



Teddy Bear Cancer Foundation

FINANCIAL STATEMENTS

**December 31, 2021
And For The Year Then Ended**

Teddy Bear Cancer Foundation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Teddy Bear Cancer Foundation:

Opinion

We have audited the accompanying financial statements of Teddy Bear Cancer Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Teddy Bear Cancer Foundation as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Teddy Bear Cancer Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 of America, 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 Teddy Bear Cancer Foundation's 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 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 Teddy Bear Cancer Foundation'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 Teddy Bear Cancer Foundation'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.

Report on Summarized Comparative Information

We have previously audited Teddy Bear Cancer Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stoltey & Associates

Orcutt, California

September 7, 2022

Teddy Bear Cancer Foundation
Statement of Financial Position
December 31, 2021
(with comparative totals for 2020)

ASSETS		
	2021	2020
Current Assets		
Cash and cash equivalents	\$ 312,950	\$ 432,605
Contributions receivable (Note 2)	82,275	35,859
Prepaid expenses and other assets	6,197	6,394
Total Current Assets	401,422	474,858
Cash designated for long term use (Note 6)	566,924	-
Cash restricted for long term use (Note 6)	286,949	286,721
Investments designated for long term use (Notes 3 and 7)	524,583	465,353
Investments designated for endowment (Notes 3, 7 and 8)	297,622	289,327
Fixed assets, net (Note 5)	1,551	752
Total Assets	\$ 2,079,051	\$ 1,517,011
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable & accrued expenses	\$ 36,512	\$ 32,715
Grants payable	24,533	9,750
PPP loan payable (Note 12)	-	98,050
Total Current Liabilities	61,045	140,515
Net Assets		
Without donor restriction:		
Undesignated	162,435	254,515
Board designated - operating reserve (Note 7)	1,091,507	465,353
Board designated - endowment (Notes 7 and 8)	297,622	289,327
Total without donor restriction	1,551,564	1,009,195
With donor restriction (Note 6)	466,442	367,301
Total Net Assets	2,018,006	1,376,496
Total Liabilities and Net Assets	\$ 2,079,051	\$ 1,517,011

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

Teddy Bear Cancer Foundation
Statement of Activities
For the Year Ended December 31, 2021
(with comparative totals for 2020)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues, Gains, and Other Support				
Fundraising events - gross revenue	\$ 447,269	\$ -	\$ 447,269	\$ 195,253
Direct costs	(69,854)	-	(69,854)	(13,044)
Net revenues from fundraising events	<u>377,415</u>	<u>-</u>	<u>377,415</u>	<u>182,209</u>
Contributions and grants	1,033,843	180,525	1,214,368	888,840
In-kind contributions	164,198	-	164,198	70,629
Investment income	23,573	-	23,573	69,794
Total Revenues, Gains, and Other Support	<u>1,599,029</u>	<u>180,525</u>	<u>1,779,554</u>	<u>1,211,472</u>
Net assets released from restrictions	<u>81,384</u>	<u>(81,384)</u>	<u>-</u>	<u>-</u>
Expenses				
Program expenses	908,975	-	908,975	801,164
Management and general	123,510	-	123,510	113,180
Fundraising	105,559	-	105,559	151,271
Total Expenses	<u>1,138,044</u>	<u>-</u>	<u>1,138,044</u>	<u>1,065,615</u>
Change in Net Assets	542,369	99,141	641,510	145,857
Net assets beginning of year	<u>1,009,195</u>	<u>367,301</u>	<u>1,376,496</u>	<u>1,230,639</u>
Net assets ending of year	<u>\$ 1,551,564</u>	<u>\$ 466,442</u>	<u>\$ 2,018,006</u>	<u>\$ 1,376,496</u>

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

Teddy Bear Cancer Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2021
(with comparative totals for 2020)

