

Tell Every Amazing Lady

About Ovarian Cancer

T.E.A.L.

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

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T.E.A.L. Foundation

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

Years Ended December 31, 2020 and 2019

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, 2020 AND 2019

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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, 2020 and 2019, 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 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, 2020 and 2019, 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 8, 2021

**T.E.A.L. FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash (Note 2O)	\$ 413,461	\$ 387,161
Contributions receivable (Notes 2D and 9)	83,468	107,578
Inventory (Note 2F)	7,284	6,382
Prepaid expenses	18,233	22,846
Total current assets	522,446	523,967
Property and equipment – net (Notes 2G and 4)	3,707	7,540
Trademarks (Note 2H)	16,001	16,001
Total assets	\$ 542,154	\$ 547,508
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,680	\$ 8,250
Total current liabilities	13,680	8,250
Net Assets (Note 2B):		
Without donor restrictions	528,474	526,758
With donor restrictions (Note 2L)	-	12,500
Total net assets	528,474	539,258
Total liabilities and net assets	\$ 542,154	\$ 547,508

**T.E.A.L. FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>			<u>2019</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)	\$ 153,438	\$ 19,546	\$ 172,984	\$ 128,735	\$ 35,206	\$ 163,941
Special events revenue (Note 7)	106,376	-	106,376	256,008	-	256,008
City grant revenue (Notes 2L, 2M and 9)	-	172,637	172,637	-	187,498	187,498
Paycheck protection program grant (Note 12)	25,000	-	25,000	-	-	-
Donated materials and services (Note 2J)	63,293	-	63,293	193,873	-	193,873
Net Assets released from restrictions (Note 2L)	204,683	(204,683)	-	210,204	(210,204)	-
	<u>552,790</u>	<u>(12,500)</u>	<u>540,290</u>	<u>788,820</u>	<u>12,500</u>	<u>801,320</u>
Revenue (Note 2B):						
Net sales	1,596	-	1,596	1,142	-	1,142
Cost of goods sold	(156)	-	(156)	2,819	-	2,819
	<u>1,752</u>	<u>-</u>	<u>1,752</u>	<u>(1,677)</u>	<u>-</u>	<u>(1,677)</u>
Interest and dividend income	682	-	682	969	-	969
	<u>555,224</u>	<u>(12,500)</u>	<u>542,724</u>	<u>788,112</u>	<u>12,500</u>	<u>800,612</u>
<u>EXPENSES:</u>						
Program services:						
Research	36,648	-	36,648	56,304	-	56,304
Awareness Education	245,807	-	245,807	383,239	-	383,239
Survivor	123,385	-	123,385	131,025	-	131,025
	<u>405,840</u>	<u>-</u>	<u>405,840</u>	<u>570,568</u>	<u>-</u>	<u>570,568</u>
Supporting services (Note 5):						
Management and general	100,919	-	100,919	106,805	-	106,805
Fundraising	46,749	-	46,749	51,592	-	51,592
	<u>147,668</u>	<u>-</u>	<u>147,668</u>	<u>158,397</u>	<u>-</u>	<u>158,397</u>
	<u>553,508</u>	<u>-</u>	<u>553,508</u>	<u>728,965</u>	<u>-</u>	<u>728,965</u>
CHANGE IN NET ASSETS	1,716	(12,500)	(10,784)	59,147	12,500	71,647
NET ASSETS – BEGINNING OF YEAR	526,758	12,500	539,258	467,611	-	467,611
NET ASSETS – END OF YEAR	<u>\$ 528,474</u>	<u>\$ -</u>	<u>\$ 528,474</u>	<u>\$ 526,758</u>	<u>\$ 12,500</u>	<u>\$ 539,258</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total 2020</u>	<u>Total 2019</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	\$ 2,387	\$ 149,996	\$ 41,860	\$ 194,243	\$ 24,317	\$ 22,228	\$ 46,545	\$ 240,788	\$ 242,492
Payroll taxes	199	12,493	3,487	16,179	2,025	1,851	3,876	20,055	18,675
Employee benefits	32	1,987	554	2,573	322	294	616	3,189	18,589
	<u>2,618</u>	<u>164,476</u>	<u>45,901</u>	<u>212,995</u>	<u>26,664</u>	<u>24,373</u>	<u>51,037</u>	<u>264,032</u>	<u>279,756</u>
Total compensation and related expenses									
Research grants:									
Grants awarded	29,000	-	1,000	30,000	-	-	-	30,000	51,500
Occupancy:									
Rent (Note 8)	1,420	16,437	20,334	38,191	7,690	2,987	10,677	48,868	47,902
Property and casualty insurance	378	8,571	3,444	12,393	1,809	1,114	2,923	15,316	11,809
Telephone	105	886	696	1,687	316	105	421	2,108	2,116
Licenses and fees	274	622	181	1,077	978	4,376	5,354	6,431	34,994
Professional fees:									
Legal and accounting	-	-	-	-	38,638	-	38,638	38,638	44,616
Outside services	701	14,301	10,905	25,907	10,569	2,329	12,898	38,805	43,888
Administration:									
Mailing, printing and postage	341	5,430	5,319	11,090	1,084	2,626	3,710	14,800	12,444
Office and miscellaneous	1,811	33,705	35,561	71,077	11,901	6,476	18,377	89,454	151,381
Equipment rental	-	-	-	-	-	-	-	-	5,155
Bank charges	-	-	-	-	327	-	327	327	146
Meals and entertainment	-	24	19	43	-	3	3	46	256
Travel	-	135	22	157	-	20	20	177	1,096
Advertising and public relations (Note 6)	-	567	2	569	-	234	234	803	35,466
	<u>36,648</u>	<u>245,154</u>	<u>123,385</u>	<u>405,187</u>	<u>99,976</u>	<u>44,643</u>	<u>144,619</u>	<u>549,806</u>	<u>722,525</u>
Total expenses before amortization									
Amortization (Notes 2G and 4)	-	653	-	653	943	2,106	3,049	3,702	6,440
	<u>\$ 36,648</u>	<u>\$ 245,807</u>	<u>\$ 123,385</u>	<u>\$ 405,840</u>	<u>\$ 100,919</u>	<u>\$ 46,749</u>	<u>\$ 147,668</u>	<u>\$ 553,508</u>	<u>\$ 728,965</u>
Total expenses									

