

**FOR PETE'S SAKE
CANCER RESPITE FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 and 2015

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-20



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
For Pete's Sake Cancer Respite Foundation
Plymouth Meeting, PA

Report on Financial Statements

We have audited the accompanying financial statements of For Pete's Sake Cancer Respite Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 For Pete's Sake Cancer Respite Foundation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
December 15, 2016

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Financial Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 248,295	\$ 280,209
Pledges receivable, net of allowance	104,559	87,284
Other current assets	<u>15,212</u>	<u>8,965</u>
Total Current Assets	368,066	376,458
Restricted assets		
Endowment	627,090	107,101
Unrealized gain (loss)	16,454	5,364
Endowment receivable, net of Allowance	<u>370,434</u>	<u>150,324</u>
	1,013,978	262,789
Property and equipment, net	229,808	242,604
Beneficial Interest in a Remainder Trust	<u>274,791</u>	<u>189,983</u>
TOTAL ASSETS	<u>\$ 1,886,643</u>	<u>\$ 1,071,834</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 18,007</u>	<u>\$ 19,729</u>
Total Current Liabilities	<u>18,007</u>	<u>19,729</u>
Net Assets		
Unrestricted net assets		
Undesignated	481,298	530,240
Board-designated	60,000	60,000
Board-designated endowment	<u>17,114</u>	<u>-</u>
Total Unrestricted Net Assets	558,412	590,240
Temporarily restricted net assets	313,360	205,327
Permanently restricted net assets	<u>996,864</u>	<u>256,538</u>
Total Net Assets	<u>1,868,636</u>	<u>1,052,105</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,886,643</u>	<u>\$ 1,071,834</u>

The accompanying notes are an integral part of these financial statements

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Activities

For the Years Ended June 30, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenues:				
Support:				
Contributions	\$ 622,610	\$ 31,937	\$ 740,326	\$ 1,394,873
Contributions in-kind	274,469	-	-	274,469
Total Contributions	<u>897,079</u>	<u>31,937</u>	<u>740,326</u>	<u>1,669,342</u>
Revenues:				
Special events revenue:				
Fees	497,345	6,632	-	503,977
Contributions in-kind	177,249	-	-	177,249
	<u>674,594</u>	<u>6,632</u>	<u>-</u>	<u>681,226</u>
Special events direct costs	<u>(395,720)</u>	<u>-</u>	<u>-</u>	<u>(395,720)</u>
Net special events revenue	<u>278,874</u>	<u>6,632</u>	<u>-</u>	<u>285,506</u>
Investment income	<u>5,012</u>	<u>-</u>	<u>-</u>	<u>5,012</u>
Change in value of beneficial interest	<u>-</u>	<u>84,808</u>	<u>-</u>	<u>84,808</u>
Net assets released from restrictions	<u>15,344</u>	<u>(15,344)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,196,309</u>	<u>108,033</u>	<u>740,326</u>	<u>2,044,668</u>
Expenses:				
Program services	910,181	-	-	910,181
Support services:				
Management and general	87,908	-	-	87,908
Fundraising	230,048	-	-	230,048
Total expenses	<u>1,228,137</u>	<u>-</u>	<u>-</u>	<u>1,228,137</u>
Change in net assets	(31,828)	108,033	740,326	816,531
Net assets at beginning of year	<u>590,240</u>	<u>205,327</u>	<u>256,538</u>	<u>1,052,105</u>
Net assets at end of year	<u>\$ 558,412</u>	<u>\$ 313,360</u>	<u>\$ 996,864</u>	<u>\$ 1,868,636</u>