	<u>Program Expense</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2021 Total Expenses</u>	<u>2020 Total Expenses</u>
Salaries	\$ 402,865	\$ 53,249	\$ 64,585	\$ 520,699	\$ 452,259
Employee benefits	41,963	5,546	6,727	54,236	31,417
Payroll taxes	31,788	4,202	5,096	41,086	34,542
Total Salaries & Related Expenses	<u>476,616</u>	<u>62,997</u>	<u>76,408</u>	<u>616,021</u>	<u>518,218</u>
Direct financial assistance	220,718	-	-	220,718	175,048
In-Kind direct assistance	66,148	-	-	66,148	50,175
Community outreach	21,325	-	-	21,325	70,629
Total Program Costs	<u>308,191</u>	<u>-</u>	<u>-</u>	<u>308,191</u>	<u>295,852</u>
Accounting	-	37,104	-	37,104	34,804
Advertising	-	-	9,066	9,066	29,971
Auto and travel	1,171	155	188	1,514	2,050
Bank charges	-	10,352	-	10,352	9,051
Depreciation	657	69	106	832	1,803
Insurance	8,190	859	1,325	10,374	9,827
Meetings	8,545	896	1,382	10,823	6,419
Occupancy	53,079	5,568	8,587	67,234	65,417
Office supplies	2,744	288	444	3,476	4,008
Outside services	20,726	2,174	3,353	26,253	42,542
Postage and delivery	1,478	155	239	1,872	2,320
Printing	7,462	783	1,207	9,452	9,053
Technology	12,545	1,316	2,029	15,890	21,119
Telephone	7,571	794	1,225	9,590	13,161
Workshps	-	-	-	-	-
Total Operating Expenses	<u>124,168</u>	<u>60,513</u>	<u>29,151</u>	<u>213,832</u>	<u>251,545</u>
Total Expenses	<u>\$ 908,975</u>	<u>\$ 123,510</u>	<u>\$ 105,559</u>	<u>\$ 1,138,044</u>	<u>\$ 1,065,615</u>
	<u>80%</u>	<u>11%</u>	<u>9%</u>	<u>100%</u>	<u>100%</u>

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

Teddy Bear Cancer Foundation
Statement of Cash Flows
For the Year Ended December 31, 2021
(with comparative totals for 2020)

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 641,510	\$ 145,857
Adjustments to reconcile increase in net assets to cash used by operating activities:		
Depreciation	742	1,713
Gain on investments	(26,461)	(86,189)
Noncash forgiveness of PPP loan	(98,050)	-
Changes in:		
Pledges receivable	(46,416)	35,342
Prepaid and other assets	197	15,206
Accounts payable and accrued expenses	3,797	17,301
Grants payable	14,783	(13,389)
Net Cash From Operating Activities	490,102	115,841
Cash Flows From Investing Activities:		
Proceeds from sale of investments	313,440	184,118
Purchase of investments	(354,504)	(318,747)
Purchase of fixed assets	(1,541)	-
Net Cash From Investing Activities	(42,605)	(134,629)
Cash Flows From Financing Activities:		
Proceeds from notes payable	-	98,050
Net Cash From Financing Activities	-	98,050
Net change in cash and cash equivalents	447,497	79,262
Cash and cash equivalents at beginning of year	719,326	640,064
Cash and Cash Equivalents at End of Year	\$ 1,166,823	\$ 719,326
 <u>Supplemental Cash Flow Information</u>		
In-kind donation of goods for program services	\$ 164,198	\$ 70,629
Noncash forgiveness of PPP loan	\$ 98,050	\$ -
 <u>Reconciliation of Cash and Cash Equivalents to Statement of Position</u>		
Cash and cash equivalents	\$ 312,950	\$ 432,605
Cash designated for long term use	566,924	-
Cash restricted for long term use	286,949	286,721
Total Cash and cash equivalents	\$ 1,166,823	\$ 719,326

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

Teddy Bear Cancer Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Teddy Bear Cancer Foundation (TBCF) is presented to assist in understanding the TBCF financial statements. The financial statements and notes are representations of TBCF management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Activities

TBCF is a nonprofit organization located in Santa Barbara, California established to ensure that children with cancer receive the undivided comfort of their parents during the treatment and recovery process.

