZINGLADY.ORG**

T.E.A.L. Foundation

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2019 and 2018

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

T.E.A.L. FOUNDATION
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2019 AND 2018

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses.....	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
T.E.A.L. Foundation

We have audited the accompanying financial statements of T.E.A.L. Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, statements of 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 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.

Auditors' 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 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 T.E.A.L. Foundation as of December 31, 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 of America.

Marks Paneth LLP

New York, NY
November 13, 2020

**T.E.A.L. FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets:		
Cash (Note 2O)	\$ 387,161	\$ 321,779
Contributions receivable (Note 2D)	107,578	100,025
Inventory (Note 2F)	6,382	9,046
Prepaid expenses	<u>22,846</u>	<u>27,033</u>
Total current assets	523,967	457,883
Property and equipment – net (Notes 2G and 4)	7,540	12,843
Trademarks (Note 2H)	<u>16,001</u>	<u>5,672</u>
Total assets	<u>\$ 547,508</u>	<u>\$ 476,398</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 8,250</u>	<u>\$ 8,787</u>
Total current liabilities	<u>8,250</u>	<u>8,787</u>
Net Assets (Note 2B):		
Without donor restrictions	526,758	467,611
With donor restrictions	<u>12,500</u>	<u>-</u>
Total net assets	<u>539,258</u>	<u>467,611</u>
Total liabilities and net assets	<u>\$ 547,508</u>	<u>\$ 476,398</u>

The accompanying notes are an integral part of these financial statements.

**T.E.A.L. FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>			<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>PUBLIC SUPPORT AND REVENUE:</u>						
Public support:						
Public contributions (Note 2L)	\$ 128,735	\$ 35,206	\$ 163,941	\$ 103,309	\$ 19,450	\$ 122,759
Special events revenue (Note 7)	256,008	-	256,008	237,767	-	237,767
City grant revenue (Note 2M)	-	187,498	187,498	-	149,215	149,215
Donated materials and services (Note 2J)	193,873	-	193,873	143,425	-	143,425
Released from restrictions	210,204	(210,204)	-	178,665	(178,665)	-
Total public support	<u>788,820</u>	<u>12,500</u>	<u>801,320</u>	<u>663,166</u>	<u>(10,000)</u>	<u>653,166</u>
Revenues (Note 2B):						
Net sales	1,142	-	1,142	1,869	-	1,869
Cost of goods sold	2,819	-	2,819	3,285	-	3,285
Gross loss	<u>(1,677)</u>	<u>-</u>	<u>(1,677)</u>	<u>(1,416)</u>	<u>-</u>	<u>(1,416)</u>
Interest and dividend income	969	-	969	413	-	413
TOTAL PUBLIC SUPPORT AND REVENUE	<u>788,112</u>	<u>12,500</u>	<u>800,612</u>	<u>662,163</u>	<u>(10,000)</u>	<u>652,163</u>
<u>EXPENSES:</u>						
Program services:						
Research	56,304	-	56,304	49,149	-	49,149
Awareness Education	383,239	-	383,239	342,976	-	342,976
Survivor	131,025	-	131,025	103,766	-	103,766
Total program services	<u>570,568</u>	<u>-</u>	<u>570,568</u>	<u>495,891</u>	<u>-</u>	<u>495,891</u>
Supporting services (Note 5):						
Management and general	106,805	-	106,805	90,624	-	90,624
Fundraising	51,592	-	51,592	48,555	-	48,555
Total supporting services	<u>158,397</u>	<u>-</u>	<u>158,397</u>	<u>139,179</u>	<u>-</u>	<u>139,179</u>
TOTAL EXPENSES	<u>728,965</u>	<u>-</u>	<u>728,965</u>	<u>635,070</u>	<u>-</u>	<u>635,070</u>
CHANGE IN NET ASSETS	59,147	12,500	71,647	27,093	(10,000)	17,093
NET ASSETS – BEGINNING OF YEAR	<u>467,611</u>	<u>-</u>	<u>467,611</u>	<u>440,518</u>	<u>10,000</u>	<u>450,518</u>
NET ASSETS – END OF YEAR	<u>\$ 526,758</u>	<u>\$ 12,500</u>	<u>\$ 539,258</u>	<u>\$ 467,611</u>	<u>\$ -</u>	<u>\$ 467,611</u>

The accompanying notes are an integral part of these financial statements.