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

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total 2019</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
Payroll taxes	158	13,068	2,790	16,016	1,658	1,001	2,659	18,675
Employee benefits	159	13,109	2,805	16,073	1,509	1,007	2,516	18,589
	<u>2,100</u>	<u>205,673</u>	<u>37,043</u>	<u>244,816</u>	<u>21,648</u>	<u>13,292</u>	<u>34,940</u>	<u>279,756</u>
Total compensation and related expenses								
Research grants:								
Grants awarded	49,000	-	2,500	51,500	-	-	-	51,500
Occupancy:								
Rent (Note 8)	1,390	16,049	19,966	37,405	7,579	2,918	10,497	47,902
Property and casualty insurance	632	4,865	3,947	9,444	1,858	507	2,365	11,809
Telephone	106	889	698	1,693	317	106	423	2,116
Licenses and fees	91	10,731	3,702	14,524	6,493	13,977	20,470	34,994
Professional fees:								
Legal and accounting	-	-	-	-	44,616	-	44,616	44,616
Outside services	92	27,167	10,186	37,445	3,683	2,760	6,443	43,888
Administration:								
Mailing, printing and postage	139	6,748	3,599	10,486	153	1,805	1,958	12,444
Office and miscellaneous	2,654	73,438	45,832	121,924	16,395	13,062	29,457	151,381
Equipment rental	52	3,092	1,701	4,845	52	258	310	5,155
Bank charges	-	-	-	-	146	-	146	146
Meals and entertainment	1	125	123	249	1	6	7	256
Travel	32	710	248	990	7	99	106	1,096
Advertising and public relations (Note 6)	15	32,742	1,480	34,237	-	1,229	1,229	35,466
	<u>56,304</u>	<u>382,229</u>	<u>131,025</u>	<u>569,558</u>	<u>102,948</u>	<u>50,019</u>	<u>152,967</u>	<u>722,525</u>
Total expenses before amortization								
Amortization (Notes 2G and 4)	-	1,010	-	1,010	3,857	1,573	5,430	6,440
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>

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

**T.E.A.L. FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (10,784)	\$ 71,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	3,702	6,440
Changes in operating assets and liabilities:		
Contributions receivable	24,110	(7,553)
Inventory	(902)	2,664
Prepaid expenses	4,613	4,187
Accounts payable and accrued expenses	<u>5,561</u>	<u>(537)</u>
 Net cash provided by operating activities	 <u>26,300</u>	 <u>76,848</u>
 Cash flows from investing activities:		
Purchases of intangible assets	<u>-</u>	<u>(11,466)</u>
 Net cash used in investing activities	 <u>-</u>	 <u>(11,466)</u>
 Net increase in cash	 26,300	 65,382
 Cash – beginning of year	 <u>387,161</u>	 <u>321,779</u>
 Cash – end of year	 <u>\$ 413,461</u>	 <u>\$ 387,161</u>