(continued)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Support:				
Contributions	\$ 569,395	\$ 14,521	\$ 230,733	\$ 814,649
Contributions in-kind	336,633	-	-	336,633
Total Contributions	<u>906,028</u>	<u>14,521</u>	<u>230,733</u>	<u>1,151,282</u>
Revenues:				
Special events revenue:				
Fees	569,348	823	-	570,171
Contributions in-kind	199,892	-	-	199,892
	<u>769,240</u>	<u>823</u>	<u>-</u>	<u>770,063</u>
Special events direct costs	<u>(406,819)</u>	<u>-</u>	<u>-</u>	<u>(406,819)</u>
Net special events revenue	<u>362,421</u>	<u>823</u>	<u>-</u>	<u>363,244</u>
Investment income	<u>4,303</u>	<u>-</u>	<u>-</u>	<u>4,303</u>
Change in value of beneficial interest	<u>-</u>	<u>(19,840)</u>	<u>-</u>	<u>(19,840)</u>
Net assets released from restrictions	<u>24,816</u>	<u>(24,816)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,297,568</u>	<u>(29,312)</u>	<u>230,733</u>	<u>1,498,989</u>
Expenses:				
Program services	904,966	-	-	904,966
Support services:				
Management and general	71,882	-	-	71,882
Fundraising	252,999	-	-	252,999
Total expenses	<u>1,229,847</u>	<u>-</u>	<u>-</u>	<u>1,229,847</u>
Change in net assets	67,721	(29,312)	230,733	269,142
Net assets at beginning of year	<u>522,519</u>	<u>234,639</u>	<u>25,805</u>	<u>782,963</u>
Net assets at end of year	<u>\$ 590,240</u>	<u>\$ 205,327</u>	<u>\$ 256,538</u>	<u>\$ 1,052,105</u>

The accompanying notes are an integral part of these financial statements

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Functional Expenses

For the Years Ended June 30, 2016 and 2015

	2016						
	Program		General and Administrative		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 24,591	\$ 64,169	\$ -	\$ -	\$ -	\$ -	\$ 88,760
15th Anniversary	-	-	-	-	-	-	-
Airline travel	53,070	-	-	-	-	-	53,070
Ancillary services	38,386	3,860	-	-	-	-	42,246
Bad debts	-	-	13,655	-	-	-	13,655
Bank service charges	-	-	297	-	15,717	-	16,014
Car rental	21,404	-	-	-	-	-	21,404
Conference and training	955	-	130	-	1,232	399	2,716
Depreciation	15,234	-	-	-	961	-	16,195
Dues and subscriptions	3,750	-	1,570	-	2,667	-	7,987
Employee benefits	38,999	-	5,754	-	19,179	-	63,932
Employment taxes	21,137	-	3,119	-	10,395	-	34,651
Facility repairs and maintenance	13,037	-	-	-	-	-	13,037
Fundraising expenses	-	-	-	-	453	150	603
Gas expense	6,316	-	-	-	-	-	6,316
Insurance	5,438	-	3,266	-	-	-	8,704
Licenses and fees	1,216	-	1,216	-	1,216	-	3,648
Limousine travel	-	3,248	-	-	-	-	3,248
Marketing	9	30,896	-	-	805	-	31,710
Meetings	2,978	-	552	-	2,741	-	6,271
Miscellaneous	5,207	-	431	-	311	-	5,949
Patient stipend	89,324	-	-	-	-	-	89,324
Payroll service fees	625	-	78	-	274	-	977
Postage and delivery	12,745	-	1,009	-	3,133	-	16,887
Printing and reproduction	12,095	2,200	1,559	-	8,143	-	23,997
Professional fees	-	3,360	7,250	480	-	960	12,050
Program support	7,401	71,608	-	-	3,472	-	82,481
Rent expense	-	32,778	-	4,683	-	9,365	46,826
Salaries and wages	245,410	28,140	36,208	-	120,693	-	430,451
Supplies	5,062	143	652	18	2,226	62	8,163
Technology and website	8,700	11,488	40	1,436	12,391	5,026	39,081
Telephone	7,558	-	895	-	1,790	-	10,243
Travel	217	-	-	-	3,725	-	3,942
Utilities	17,427	-	3,610	-	2,562	-	23,599
Total Functional Expenses	<u>\$ 658,291</u>	<u>\$ 251,890</u>	<u>\$ 81,291</u>	<u>\$ 6,617</u>	<u>\$ 214,086</u>	<u>\$ 15,962</u>	<u>\$ 1,228,137</u>
		<u>\$ 910,181</u>		<u>\$ 87,908</u>		<u>\$ 230,048</u>	

(continued)