T.E.A.L. FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total 2019</u>	<u>Total 2018</u>
	<u>Research</u>	<u>Awareness Education</u>	<u>Survivor</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>		
Compensation and related expenses:									
Salaries and wages	\$ 1,783	\$179,496	\$ 31,448	\$212,727	\$ 18,481	\$ 11,284	\$ 29,765	\$242,492	\$231,452
Payroll taxes	158	13,068	2,790	16,016	1,658	1,001	2,659	18,675	16,660
Employee benefits	159	13,109	2,805	16,073	1,509	1,007	2,516	18,589	15,776
Total compensation and related expenses	2,100	205,673	37,043	244,816	21,648	13,292	34,940	279,756	263,888
Research grants:									
Grants awarded	49,000	-	2,500	51,500	-	-	-	51,500	41,885
Occupancy:									
Rent (Note 8)	1,390	16,049	19,966	37,405	7,579	2,918	10,497	47,902	47,305
Property and casualty insurance	632	4,865	3,947	9,444	1,858	507	2,365	11,809	9,025
Telephone	106	889	698	1,693	317	106	423	2,116	2,568
Licenses and fees	91	10,731	3,702	14,524	6,493	13,977	20,470	34,994	37,377
Professional fees:									
Legal and accounting	-	-	-	-	44,616	-	44,616	44,616	32,826
Outside services	92	27,167	10,186	37,445	3,683	2,760	6,443	43,888	13,294
Administration:									
Mailing, printing and postage	139	6,748	3,599	10,486	153	1,805	1,958	12,444	10,439
Office and miscellaneous	2,654	73,438	45,832	121,924	16,395	13,062	29,457	151,381	126,449
Equipment rental	52	3,092	1,701	4,845	52	258	310	5,155	4,995
Bank charges	-	-	-	-	146	-	146	146	33
Meals and entertainment	1	125	123	249	1	6	7	256	-
Travel	32	710	248	990	7	99	106	1,096	996
Advertising and public relations (Note 6)	15	32,742	1,480	34,237	-	1,229	1,229	35,466	38,724
Total expenses before amortization	56,304	382,229	131,025	569,558	102,948	50,019	152,967	722,525	629,804
Amortization (Notes 2G and 4)	-	1,010	-	1,010	3,857	1,573	5,430	6,440	5,266
Total expenses	<u>\$ 56,304</u>	<u>\$383,239</u>	<u>\$131,025</u>	<u>\$570,568</u>	<u>\$ 106,805</u>	<u>\$ 51,592</u>	<u>\$158,397</u>	<u>\$728,965</u>	<u>\$635,070</u>

The accompanying notes are an integral part of these financial statements.