TBCF provides middle to low-income families with financial aid for rent, mortgage, utilities, and car payments, as well as other supportive services, thereby allowing families to focus on what is truly important – their children.

The TBCF support primarily comes from contributions from individuals, foundations and corporations.

Prior-Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but are not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with TBCF's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, and cash in money market funds.

Contributions Receivable

TBCF initially records and subsequently carries unconditional contributions receivable at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Fixed Assets

TBCF records fixed asset additions over \$1,000 at cost, or if donated, at fair value on the date of donation. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold

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Notes to Financial Statements

improvements, the lesser of the useful life of the asset or the lease term. Management has estimated the useful lives of depreciable assets as follows:

- Leasehold improvements 5 years
- Equipment 5 years
- Other 5 years

TBCF reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Management has determined there were no indicators of asset impairment during the year ended December 31, 2021.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions are reported as net assets without donor restriction. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets with Donor Restrictions

Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

TBCF reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Exchange Transactions

Revenue is recognized when earned. Noncontribution event fees received in advance are deferred to the applicable period in which the related events are performed. TBCF records special events revenue equal to the fair value of tickets sold to donors. All services are transferred at a point in time.

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Notes to Financial Statements

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

TBCF recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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 substantially met. Consequently, at December 31, 2021, contributions approximating \$98,050, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met.

TBCF records donated professional services at the respective fair values of the services received. No significant contributions of professional services were received during the year ended December 31, 2021. TBCF has reported contributions of goods totaling \$164,198 for the year ended December 31, 2021.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$10,686 during the year ended December 31, 2021.

Functional Expenses

The cost of providing TBCF programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and Effort
Employees Benefits	Time and Effort
Payroll Taxes	Time and Effort
Auto and Travel	Time and Effort
Depreciation	Square Footage
Insurance	Square Footage
Meetings	Square Footage
Occupancy	Square Footage
Office Supplies	Square Footage

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Outside Services	Time and Effort
Postage and Delivery	Square Footage
Printing and Reproduction	Time and Effort
Technology	Square Footage
Workshops	Time and Effort
Telephone	Square Footage

Tax Exempt Status

TBCF is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3) and qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and has been determined not to be a private foundation. TBCF is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, TBCF is subject to tax on income that is derived from business activities that are unrelated to its exempt purpose. Management has determined TBCF is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

TBCF tax filings are subject to examination by the IRS, generally for three years after they are filed. TBCF is not aware of any activities that would jeopardize its tax-exempt status.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, TBCF management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. TBCF management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements include:

- Allocation of functional expenses
- Estimated useful lives of fixed assets
- Fair value of contributions receivable
- Fair value of donated goods

Reclassifications

Certain items in the 2020 financial statements were reclassified in order to conform to the 2021 presentation.

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Notes to Financial Statements

Subsequent Events

Management has evaluated subsequent events through September 7, 2022, the date that the financial statements were available to be issued. No subsequent events are required to be disclosed.

Note 2: Contributions Receivable

All unconditional contributions receivable are estimated to be collected during the year ended December 31, 2022.

Note 3: Fair Value Measurements and Disclosures

TBCF reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that TBCF can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, TBCF develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to management's assessment of the quality, risk, or liquidity profile of the asset or liability.

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Notes to Financial Statements

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using net asset value per share as a practical expedient as identified in the following, at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Temporary cash (cost)	\$ -	\$ -	\$ -	\$ 20,781
Exchange traded funds	<u>801,424</u>	<u>-</u>	<u>-</u>	<u>801,424</u>
	<u>\$ 801,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>822,205</u>

Note 4: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 312,950
Contributions Receivable	<u>82,275</u>
 Total	 <u>\$ 395,225</u>

Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$1,091,507 at December 31, 2021.