2015

	Program		General and Administrative		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 7,546	\$ 79,243	\$ -	\$ -	\$ -	\$ -	\$ 86,789
15th Anniversary	5,703	-	-	-	1,426	-	7,129
Airline travel	67,262	-	-	-	-	-	67,262
Ancillary services	21,858	11,736	-	-	-	-	33,594
Bad debts	-	-	-	-	700	-	700
Bank service charges	46	-	1,837	-	12,868	-	14,751
Car rental	24,099	-	-	-	-	-	24,099
Conference and training	1,779	-	988	-	965	-	3,732
Depreciation	16,058	-	52	-	2,176	-	18,286
Dues and subscriptions	2,878	-	1,499	-	1,586	-	5,963
Employee benefits	25,341	-	4,446	-	14,670	-	44,457
Employment taxes	18,030	-	3,163	-	10,439	-	31,632
Facility repairs and maintenance	14,069	-	-	-	-	-	14,069
Fundraising expenses	-	-	-	-	3,313	-	3,313
Gas expense	3,003	-	-	-	-	-	3,003
Insurance	5,334	-	3,209	-	-	-	8,543
Licenses and fees	676	-	675	-	801	-	2,152
Limousine travel	286	4,307	-	-	-	-	4,593
Marketing	1,621	39,600	13	-	1,536	-	42,770
Meetings	2,152	-	267	-	2,649	-	5,068
Miscellaneous	4,265	-	158	-	-	-	4,423
Patient stipend	97,157	-	-	-	-	-	97,157
Payroll service fees	587	-	90	-	318	-	995
Postage and delivery	5,983	-	574	-	4,259	-	10,816
Printing and reproduction	9,986	500	777	-	13,131	-	24,394
Professional fees	-	-	7,025	-	800	24,300	32,125
Program support	30,779	74,077	-	-	-	-	104,856
Rent expense	-	32,633	-	4,662	-	9,324	46,619
Salaries and wages	207,805	30,065	36,457	-	120,307	-	394,634
Supplies	4,855	89	701	14	2,497	48	8,204
Technology and website	6,973	17,946	271	2,578	9,839	5,511	43,118
Telephone	9,580	-	1,161	-	2,322	-	13,063
Travel	573	-	-	-	4,685	-	5,258
Utilities	18,486	-	1,265	-	2,529	-	22,280
Total Functional Expenses	<u>\$ 614,770</u>	<u>\$ 290,196</u>	<u>\$ 64,628</u>	<u>\$ 7,254</u>	<u>\$ 213,816</u>	<u>\$ 39,183</u>	<u>\$ 1,229,847</u>
		<u>\$ 904,966</u>		<u>\$ 71,882</u>		<u>\$ 252,999</u>	

The accompanying notes are an integral part of these financial statements

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 816,531	\$ 269,142
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,195	18,286
(Increase) decrease in:		
Pledges receivable	(237,384)	(206,016)
Other current assets	(6,247)	849
Beneficial Interest in Remainder Trust	(84,808)	19,840
(Decrease) increase in:		
Accounts payable	<u>(1,722)</u>	<u>5,979</u>
Net Cash Provided by (Used in) Operating Activities	<u>502,565</u>	<u>108,080</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(3,400)</u>	<u>(10,313)</u>
Net Cash (Used in) Investing Activities	<u>(3,400)</u>	<u>(10,313)</u>
Cash flows from financing activities:		
Contributions restricted for long-term investment	<u>(531,079)</u>	<u>(112,464)</u>
Net cash provided by financing activities	<u>(531,079)</u>	<u>(112,464)</u>
Net increase (decrease) in cash and cash equivalents	(31,914)	(14,697)
Cash and cash equivalents at beginning of year	<u>280,209</u>	<u>294,906</u>
Cash and cash equivalents at end of year	<u>\$ 248,295</u>	<u>\$ 280,209</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies

This summary of significant accounting policies of For Pete's Sake Cancer Respite Foundation ("FPS") is presented to assist in the understanding of FPS's financial statements. The financial statements and notes are representations of FPS's management, who is 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 Operations:

FPS was formed under the laws of Pennsylvania in 1999 and is a tax-exempt organization as defined by Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code (IRC) that is publicly supported and, therefore, not a private foundation. In 2007, FPS was the 34th not-for-profit organization in Pennsylvania to be awarded the Seal of Excellence for successfully completing the Pennsylvania Association of Nonprofit Organizations (PANO) *Standards for Excellence* program. *Standards for Excellence* are based on fundamental values such as honesty, integrity, fairness, respect, trust, responsibility, and accountability. In 2015, FPS was recertified by PANO. Once recertified, the seal is awarded for five years. FPS is proud of this designation and its focus on fiscal and program efficiency.