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- E. Allowance for Uncollectible Receivables - As of December 31, 2020 and 2019, 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 net realizable value.
- G. Property and Equipment - Property and equipment are stated at cost, less accumulated amortization. Amortization is computed using the straight-line method over the shorter of the estimated useful lives or the asset's lease term. 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, 2020 and 2019, 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, 2020 and 2019, the Foundation received approximately \$15,000 and \$104,000, 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, 2020 and 2019, the Foundation received approximately \$48,000 and \$89,000, 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.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the years ended December 31, 2020 and 2019, the Foundation received contributions and grants with donor restrictions of \$192,183 and \$222,704 respectively. During the years ended December 31, 2020 and 2019, 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, 2020 and 2019, net assets with donor restrictions amounted to \$0 and \$12,500, respectively. As of December 31, 2020 and 2019, the Foundation's net assets with donor restrictions did not include any amounts that must remain intact in perpetuity.

- M. Recognition of Grant Revenue - The Foundation receives grants to support its 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, 2020 and 2019, the Foundation received conditional grants of approximately \$80,000 and \$93,000, 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, 2020 and 2019, such balances were fully insured.

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, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Cash	\$ 413,461	\$ 387,161
Contributions Receivable	<u>83,468</u>	<u>107,578</u>
Total Financial Assets	<u>496,929</u>	<u>494,739</u>
Less: Net Assets with Donor Restrictions	<u>-</u>	<u>(12,500)</u>
Total Net Financial Assets	<u>\$ 496,929</u>	<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>2020</u>	<u>2019</u>
Leasehold improvement	4 years	\$ 7,685	\$ 7,685
Software	3 Years	<u>15,601</u>	<u>15,732</u>
		23,286	23,417
Less accumulated amortization		<u>(19,579)</u>	<u>(15,877)</u>
		<u>\$ 3,707</u>	<u>\$ 7,540</u>

Amortization expense amounted to \$3,702 and \$6,440 for the years ended December 31, 2020 and 2019, 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 18% and 15% of total expenses for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, fundraising activities represented approximately 8% and 7% of the Foundation's total expenses, respectively.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, advertising and public relations costs totaled approximately \$800 and \$35,400, or 0.1% and 5%, 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, 2020 and 2019, 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 2019, 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 2021, the Foundation renewed its lease agreement for an additional two years, commencing on June 1, 2021. The lease requires monthly payments of \$2,450 for the first year and monthly payments of \$2,600 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 lease requires monthly payments of \$1,200 for the first year and monthly payments of \$1,250 in the second year. In May 2021, the Foundation renewed its lease agreement for an additional two years, commencing on June 1, 2021. The lease requires monthly payments of \$1,250 for the first year and monthly payments of \$1,350 in the second year.

The following is a schedule of the future annual lease payments for each of the years ending after December 31, 2020:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 44,400
2022	46,150
2023	<u>19,750</u>
	<u>\$ 110,300</u>

Rent expense amounted to approximately \$48,900 and \$47,900 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 – CONCENTRATIONS

One donor accounted for 96% and 86% of the contributions receivable as of December 31, 2020 and 2019, respectively. The same donor accounted for 32% and 24%, respectively, of total revenue for the years ended December 31, 2020 and 2019.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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. The line expired and has not been renewed as of the date of these financial statements.

NOTE 11 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic that continues to spread throughout the United States. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Foundation’s mission, financial condition and results of operations will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Foundation is currently unable to fully determine the extent of COVID-19’s impact on their business in future periods. The Foundation’s performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Foundation continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial condition and results of operations.

NOTE 12 – PAYCHECK PROTECTION PROGRAM GRANT

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security 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 (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Foundation applied for this loan through TD Bank and received \$25,000 on May 6, 2020.

In accounting for the terms of the PPP Loan, the Foundation is guided by Accounting Standards Codification (“ASC”) ASC 470 *Debt*, and ASC 958-605. The Foundation has accounted for the PPP loan under ASC 958-605 as a conditional contribution. The Foundation substantially met the conditions and recognized revenue of \$25,000 for the PPP loan, which is included in other revenue in the accompanying statement of activities for the year ended December 31, 2020. The loan was fully forgiven on July 21, 2021.

The Foundation applied for a second PPP Loan through TD Bank and received \$48,572 on May 20, 2021. The second PPP loan has not yet been forgiven.

NOTE 13 – SUBSEQUENT EVENTS

The Foundation has evaluated its subsequent events through November 8, 2021, the date that the accompanying financial statements were available to be issued.