Note 5: Fixed Assets

Fixed Assets at December 31, 2021 are summarized by major classifications as follows:

Equipment	\$ 17,721
Leasehold improvements	4,532
Other	<u>8,795</u>
	\$ 31,048
Less Accumulated Depreciation	<u>(29,497)</u>
Fixed Assets, Net	<u>\$ 1,551</u>

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Notes to Financial Statements

Note 6: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods:

Purpose Restrictions:	
Building purchase	\$ 285,917
Time Restricted for Future Period:	
Contributions received with donor restrictions for use in future periods	<u>180,525</u>
Total Net Assets With Donor Restrictions	<u>\$ 466,442</u>

Note 7: Board Designated Net Assets

At December 31, 2021 the Board of Directors has designated \$1,091,507 of net assets without donor restrictions as an operating reserve. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

At December 31, 2021 the Board of Directors has designated \$297,622 of net assets without donor restrictions for an endowment.

Note 8: Endowment Funds

TBCF's Endowment (the Endowment) consists of non-donor restriction net assets and was established for the specific purpose of long-term stability and insuring the continuance of the mission of TBCF. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of TBCF has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the Donor-Restricted Endowment Funds absent explicit donor stipulations to the contrary. At December 31, 2021, there were no such donor stipulations. As a result of this interpretation, TBCF retains in perpetuity (a) the original value of initial and subsequent gift amount (including contributions receivable at fair value donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by TBCF in a manner consistent with the standard of prudence prescribed by UPMIFA. TBCF considers the following factors in making a determination to appropriate or accumulate Donor-Restricted Endowment Funds:

- The duration and preservation of the fund
- The purposes of TBCF and the fund
- General economic conditions

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Notes to Financial Statements

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of TBCF
- The investment policies of TBCF

Funds with Deficiencies

From time to time, certain Donor-Restricted Endowment Funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). TBCF has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021, there were no endowment funds underwater.

Changes in Endowment Net Assets for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restriction</u>
Endowment Net Assets, Beginning of Year	\$ 289,327
Contributions	-
Investment income	8,295
Draw per Spending Policy	<u>(-)</u>
Endowment Net Assets, End of Year	<u>\$ 297,622</u>

Investment and Spending Policies

Endowment funds may be appropriated for expenditure in amounts not to exceed, on an annual basis, four percent of the endowment's total average value for the preceding calendar year. The Board of Directors may, at its own discretion, appropriate for expenditure an amount that exceeds the four percent threshold.

Note 9: Employee Benefits

TBCF maintains a defined contribution plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. In 2021, the Foundation matched 100% of the participant's contributions up to a maximum of 4% of the participant's compensation. TBCF's contributions vest on the third year of service. TBCF's contributions during the year ended December 31, 2021 were approximately \$6,811. TBCF pays all administrative costs of the plan.

Note 10: Commitments

TBCF leases its administrative offices at 3892 State Street, Suite 220, Santa Barbara California. The lease commenced on May 1, 2016 and will expired on April 30, 2021. The lease converted to a month-to-month lease on May 1, 2021. The lease requires a monthly payment of approximately \$5,000.

Teddy Bead Cancer Foundation

Notes to Financial Statements

Rent expense for the year ended December 31, 2021 was \$65,133.

Note 11: Concentrations

TBCF manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TBCF has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates.

TBCF maintains bank accounts at four financial institutions. Deposits at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 TBCF held \$546,942 of cash deposits in excess of FDIC insurance limits.

Individual donors are primarily from Santa Barbara and Ventura County, as are the client of TBCF.

Note 12: Note Payable – PPP Loan

During the year ended December 31, 2020, the Agency applied for and was approved a \$98,050 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was forgiven during the year ended December 31, 2021. The forgiveness is reported as a noncash contribution in the accompanying statement of activities.

Note 13: COVID-19 Financial Statement Impact

The COVID-19 pandemic, whose effects became known in January 2021, is having a broad and negative impact on commerce and financial markets around the world. The Agency is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of the pandemic. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Agency's participants, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Agency's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.