**T.E.A.L. FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services			Total 2018
	Research	Awareness Education	Survivor	Total	Management and General	Fundraising	Total	
Compensation and related expenses:								
Salaries and wages	\$ 2,450	\$152,410	\$ 43,759	\$198,619	\$ 18,789	\$ 14,044	\$ 32,833	\$231,452
Payroll taxes	205	11,394	2,319	13,918	1,569	1,173	2,742	16,660
Employee benefits	193	10,764	2,191	13,148	1,520	1,108	2,628	15,776
Total compensation and related expenses	2,848	174,568	48,269	225,685	21,878	16,325	38,203	263,888
Research grants:								
Grants awarded	39,385	-	2,500	41,885	-	-	-	41,885
Occupancy:								
Rent (Note 8)	2,242	17,151	16,928	36,321	8,125	2,859	10,984	47,305
Property and casualty insurance	415	3,954	2,969	7,338	1,223	464	1,687	9,025
Telephone	128	1,079	848	2,055	385	128	513	2,568
Licenses and fees	93	11,005	3,769	14,867	6,343	16,167	22,510	37,377
Professional fees:								
Legal and accounting	-	-	-	-	32,826	-	32,826	32,826
Outside services	89	1,464	837	2,390	8,281	2,623	10,904	13,294
Administration:								
Mailing, printing and postage	163	5,407	2,789	8,359	425	1,655	2,080	10,439
Office and miscellaneous	1,467	98,036	14,384	113,887	5,655	6,907	12,562	126,449
Equipment rental	50	2,996	1,649	4,695	50	250	300	4,995
Bank charges	-	-	-	-	33	-	33	33
Meals and entertainment	-	-	-	-	-	-	-	-
Travel	27	716	159	902	4	90	94	996
Advertising and public relations (Note 6)	2,242	26,600	8,665	37,507	130	1,087	1,217	38,724
Total expenses before amortization (Notes 2G and 4)	49,149	342,976	103,766	495,891	85,358	48,555	133,913	629,804
Amortization	-	-	-	-	5,266	-	5,266	5,266
Total expenses	\$ 49,149	\$342,976	\$103,766	\$495,891	\$ 90,624	\$ 48,555	\$139,179	\$635,070

The accompanying notes are an integral part of these financial statements.

**T.E.A.L. FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 71,647	\$ 17,093
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization	6,440	5,266
Changes in operating assets and liabilities:		
Prepaid expenses	4,187	(2,121)
Contributions receivable	(7,553)	(45,729)
Inventory	2,664	1,149
Accounts payable and accrued expenses	<u>(537)</u>	<u>(6,967)</u>
Net cash provided by (used in) operating activities	<u>76,848</u>	<u>(31,309)</u>
Cash flows from investing activities:		
Purchases of intangible assets	(11,466)	(6,036)
Purchases of property and equipment	<u>-</u>	<u>(8,900)</u>
Net cash used in investing activities	<u>(11,466)</u>	<u>(14,936)</u>
Net increase (decrease) in cash	65,382	(46,245)
Cash – beginning of year	<u>321,779</u>	<u>368,024</u>
Cash – end of year	<u>\$ 387,161</u>	<u>\$ 321,779</u>

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

T.E.A.L. Foundation (the “Foundation”) is a not-for-profit entity, organized in the State of New York in April 2009, to hold and sponsor events to raise awareness of the early symptoms of ovarian cancer and to promote early detection and education of the signs, symptoms and risk factors of ovarian cancer, while providing support to survivors and raising funds in order to find the cure for ovarian cancer.

The Foundation awards grants to research foundations in the U.S. Proposals are brought to the Foundation’s Board of Directors for approval. Grants are made by the Foundation based on the Board of Directors’ evaluations and the amount of funding available to support the grant proposals. The Foundation has always had more proposals worthy of funding than funds available. Although it is not the intention of the Foundation to award grants that will extend over multiple years, each multi-year grant is subject to an annual review and re-approval by the Board of Directors. Accordingly, only the amount of grants awarded or approved in the current year is reported as an expense in the accompanying financial statements. The Foundation also publishes information that encourages an understanding of all aspects of early detection of ovarian cancer, its treatments and the research that is ongoing in the U.S. and across the globe to stem the spread and devastation of the disease.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting and Financial Presentation - The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).
- B. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.
- Net Assets Without Donor Restrictions—Net assets that are not subject to donor imposed stipulations.
 - Net Assets With Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

- C. 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 these estimates.
- D. Contributions Receivable - Contributions and grants are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional contributions and promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as support until the conditions on which they depend are substantially met. Contributions and grants receivable due in more than one year are discounted to net present value using the risk-adjusted discount rate in effect on the date of the gifts, unless the value is immaterial.

