

**TEAM RUBICON, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**TEAM RUBICON, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Team Rubicon, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Team Rubicon, Inc. (Team Rubicon), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the associated notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Rubicon as of December 31, 2019, 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.

### **Emphasis of Matter**

As discussed in Note 12 to the financial statements, the recent COVID-19 pandemic in the United States and world-wide has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to Team Rubicon are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

To the Board of Directors  
Team Rubicon, Inc.

**Report on Summarized Comparative Information**

We have previously audited Team Rubicon's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

December 3, 2020  
Los Angeles, California

**TEAM RUBICON, INC.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2019

With Summarized Totals at December 31, 2018

<b>ASSETS</b>	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Cash and Cash Equivalents	\$ 6,735,394	\$ -	\$ 6,735,394	\$ 3,471,325
Investments	14,376,889	4,234,464	18,611,353	22,340,706
Contributions and Pledges Receivable	830,704	6,182,920	7,013,624	3,225,359
Prepaid Expenses and Other Assets	722,842	-	722,842	606,682
Capitalized Software (Net)	1,845,105	-	1,845,105	766,928
Property and Equipment (Net)	1,921,895	-	1,921,895	1,423,979
<b>TOTAL ASSETS</b>	<b>\$ 26,432,829</b>	<b>\$ 10,417,384</b>	<b>\$ 36,850,213</b>	<b>\$ 31,834,979</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 474,409	\$ -	\$ 474,409	\$ 543,240
Accrued Liabilities	1,617,206	-	1,617,206	2,030,982
<b>TOTAL LIABILITIES</b>	<b>2,091,615</b>	<b>-</b>	<b>2,091,615</b>	<b>2,574,222</b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	24,341,214	-	24,341,214	20,793,441
With Donor Restrictions	-	10,417,384	10,417,384	8,467,316
<b>TOTAL NET ASSETS</b>	<b>24,341,214</b>	<b>10,417,384</b>	<b>34,758,598</b>	<b>29,260,757</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 26,432,829</b>	<b>\$ 10,417,384</b>	<b>\$ 36,850,213</b>	<b>\$ 31,834,979</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

With Summarized Totals for the Year Ended December 31, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE, PUBLIC SUPPORT AND OTHER INCOME:</b>				
Contributions and Grants	\$ 18,768,138	\$ 14,410,535	\$ 33,178,673	\$ 30,881,488
In-Kind Contributions	17,083,683	-	17,083,683	12,751,563
Special Events (Net of Cost of Direct Donor Benefits of \$666,808)	1,860,826	-	1,860,826	1,208,633
Other Income	1,357,490	-	1,357,490	62,970
Investment Return (Net)	681,971	-	681,971	(171,353)
Net Assets Released from Restrictions	12,460,467	(12,460,467)	-	-
<b>TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME</b>	<b>52,212,575</b>	<b>1,950,068</b>	<b>54,162,643</b>	<b>44,733,301</b>
<b>EXPENSES:</b>				
Program Services	42,365,162	-	42,365,162	37,446,993
Management and General	3,596,668	-	3,596,668	2,405,713
Fundraising	2,702,972	-	2,702,972	2,005,482
<b>TOTAL EXPENSES</b>	<b>48,664,802</b>	<b>-</b>	<b>48,664,802</b>	<b>41,858,188</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,547,773</b>	<b>1,950,068</b>	<b>5,497,841</b>	<b>2,875,113</b>
Net Assets - Beginning of Year	20,793,441	8,467,316	29,260,757	26,385,644
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 24,341,214</b>	<b>\$ 10,417,384</b>	<b>\$ 34,758,598</b>	<b>\$ 29,260,757</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2019