FPS was created for the purpose of providing respite and relief to struggling young adult cancer patients, thereby alleviating the burdens of the sick and distressed and providing the patient and family with the means necessary to embrace this devastating diagnosis and address the psychological, emotional and spiritual trauma associated with cancer. Eligible candidates receive an expense-paid respite vacation to select destinations, accompanied with a generous stipend and supplementary materials such as journals, inspirational writings, robes and other amenities to complement the respite experience. Preference is given to patients who reside in Pennsylvania, New Jersey, Delaware New York and Maryland. Patients and their families receive ancillary services upon the return home and as the journey with cancer continues. The volunteer-based Patient Program Committee is dedicated to the continued support of the emotional, psychological and spiritual needs of the patients. This program encourages a patient's interaction with FPS, facilitates links to informational and third-party resources, and helps patients overcome the loneliness, fear, anxiety, and isolation that accompany the cancer diagnosis.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Nature of Operations (continued):

Key Program statistics follow:

	<u>2016</u>	<u>2015</u>
Patients served	176	188
Nominations received	148	154
Respite vacations provided	104	110
Total travelers, including patients	368	404
Total served	517	555

Patients traveled to the two FPS homes near Orlando, Florida and to other donated respite destinations along the New Jersey, North Carolina and Florida coasts, as well as in the Poconos, Maine and Caribbean. FPS continued to provide ancillary services to all patients and their families to help them through the crisis of cancer. FPS is supported primarily from proceeds of four special events, organized and executed by volunteer committees, and general public support from corporations, foundations, and individuals.

Evaluation of the program is assessed in part from statistics derived from the patients' evaluation and impact study and also an independent evaluation by the patient's nominator. Since measurement began, the overall rating of the improved ability to cope with cancer is 3.95 on a scale of one to four. One hundred percent of all nominating professionals recognize post-respite improvement in the patient's and patient's family/caregiver's ability to cope with cancer. FPS has established relationships with over 100 cancer centers in the tri-state area and beyond. A detailed list of patient and center demographics is available on the FPS website.

FPS posts all evaluation questions and scores, Internal Revenue Service Form 990, and audited financial statements on www.takeabreakfromcancer.org for complete transparency of its operations. Information is also available by contacting the office and by visiting www.guidestar.org.

Use of Estimates in Financial Statements:

Management uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2016 and 2015 FPS had \$313,360 and \$205,327, respectively of net assets temporarily restricted by donors. The 2016 temporarily restricted net assets are designated for the 2016-2017 fiscal year operations.

During fiscal year 2014, FPS received a donation in the form of an irrevocable Charitable Remainder Unitrust. In each taxable year of the trust and during the life of the donor the trustees will pay to the donor an amount equal to 5% of the net fair value of the assets of the trust. Upon the death of the donor, the trustees will distribute to FPS 40% of the then principal and income of the trust. As of June 30, 2015, the fair value of FPS's portion of its beneficial interest in the charitable remainder trust was \$274,791, recorded as an asset on the Organization's statement of financial position. During the life of the donor, earnings on the trust assets will be recorded at the beginning of each year as a change in the beneficial interest in a charitable remainder trust on the statement of activities with a corresponding change in the asset.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2016 and 2015, there were permanently restricted net assets of \$996,864 and \$256,538, respectively for the purpose of an endowment.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents:

FPS considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Pledges are reported net of an allowance for doubtful collections of \$2,000 for each of the years ended June 30, 2016 and 2015. Beginning June 30, 2016 an \$8,000 allowance was established for endowment pledges. The allowance for doubtful accounts is based on past experience. Accounts are charged against the allowance when they are determined to be uncollectible.

Property and Equipment:

Property and equipment are stated at acquisition cost or fair value on the date of a donated gift. Major additions and betterments are charged to the asset accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed. Property and equipment are depreciated using the straight-line method over their estimated useful lives, from 3 to 27.5 years. Depreciation expense is allocated among program services and supporting activities expense. Capitalization of fixed assets is defined as all assets purchased in excess of \$1,000 with useful lives determined to be greater than one year.

Contributions and Expenses:

Contributions are recognized when cash is received, unconditional promises are made, or ownership of other assets is transferred to FPS. This support is recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, FPS reports the support as unrestricted. Expenses are reported when costs are incurred.

