



Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2015 and 2014

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, 2015 AND 2014

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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 ("T.E.A.L."), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of T.E.A.L. Foundation as of December 31, 2015, 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.

Prior Period Financial Statements

The financial statements of T.E.A.L. Foundation as of December 31, 2014, were audited by other auditors whose report, dated October 15, 2015, expressed an unmodified opinion on those statements.

Marks Paneth LLP

New York, NY
November 14, 2016

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**T.E.A.L. FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current assets:		
Cash (Notes 2C and 2N)	\$ 319,746	\$ 279,504
Contributions receivable (Note 2D)	80,102	-
Inventory (Note 2F)	6,697	3,805
Prepaid expenses	<u>5,833</u>	<u>2,828</u>
Total current assets	412,378	286,137
Property and equipment – net (Notes 2G and 3)	<u>6,862</u>	<u>5,623</u>
Total assets	<u>\$ 419,240</u>	<u>\$ 291,760</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,639	\$ 10,585
Deferred revenue (Note 2H)	<u>40,000</u>	<u>-</u>
Total current liabilities	49,639	10,585
Net assets unrestricted - (Note 2A)	<u>369,601</u>	<u>281,175</u>
Total liabilities and net assets	<u>\$ 419,240</u>	<u>\$ 291,760</u>

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

**T.E.A.L. FOUNDATION
STATEMENTS OF ACTIVITIES
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Public Support and Revenues</u>		
Public support:		
Public contributions	\$ 44,660	\$ 27,686
Special events revenue	386,462	328,661
City grant revenue	49,101	-
Donated materials and services	<u>99,258</u>	<u>46,169</u>
Total public support	<u>579,481</u>	<u>402,516</u>
Revenues:		
Net sales	6,636	14,803
Cost of goods sold	<u>4,448</u>	<u>4,226</u>
Gross profit	<u>2,188</u>	<u>10,577</u>
Interest and dividend income	<u>1,140</u>	<u>217</u>
Total public support and revenues	<u>582,809</u>	<u>413,310</u>
Operating Expenses:		
Program services:		
Research	101,944	100,582
Public information	<u>287,171</u>	<u>170,657</u>
Total Program Services	<u>389,115</u>	<u>271,239</u>
Supporting services:		
Management and general	77,858	68,259
Fundraising	<u>27,410</u>	<u>18,911</u>
Total Supporting Services	<u>105,268</u>	<u>87,170</u>
Total operating expenses	<u>494,383</u>	<u>358,409</u>
Increase in net assets	88,426	54,901
NET ASSETS - BEGINNING OF YEAR	<u>281,175</u>	<u>226,274</u>
NET ASSETS – END OF YEAR	<u>\$ 369,601</u>	<u>\$ 281,175</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, 2015**

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 3,108	\$ 82,711	\$ 85,819	\$ 20,679	\$ 2,477	\$ -	\$ 23,156	\$ 108,975
Payroll taxes	261	6,952	7,213	1,679	209	-	1,888	9,101
Employee benefits	-	13,623	13,623	3,740	-	-	3,740	17,363
Total compensation and related expenses	3,369	103,286	106,655	26,098	2,686	-	28,784	135,439
Research grants:								
Grants awarded	98,500	1,500	100,000	-	35	-	35	100,035
Occupancy:								
Property and casualty insurance	-	1,033	1,033	317	27	-	344	1,377
Telephone	75	1,682	1,757	628	126	-	754	2,511
Licenses and fees	-	17,969	17,969	675	13,423	-	14,098	32,067
Professional fees:								
Legal and accounting	-	2,587	2,587	32,638	7,884	-	40,522	43,109
Outside services	-	-	-	-	185	-	185	185
Administration:								
Mailing, printing, and postage	-	6,005	6,005	109	1,133	-	1,242	7,247
Office and miscellaneous	-	38,705	38,705	14,168	1,539	-	15,707	54,412
Equipment rental	-	6,464	6,464	259	293	-	552	7,016
Bank charges	-	252	252	-	-	-	-	252
Meals and entertainment	-	60	60	-	-	-	-	60
Travel	-	1,685	1,685	-	-	-	-	1,685
Advertising and public relations	-	10,870	10,870	-	79	-	79	10,949
Total expenses before amortization and donated materials and services	101,944	192,098	294,042	74,892	27,410	-	102,302	396,344
Amortization	-	-	-	2,966	-	-	2,966	2,966
Donated materials and services	-	95,073	95,073	-	-	-	-	95,073
Total expenses	101,944	287,171	389,115	77,858	27,410	-	105,268	494,383
Less expenses included with revenues on the statements of activities	-	-	-	-	-	-	-	-
Total expenses included in the expenses section of the statements of activities	<u>\$ 101,944</u>	<u>\$ 287,171</u>	<u>\$ 389,115</u>	<u>\$ 77,858</u>	<u>\$ 27,410</u>	<u>\$ -</u>	<u>\$ 105,268</u>	<u>\$ 494,383</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, 2014**