T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- E. Allowance for Uncollectible Receivables - As of December 31, 2019 and 2018, the Foundation determined that an allowance for doubtful accounts and uncollectible pledges was not necessary. Such estimates are based on management's judgment of the creditworthiness of its donors and grantors, historical experience and periodic review of the receivable status.
- F. Inventory - Inventory consists of promotional clothing and merchandise purchased for resale and is stated at lower of cost, on a first-in, first-out basis, or market.
- G. Property and Equipment - Property and equipment are stated at cost. Amortization is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred.
- H. Trademarks – Trademarks are considered to have indefinite lives, and GAAP does not allow for amortization. However, trademarks are subject to an annual impairment test. As of December 31, 2019 and 2018, there was no impairment of the trademarks.
- I. Donated Assets - Donated materials, including event supplies and other noncash donations are recorded as contributions at their fair values at the date of donation. For the years ended December 31, 2019 and 2018, the Foundation received approximately \$104,000 and \$76,000, respectively, in donated materials and property.
- J. Donated Services - The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, and various committee assignments. The Foundation recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated professional services as part of a general and administrative expense are recorded as in-kind contributions in the accompanying financial statements at their fair value on date of use or receipt to the extent that such amounts can be reasonably estimated. For the years ended December 31, 2019 and 2018, the Foundation received approximately \$89,000 and \$67,000, respectively, in supporting management and general services.
- K. Functional Allocation of Expenses - The costs of program and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain indirect costs have been allocated by management between program and supporting services based on a percentage of direct program expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and employee benefits, which are allocated based on estimates of time and effort. Other allocated expenses include rent, office supplies and other office expenses which are allocated in proportion to direct costs.
- L. Contributions - Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

During the years ended December 31, 2019 and 2018, the Foundation received contributions and grants with donor restrictions of \$222,704 and \$168,665, respectively. During the years ended December 31, 2019 and 2018, the Foundation released net assets with donor restrictions by satisfying donor-imposed restrictions either by incurring expenses or due to the passage of time. As of December 31, 2019 and 2018, net assets with donor restrictions amounted to \$12,500 and \$0, respectively. As of December 31, 2019 and 2018, the Foundation's net assets with donor restrictions did not include any amounts that must remain intact in perpetuity.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- M. Recognition of Grant Revenue - The Foundation receives grants to support the Foundation's operations. Grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grant funds earned but not yet received are recorded as a receivable. Grant receipts in excess of revenue recognized are presented as deferred revenue.

As of December 31, 2019 and 2018, the Foundation received conditional grants of approximately \$93,000 and \$95,000, respectively. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Foundation may be required to return the funds already remitted.

- N. Income Taxes - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, did not conduct any unrelated business activities, and is classified by the Internal Revenue Service as other than a private foundation.

GAAP clarifies the accounting for uncertainty in income taxes recognized in a foundation's financial statements by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. The Foundation has determined that it has no uncertain tax positions that require either recognition or disclosure in the financial statements.

- O. Credit Risk - The Foundation maintains cash balances at various financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The amount that is federally insured is subject to the FDIC limit of \$250,000, per depositor, per insured financial institution. As of December 31, 2019 and 2018, such balances were fully insured.
- P. New Accounting Pronouncements - FASB ASU No. 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958), was adopted by the Foundation for the year ended December 31, 2019. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The adoption of ASU 2018-08 did not result in changes to the Foundation's financial statements as the funding received from contributors are nonreciprocal transactions where the contributors did not receive direct benefit.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Foundation operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Foundation considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Foundation regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenditures.