With Summarized Totals for the Year Ended December 31, 2018

	Disaster Operations	Capabilities and Training	Rebuild Operations	Other	Total Program Services	Management and General	Fundraising	Total	2018 Total
Field Expenses and Travel	\$ 6,606,389	\$ 3,118,182	\$ 3,437,791	\$ 487,089	\$ 13,649,451	\$ 126,118	\$ 200,215	\$ 13,975,784	\$ 16,520,577
Personnel Costs	2,561,751	4,109,292	1,400,507	1,071,933	9,143,483	1,612,900	1,700,298	12,456,681	9,204,130
Technology, Office Equipment and Supplies	9,212,269	1,698,966	100,715	471,172	11,483,122	103,502	99,822	11,686,446	10,828,281
Marketing	240,151	3,360,107	18,405	192,398	3,811,061	97,426	135,975	4,044,462	1,134,975
Professional Services	542,674	1,327,771	38,702	203,124	2,112,271	1,078,993	269,546	3,460,810	1,999,525
Other Business Expenses	390,619	83,249	24,280	136,616	634,764	182,157	210,904	1,027,825	707,275
Rent, Parking and Utilities	82,223	1,873	156,811	383,955	624,862	161,075	83,127	869,064	762,400
Depreciation and Amortization	55,052	347,041	30,935	159,664	592,692	94,920	3,085	690,697	271,247
Insurance	73,657	73,571	29,228	-	176,456	139,577	-	316,033	305,778
Awards, Fellowships and Grants	-	137,000	-	-	137,000	-	-	137,000	124,000
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 19,764,785</b>	<b>\$ 14,257,052</b>	<b>\$ 5,237,374</b>	<b>\$ 3,105,951</b>	<b>\$ 42,365,162</b>	<b>\$ 3,596,668</b>	<b>\$ 2,702,972</b>	<b>\$ 48,664,802</b>	
					87%	7%	6%	100%	
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 15,975,667</b>	<b>\$ 8,053,901</b>	<b>\$ 9,294,910</b>	<b>\$ 4,122,515</b>	<b>\$ 37,446,993</b>	<b>\$2,405,713</b>	<b>\$2,005,482</b>		<b>\$ 41,858,188</b>
					89%	6%	5%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2019

With Summarized Totals for the Year Ended December 31, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 5,497,841	\$ 2,875,113
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	690,697	271,247
Net Realized and Unrealized (Gain) Loss on Investments	(63,434)	914,419
Contributed Stock	(98,346)	(108,142)
Proceeds from Sale of Stock	94,863	108,157
Loss (Gain) on Contributed Stock	3,483	(15)
(Increase) Decrease in:		
Contributions and Pledges Receivable	(3,788,265)	240,454
Prepaid Expenses and Other Assets	(116,160)	92,984
Increase (Decrease) in:		
Accounts Payable	(68,831)	26,743
Accrued Liabilities	(413,776)	1,277,125
	<b>1,738,072</b>	<b>5,698,085</b>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(835,587)	(482,941)
Purchase of Capitalized Software	(1,431,203)	(736,352)
Purchase of Investments	(19,153,041)	(34,001,509)
Interest and Dividends Reinvested	(573,494)	(700,841)
Proceeds on Sale of Investments	23,519,322	32,566,767
	<b>1,525,997</b>	<b>(3,354,876)</b>
 <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,264,069</b>	<b>2,343,209</b>
Cash and Cash Equivalents - Beginning of Year	3,471,325	1,128,116
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,735,394</b>	<b>\$ 3,471,325</b>

The Accompanying Notes are an Integral Part of These Financial Statements



# **TEAM RUBICON, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

### **NOTE 1 - ORGANIZATION**

Team Rubicon, Inc. (Team Rubicon) is a nonprofit international disaster response and humanitarian organization founded in 2010. Team Rubicon's primary mission is providing relief and recovery to those affected by disasters and humanitarian crises across the United States and around the world. By pairing the skills and experiences of military veterans with first responders and technology solutions, Team Rubicon aims to provide the greatest service and impact possible. Through continued service via Team Rubicon, many veterans rediscover three things they feel are missing after leaving the military: a Purpose, gained through disaster relief; Community, built by serving with others; and Identity, from recognizing the impact one individual can make. Coupled with leadership development and other opportunities, Team Rubicon offers a way for veterans to continue their service as they transition from military to civilian life.