FPS has been notified that donors have named FPS as beneficiaries in their wills. The future contributions are for the operating support toward meeting the Organization's mission. The amounts of gifts are unknown and will be recognized upon notification. For the years ended June 30, 2016 and 2015 no amounts have been recognized or recorded in the accompanying financial statements.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Donated Services:

FPS recognizes donated services, that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their time to FPS's program functions and special event activities. During the years ended June 30, 2016 and 2015, respectively, FPS received approximately 2,724 and 2,283 donated program service and administrative hours. FPS received approximately 3,942 and 3,854 special event activity volunteer hours for the years ended June 30, 2016 and 2015, respectively. The cost of these hours is not recorded in the statement of activities because the criteria for recognition have not been satisfied. For the years ended June 30, 2016 and 2015 FPS did recognize professional services of nursing care of \$28,140 and \$30,065, respectively.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities of FPS have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FPS.

Income Taxes:

FPS is exempt from Federal taxation as a charitable organization under IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements. Additionally, the Organization has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting for Uncertainty in Income Taxes: As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ended June 30, 2013 - 2015.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

2. Property and Equipment

Property and equipment consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Computer software	\$ 35,511	\$ 35,511
Computer equipment	10,809	10,809
Office equipment	5,113	5,113
Residences - Davenport, Florida	315,777	318,313
Land - Davenport, Florida	<u>14,402</u>	<u>14,402</u>
	381,612	384,148
Accumulated depreciation	<u>(151,804)</u>	<u>(141,544)</u>
Property and equipment, net	<u>\$ 229,808</u>	<u>\$ 242,604</u>

Depreciation expense was \$16,195 and \$18,286 for the years ended June 30, 2016 and 2015, respectively

3. Line of Credit

FPS has a revolving line of credit available in the amount of \$50,000 bearing an interest rate of 4.25%. As of June 30, 2016 and 2015 there was no outstanding balance on the line of credit at year end.

4. In-Kind Contributions and Expenses

Donated facilities, services and materials have been reflected in the financial statements at fair value as both contributions and corresponding expenses and consisted of the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Accommodations	\$ 64,169	\$ 79,243
Computer processing and website design	17,950	26,035
Professional services	36,140	54,365
Marketing	30,896	39,600
Miscellaneous	1,391	150
Rent	46,826	46,688
Ancillary Services	3,554	11,667
Respite amenities and supplies	73,543	78,885
Special events	<u>177,249</u>	<u>199,892</u>
Total contributions and expenses in-kind	<u>\$ 451,718</u>	<u>\$ 536,525</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

5. Related Parties

Board members and FPS staff provided cash contributions totaling \$27,347 for special events, \$22,715 for the annual appeal and \$12,742 for the endowment to FPS during the year ended June 30, 2016. During the year ended June 30, 2015, board members and staff provided cash contributions totaling \$50,876 for special events and \$19,693 for the FPS annual appeal.

6. Board-Designated Unrestricted Net Assets

The Board of Directors has designated \$60,000 of unrestricted net assets as of June 30, 2016 and \$60,000 as of June 30, 2015 for future capital and operational needs.

7. Special Events

The Organization reported special event expenses for the years ended June 30, 2016 and 2015 as follows:

	2016			2015		
	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>
Auction merchandise	\$ 2,080	\$ 88,232	\$ 90,312	\$ 10,445	\$ 94,759	\$ 105,204
Community event	46,017	3,913	49,930	43,825	5,010	48,835
Entertainment	4,300	-	4,300	4,068	-	4,068
Event production	41,512	64,805	106,317	41,320	74,479	115,799
Facility rental	26,528	-	26,528	27,081	-	27,081
Food/beverage	67,539	9,499	77,038	57,652	13,844	71,496
Miscellaneous	8,340	-	8,340	4,023	-	4,023
Postage and delivery	6,315	-	6,315	3,536	-	3,536
Printing and reproduction	5,517	10,800	16,317	2,220	11,800	14,020
Promotional items	6,950	-	6,950	9,377	-	9,377
Raffle prizes	3,373	-	3,373	3,380	-	3,380
	<u>\$ 218,471</u>	<u>\$ 177,249</u>	<u>\$ 395,720</u>	<u>\$ 206,927</u>	<u>\$ 199,892</u>	<u>\$ 406,819</u>

8. Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and temporary cash investments with a high credit quality institution. At times, such investments may be in excess of the \$250,000 FDIC insurance limit (SIPC insurance for investments, not including market losses) thus exposing the Organization to a loss in the amount of the excess. As of June 30, 2016 and 2015 no amounts were in excess of the FDIC and SIPC limits.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