The Board of Directors also voted to start a line of credit for the sole purpose of emergency to be sure that the Foundation could continue to operate in the event of any unforeseen financial situation. The line of credit is open and has not been used and has no plans of being used.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES (CONT'D)

The financial assets available to meet general expenditures within one year, that is, without donor or other restrictions limiting their use, were as follows, as of December 31,

	<u>2019</u>	<u>2018</u>
Cash	\$ 387,161	\$ 321,779
Contributions Receivable	<u>107,578</u>	<u>100,025</u>
Total Financial Assets	<u>494,739</u>	<u>\$ 421,804</u>
Less: Net Assets with Donor Restrictions	<u>(12,500)</u>	
Total Net Financial Assets	<u>\$ 482,239</u>	

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, consists of the following:

	<u>Estimated Useful Life</u>	<u>2019</u>	<u>2018</u>
Leasehold improvement	4 years	\$ 7,685	\$ 7,685
Software	3 Years	<u>15,732</u>	<u>26,862</u>
		23,417	34,547
Less accumulated amortization		<u>(15,877)</u>	<u>(21,704)</u>
		<u>\$ 7,540</u>	<u>\$ 12,843</u>

Amortization expense amounted to \$6,440 and \$5,266 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 – DESCRIPTION OF SUPPORTING SERVICES

Management and General

Management and general includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Foundation's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Foundation, and manage the financial and budgetary responsibilities of the Foundation.

Management and general expenses accounted for approximately 15% and 14% of total expenses for the years ended December 31, 2019 and 2018, respectively.

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations. For the years ended December 31, 2019 and 2018, fundraising activities represented approximately 7% and 8% of the Foundation's total expenses, respectively.

T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 – ADVERTISING

The Foundation uses advertising and public relations services to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. For the years ended December 31, 2019 and 2018, advertising and public relations costs totaled approximately \$35,400 and \$38,700, or 5% and 6%, respectively, of total expenses.

NOTE 7 – SPECIAL EVENTS

The Foundation conducts special events during the course of the year, including sporting events and others intended to further the mission of the Foundation. If certain criteria related to the purpose, audience and content of the event are met, costs incurred jointly to support the program or management and general functions, and the fundraising functions of the event, are allocated to the appropriate functional categories in the statements of functional expenses. If the criteria related to the purpose, audience and content of the event are not met, all costs of the event are considered program service expenses. In all cases, the cost of goods or services provided in an exchange transaction that is part of the joint activity, such as costs of direct donor benefits of a special event (e.g., a ticket or meal) is not reported as program service costs but rather as a net reduction of special event income in the statements of activities. For the years ended December 31, 2019 and 2018, all special event expenses, except for the cost of direct benefit to donors, were attributable to program services.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

In May 2015, the Foundation renewed its lease agreement for office space located at 533 16th Street, Brooklyn, New York for an additional two years. The lease commenced June 1, 2019. The lease requires monthly payments of \$2,400 for the first year and monthly payments of \$2,450 in the second year. In May 2019, the Foundation, renewed its other lease located at 535 16th Street, Brooklyn, New York through May 31, 2021 for additional office space. The additional space requires monthly lease payments of \$1,200 for the first year and monthly payments of \$1,250 in the second year. The following is a schedule of the future annual lease payments for each of the years ending after December 31, 2019:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 43,900
2021	<u>18,500</u>
	<u>\$ 62,400</u>

Rent expense amounted to approximately \$47,900 and \$47,300 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9 – CONCENTRATIONS

One donor accounted for 86% and 95% of the contributions receivable as of December 31, 2019 and 2018, respectively. The same donor accounted for 24% and 22%, respectively, of total revenue for the years ended December 31, 2019 and 2018.

NOTE 10 – REVOLVING LINE OF CREDIT

On June 8, 2018, the Foundation signed an agreement for a revolving line of credit in the amount of \$88,000 for the term of July 1, 2018 through June 1, 2021. As of the date of these financial statements, no amounts have been drawn down.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has evaluated its subsequent events through November 13, 2020, the date that the accompanying financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States.

The Foundation could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Foundation’s mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted as of the date of the statement of financial position, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Foundation cannot predict the extent to which its financial condition and results of operations will be affected.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government.

The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty-four week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Foundation’s employees. The Foundation applied for this loan through an SBA authorized lender. As of the date of this report, the loan has been approved in the amount of \$25,000 and has been received by the Foundation.