In 2019 Team Rubicon launched 101 operations, the most the organization has launched in a single year. Team Rubicon currently has more than 130,000 registered volunteers (70% military veterans) and has executed over 423 disaster operations including large-scale events such as the 2010 Haiti earthquake, Superstorm Sandy (2012), Hurricane Harvey (2017), Hurricane Florence and Hurricane Michael (2018), and others. In the aftermath of a disaster, Team Rubicon provides services free of charge to affected homeowners, families, and communities. Services range from debris removal - utilizing manual labor, chainsaws, or heavy equipment - to demolition, home repair, incident management and coordination, damage assessment and mapping. Since 2010, Team Rubicon has returned approximately \$34,745,060 in volunteer labor to communities affected by disaster.

Team Rubicon's Rebuild Operations, which provides construction services for communities affected by disasters, have launched in Houston, South Florida, and Puerto Rico, focusing on homeowners affected by Hurricanes Harvey, Irma, and Maria, respectively. Team Rubicon has rebuilt more than 100 homes in Houston and more than 30 in Collier County, Florida. In Puerto Rico, Team Rubicon provided 500 hurricane-resistant roofs and three full-home rebuilds, helping 1,364 individuals in the process.

In addition to Disaster and Rebuild Operations, Team Rubicon designs and delivers capabilities based on the evolving needs of disaster-affected communities and invests in its volunteers with disaster training education and courses. Through its Capabilities and Training efforts, Team Rubicon Greyshirts have completed 33,554 training sessions in skills such as incident command, chainsaw operations, heavy equipment usage, and expedient home repairs and construction, totaling approximately 29,000 hours dedicated to training in 2019 alone. This year, Team Rubicon doubled down on its commitment to innovation with the introduction of the Enterprise Management System (EMS), which allows is to plan and mobilize disaster operations, and more effectively track data on work completed in the field.

Over the course of 2019, Team Rubicon built the framework for the Resilient Cities Strategy, an effort to recruit, organize, equip and train veteran-led relief teams in 300 metropolitan centers across the United States, primarily in cities with a population larger than 100,000. With teams located across the US, Team Rubicon can quickly project relief no matter the locale or scale of a disaster. This focus on city-level recruitment has the added benefit of increasing the resiliency of local communities, creating a framework for Team Rubicon members and their families and neighbors to prepare and respond to disasters together. The ability to continue to serve alongside like-minded individuals has substantial impact on Team Rubicon's veteran and civilian members alike, with 98% of members reporting a greater sense of purpose due to volunteering.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 1 - ORGANIZATION (continued)

Team Rubicon's commitments to financial and operational transparency have achieved positive recognition from charity watch groups, including a platinum rating from GuideStar and a four-star rating from Charity Navigator. In coordination with several data and visualization partners, Team Rubicon also hosts the Open Initiative, an online data transparency dashboard available to the general public that provides real-time insight into key operational metrics and the overall health of the organization.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### (b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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-imposed restrictions.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the related assets are placed in service.

#### (c) CASH AND CASH EQUIVALENTS

For financial statement purposes, Team Rubicon considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Team Rubicon maintains its cash and cash equivalents in bank deposit and money market accounts, which, at times, may exceed federally insured limits. Team Rubicon has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The carrying value of cash and cash equivalents at December 31, 2019, approximates its fair value.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investment decisions are made by the executive team with the approval of the Team Rubicon Board of Directors. The investments are managed by outside investment managers contracted by Team Rubicon.

#### (e) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. At December 31, 2019, Team Rubicon had received \$990,000 of conditional promises to give.

Pledges receivable expected to be collected within one year are recorded at their net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at an appropriate market interest rate at the time of the contribution.

At December 31, 2019, the Team Rubicon evaluated the collectability of pledges receivable and determined that no allowance for uncollectible pledges receivable was necessary.