9. Temporarily Restricted Net Assets

For the years ended June 30, 2016 and 2015, net assets were restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Charitable remainder unitrust	\$ 274,791	\$ 189,982
Special event production	6,632	824
Technology	26,715	-
Ancillary support	2,500	-
Patient respites	<u>2,722</u>	<u>14,521</u>
	<u>\$ 313,360</u>	<u>\$ 205,327</u>

Temporarily restricted net assets during the year ended June 30, 2016 and 2015 were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	<u>2016</u>	<u>2015</u>
Patient Respites	\$ 14,520	\$ 18,316
Special event production	<u>824</u>	<u>6,500</u>
	<u>\$ 15,344</u>	<u>\$ 24,816</u>

10. Endowment Fund

Permanently restricted net assets at June 30, 2016 and 2015 consist of a Family Impact Fund. The Family Impact Fund is a monetary fund from which income derived from invested principal is used to support the mission of For Pete's Sake.

Interpretation of Relevant Standard: The Board of Directors of For Pete's Sake have interpreted the standard as requiring any donor-restricted contributions as being classified as unrestricted, temporarily restricted, or permanently restricted depending on the nature of the restriction. For Pete's Sake considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the foundation
- (7) The investment policies of the foundation

FOR PETE’S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

10. Endowment Fund (Continued)

Permanently restricted net assets at June 30, 2016 and 2015 consist of a Healing, Hope and Happiness Fund. This portfolio is the sustaining, long-term Endowment of FPS. These funds are to be invested with capital growth and total return as the primary objective. The secondary objective is preservation of capital and liquidity is the third objective. These funds are to be invested in accordance with the guidelines of this document.

Return Objectives and Risk Parameters: The endowment is to be managed by employing the “prudent-man rule” as the primary operating guideline. However, the following requirements/limitations are to be maintained unless changes are recommended by the FPS Finance Committee and approved by the FPS Board of Directors.

Undesignated portfolio holdings limited to cash and cash equivalents shall mean those securities with the explicit or implied guarantee of the U.S. Government, such as Treasury bills, notes and bonds and U.S. Agency securities. Also eligible for purchase are repurchase agreements, money market funds, bankers’ acceptances.

Designated portfolio - the nature and the current intent for use of the income derived from investments held in this portfolio prescribe the following:

1. Investments in the equities should normally represent 60% of total Fund assets based upon market value. The actual percentage of equities will vary with market conditions, within the band set by the Board. Holdings should not exceed these bands for more than a nominal period.
2. The desired ratio between equities and fixed-income securities (including cash equivalents) may vary. Accordingly, the FPS Board of Directors at the recommendation of the FPS Finance Committee may prescribe and approve a ratio mix. At this time, a ratio of 60% equity and 40% fixed-income is being recommended.

The Endowment consisted of:

Endowment Fund Type	<u>2016</u>	<u>2015</u>
Board Designated	\$ 17,114	\$ -
Donor-Restricted	<u>996,864</u>	<u>256,538</u>
Total Endowment	<u>\$ 1,013,978</u>	<u>\$ 256,538</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2016 and 2015

10. Endowment Fund (Continued)

Activities in the Healing, Hope and Happiness Fund comprise the following:

	Board- <u>Designated</u>	Permanently <u>Restricted</u>	<u>2016</u>
Endowment net assets, July 1	\$ -	\$ 256,538	\$ 256,538
Contributions	-	740,326	740,326
Investment income	1,411	-	1,411
Net appreciation	15,703	-	15,703
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30	<u>\$ 17,114</u>	<u>\$ 996,864</u>	<u>\$ 1,013,978</u>

	Board- <u>Designated</u>	Permanently <u>Restricted</u>	<u>2015</u>
Endowment net assets, July 1	\$ -	\$ 25,805	\$ 25,805
Contributions	-	230,733	230,733
Endowment net assets, June 30	<u>\$ -</u>	<u>\$ 256,538</u>	<u>\$ 256,538</u>

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FPS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: For the foreseeable future it is the intention of the Board to grow the assets in the Healing, Hope and Happiness Endowment, until the Board determines a self-sustaining level of assets has been reached. At that point, a portion of the funds in the Endowment will be utilized each year to fund the respite activities of For Pete's Sake. The Board will be required each year to approve this spending.

When it occurs, the annual allocation to the FPS budget for respite activities will be four percent (4%) of the average of the most recent 12 calendar quarter-ending values of the Endowment as determined by reference to the statements provided by the custodians of the Endowment assets.

11. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available for release. No subsequent events have been recognized or disclosed.