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 330	\$ 51,067	\$ 51,397	\$ 18,442	\$ 668	\$ -	\$ 19,110	\$ 70,507
Payroll taxes	103	19,707	19,810	13,224	344	-	13,568	33,378
Employee benefits	-	8,137	8,137	2,587	-	-	2,587	10,724
Total compensation and related expenses	433	78,911	79,344	34,253	1,012	-	35,265	114,609
Research grants:								
Grants awarded	100,000	-	100,000	-	-	-	-	100,000
Occupancy:								
Property and casualty insurance	-	-	-	-	-	-	-	-
Telephone	149	1,142	1,291	149	48	-	197	1,488
Licenses and fees	-	12,805	12,805	504	13,570	-	14,074	26,879
Professional fees:								
Legal and accounting	-	-	-	20,770	1,500	-	22,270	22,270
Consulting and computer support	-	-	-	-	-	-	-	-
Outside services	-	-	-	-	-	-	-	-
Administration:								
Mailing, printing, and postage	-	4,698	4,698	32	1,119	-	1,151	5,849
Office and miscellaneous	-	12,743	12,743	6,991	14	-	7,005	19,748
Equipment rental	-	7,623	7,623	3,005	89	-	3,094	10,717
Bank charges	-	-	-	70	-	-	70	70
Meals and entertainment	-	23	23	14	-	-	14	37
Travel	-	852	852	-	45	-	45	897
Advertising and public relations	-	5,691	5,691	-	1,514	-	1,514	7,205
Total expenses before amortization and donated materials and services	100,582	124,488	225,070	65,788	18,911	-	84,699	309,769
Amortization	-	-	-	2,471	-	-	2,471	2,471
Donated materials and services	-	46,169	46,169	-	-	-	-	46,169
Total expenses	100,582	170,657	271,239	68,259	18,911	-	87,170	358,409
Less expenses included with revenues on the statements of activities	-	-	-	-	-	-	-	-
Total expenses included in the expenses section of the statements of activities	<u>\$ 100,582</u>	<u>\$ 170,657</u>	<u>\$ 271,239</u>	<u>\$ 68,259</u>	<u>\$ 18,911</u>	<u>\$ -</u>	<u>\$ 87,170</u>	<u>\$ 358,409</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 88,426	\$ 54,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	2,966	2,471
Noncash contribution of leasehold improvement	(4,185)	-
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Prepaid expenses	(3,025)	(1,539)
Contributions receivable	(80,102)	3,820
Inventory	(2,892)	531
(Decrease) Increase in liabilities:		
Accounts payable and accrued expenses	(946)	(22,341)
Deferred revenue	40,000	-
	<u>40,242</u>	<u>37,843</u>
Net cash provided by operating activities	<u>40,242</u>	<u>37,843</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(7,261)
	<u>-</u>	<u>(7,261)</u>
Net cash used in investing activities	<u>-</u>	<u>(7,261)</u>
Net increase in cash and cash equivalents	40,242	30,582
Cash and cash equivalents – beginning	<u>279,504</u>	<u>248,922</u>
Cash and cash equivalents – ending	<u>\$ 319,746</u>	<u>\$ 279,504</u>
Non-cash investing activities:		
Contribution of leasehold improvement	<u>\$ 4,185</u>	<u>\$ -</u>

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

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 evaluations of the Board of Directors 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 awarded such a grant in 2012. 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”). The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. As of December 31, 2015 and 2014, all of the assets of the Foundation are unrestricted.
- B. Use of Estimates - The preparation of financial statements in conformity with the accrual basis of accounting 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.
- C. Cash - For purposes of the statements of cash flows, the Foundation considers all investments with an initial maturity of three months or less to be cash.
- D. Contributions Receivable – Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.
- E. Allowance for Uncollectible Receivables – As of December 31, 2015 and 2014, T.E.A.L. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- H. Deferred Revenue - Deferred revenue represents funds pledged from third parties for a subsequent year. The revenue will be recognized in the year it is earned.
- 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, 2015 and 2014, the Foundation received approximately \$99,000 and \$62,000, respectively, in donated materials.
- 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, 2015 and 2014, the Foundation received \$0 and \$0, 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.
- L. Contributions - T.E.A.L. Foundation reports contributions of cash and other assets 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 time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Foundation has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Unrestricted contributions are recognized as revenues in the period received.

- M. 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 company's financial statements by prescribing a minimum recognition threshold 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.

The Foundation's information returns for 2012 through 2015 are subject to federal, state and local tax examinations by tax authorities.

- N. Credit Risk - The Foundation maintains cash balances at a financial institution located in New York. The bank balances, at times, may exceed federally insured limits. However, the Foundation has not experienced any losses to date on such accounts.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 and 2014, consists of the following:

	<u>Estimated Useful Life</u>	<u>2015</u>	<u>2014</u>
Leasehold improvement	4 years	\$ 4,185	\$ -
Software	3 Years	9,781	9,761
Less accumulated amortization		<u>(7,104)</u>	<u>(4,138)</u>
		<u>\$ 6,862</u>	<u>\$ 5,623</u>

Depreciation and amortization expense amounted to \$2,966 and \$2,471 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4 – 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 15% and 19% of total expenses for the years ended December 31, 2015 and 2014, respectively.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations. For the year ended December 31, 2015 and 2014, fundraising activities represented 6% and 5% of the Foundation's total expenses, respectively.

NOTE 5 – 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, 2015 and 2014, advertising and public relations costs totaled \$10,949 and \$7,205, or 2% and 2%, respectively, of total expenses.

NOTE 6 – 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 fund-raising 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, 2015 and 2014, all special event expenses, except for the cost of direct benefit to donors, were attributable to program services.

**T.E.A.L. FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 – COMMITMENTS AND CONTINGENCIES

In May 2015, T.E.A.L. entered into a four year lease agreement for office space located at 533 16th Street, Brooklyn, New York. The lease commenced June 1, 2015. The lease requires monthly payments of \$2,300 for the first two years and monthly payments of \$2,400 in the third and fourth year. The following is a schedule of the future annual lease payments for the years ending after December 31, 2015:

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 27,600
2017	28,300
2018	28,800
2019	<u>12,000</u>
	<u>\$ 96,700</u>

Rent expense amounted to approximately \$16,100 for the year ended December 31, 2015.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation has evaluated its subsequent events through November 14, 2016, the date that the accompanying financial statements were available to be issued.