#### (f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars, and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Field Equipment	5 - 10 Years
Field Communication Equipment	5 Years
Computer Equipment	3 Years
Furniture and Office Equipment	7 Years
Leasehold Improvements	Lease Term
Audiovisual and Media Equipment	5 Years

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(g) CAPITALIZED SOFTWARE**

Team Rubicon capitalizes certain costs incurred in connection with the development of software for internal use. These costs are capitalized beginning when Team Rubicon has entered the application development stage and ceases when the software is substantially complete and ready for its intended use. The period of amortization of software ranges three to five years.

#### **(h) LONG-LIVED ASSETS**

Team Rubicon reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended December 31, 2019.

#### **(i) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived 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. During the year ended December 31, 2019, Team Rubicon received in-kind contributions of \$17,083,683. Included in in-kind contribution revenue is a significant contribution related to field workflow management, data collection, and fieldwork order management. This contribution, which was received throughout the year ended December 31, 2019, is reflected at a fair market value of \$7,733,528. Data warehouse, business analytics, and reporting platform expenses, included in technology, office equipment, and supplies in the statement of functional expenses, increased during the year ended December 31, 2019, as a result of this significant contribution. The balance of \$9,350,155 of in-kind contribution revenue includes donated software and consulting services, pro-bono legal services, donated field materials for Rebuild Operations, and donated flights.

A substantial number of volunteers have donated significant amounts of their time to Team Rubicon. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized in the accompanying financial statements.

#### **(j) INCOME TAXES**

Team Rubicon is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 740, *Uncertainty in Income Taxes*, Team Rubicon recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2019, Team Rubicon performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(k) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing Team Rubicon's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

#### **(l) USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **(m) COMPARATIVE TOTALS**

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with Team Rubicon's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### **(n) NEW ACCOUNTING PRONOUNCEMENTS**

In June 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. Team Rubicon implemented the ASU during the year ended December 31, 2019.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions and various other narrow aspects, as identified and addressed in such updates. For Team Rubicon, the ASU will be effective for the year ending December 31, 2020.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For Team Rubicon, the ASU will be effective for the year ending December 31, 2022.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For Team Rubicon, the ASU will be effective for the year ending December 31, 2022.

#### (o) SUBSEQUENT EVENTS

Team Rubicon has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2019, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 3, 2020, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as disclosed in Note 12.

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Team Rubicon has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

**TEAM RUBICON, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS** (continued)

The following table presents information about Team Rubicon's assets that are measured at fair value on a recurring basis at December 31, 2019, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Fixed Income	\$ 18,573,763	\$ 18,573,763	\$ -	\$ -
Equity Funds	37,590	37,590	-	-
<b><i>TOTAL</i></b>	<b>\$ 18,611,353</b>	<b>\$ 18,611,353</b>	<b>\$ -</b>	<b>\$ -</b>

The fair values of the securities within level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

Team Rubicon recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended December 31, 2019.

**NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Contributions and pledges receivable are expected to be collected as follows:

Within One Year	\$ 5,513,624
Within Two Years	1,500,000
<b><i>TOTAL CONTRIBUTIONS AND PLEDGES RECEIVABLE</i></b>	<b>\$ 7,013,624</b>

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2019

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consist of the following:

Field Equipment	\$	2,295,178
Leasehold Improvements		151,375
Field Communication Equipment		104,345
Computer Equipment		101,379
Furniture and Office Equipment		57,925
Audiovisual and Media Equipment		50,008
<b>TOTAL</b>		<b>2,760,210</b>
Less: Accumulated Depreciation		(838,315)
<b>PROPERTY AND EQUIPMENT (NET)</b>	\$	<b>1,921,895</b>

Depreciation expense for the year ended December 31, 2019, was \$337,671.

### NOTE 6 - CAPITALIZED SOFTWARE

Capitalized software consists of the following at December 31, 2019:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized Software Development Costs	\$ 2,251,634	\$ (406,529)	\$ 1,845,105

The period of amortization varies from three to five years and amortization expense for the year ended December 31, 2019, was \$353,026. Future amortization expense is as follows:

#### Years Ending December 31

2020	\$	784,217
2021		685,705
2022		297,498
2023		6,659
2024		6,659
Thereafter		64,368
<b>TOTAL</b>	\$	<b>1,845,105</b>



## TEAM RUBICON, INC.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2019

#### NOTE 7 - LINE OF CREDIT FACILITY

Team Rubicon has a line of credit facility with a bank with available financing of \$10,000,000. The facility, which is secured by Team Rubicon's investments, expires in January 2021, and any draws on the line of credit bear interest at an Adjusted LIBOR Rate defined as 1.45% plus the LIBOR rate (the one-month LIBOR rate was 1.7543% at December 31, 2019). At December 31, 2019, there was no outstanding balance on the line of credit.

#### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019:

Time Restrictions	\$ 4,750,000
Disaster Operations	2,781,515
Capabilities and Training	1,870,813
Rebuild Operations	<u>1,015,056</u>
<b><i>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</i></b>	<b><i>\$ 10,417,384</i></b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Rebuild Operations	\$ 5,062,638
Disaster Operations	4,944,577
Technology	1,308,900
Capabilities and Training	1,072,287
Equipment	60,000
Other	<u>12,065</u>
<b><i>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</i></b>	<b><i>\$ 12,460,467</i></b>

#### NOTE 9 - EMPLOYEE BENEFIT PLAN

Team Rubicon sponsors a 401(k) retirement plan that covers all full-time and part-time employees. Participating employees may elect to contribute on a tax-deferred basis a portion of their compensation. Team Rubicon contributes an amount equal to 100% of each participant's contribution up to a maximum of 4% of eligible compensation. Team Rubicon may also elect to make additional discretionary contributions to the plan. Team Rubicon's contribution for the year ended December 31, 2019, amounted to \$322,659.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

### NOTE 10 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

Team Rubicon leases their facilities, including their Los Angeles office space, under non-cancelable operating lease agreements that expire through January 2028. As of December 31, 2019, future minimum lease payments under these leases are as follows:

#### Years Ending December 31

2020	\$	592,057
2021		324,623
2022		284,824
2023		245,081
2024		217,310
Thereafter		<u>712,114</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,376,009</u></b>

Rent expense for the year ended December 31, 2019, was \$511,115.

#### (b) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, Team Rubicon may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against Team Rubicon, which, from time to time, may have an impact on its change in net assets. Team Rubicon does not believe that these proceedings, individually or in the aggregate, are material to the accompanying financial statements.

### NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by Team Rubicon at December 31, 2019, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at December 31, 2019:	
Cash and Cash Equivalents	\$ 6,735,394
Investments	18,611,353
Contributions and Pledges Receivable	<u>7,013,624</u>
<b>TOTAL FINANCIAL ASSETS</b>	
<b>AT DECEMBER 31, 2019</b>	<b>32,360,371</b>
Less: Amounts Not Available to Be Used, within One Year Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(4,234,464)
Purpose Restricted Contributions and Pledges Receivable	<u>(1,432,920)</u>
<b>FINANCIAL ASSETS AVAILABLE TO</b>	
<b>MEET GENERAL EXPENDITURES</b>	
<b>WITHIN ONE YEAR</b>	<b><u>\$ 26,692,987</u></b>

# **TEAM RUBICON, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

### **NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)**

Team Rubicon regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Team Rubicon is substantially supported by contributions without donor restrictions and government grants and contracts. As part of Team Rubicon's liquidity management, it has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Team Rubicon has various sources of liquidity at its disposal. Team Rubicon's investments are held for operations, and the entire investment portfolio consists of highly liquid investments. In addition, to help manage unanticipated liquidity needs, Team Rubicon has a line of credit facility with available financing of \$10,000,000. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Team Rubicon considers pledges restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

### **NOTE 12 - SUBSEQUENT EVENT**

Subsequent to the year-end, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world, causing significant business disruption which may negatively impact Team Rubicon's program services delivery and investment portfolio holdings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. It is therefore likely there will be an impact on Team Rubicon's operating activities and results. However, the related financial impact and duration cannot be reasonably estimated at this time.