

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 and 2017

(See Independent Auditors' Report)

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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 statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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
November 27, 2018

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 202,166	\$ 253,950
Pledges receivable, net	165,637	93,615
Other current assets	<u>21,346</u>	<u>15,547</u>
Total Current Assets	<u>389,149</u>	<u>363,112</u>
Restricted Assets		
Endowment cash	17,146	329,196
Endowment investments	791,759	387,136
Endowment receivable, net	<u>321,415</u>	<u>386,000</u>
Total Restricted Assets	<u>1,130,320</u>	<u>1,102,332</u>
Property and equipment, net	301,766	261,229
Beneficial interest in a remainder trust	<u>244,249</u>	<u>251,085</u>
TOTAL ASSETS	<u>\$ 2,065,484</u>	<u>\$ 1,977,758</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 35,842</u>	<u>\$ 45,932</u>
Total Current Liabilities	<u>35,842</u>	<u>45,932</u>
Net Assets		
Unrestricted net assets		
Undesignated	193,410	192,982
Board-designated	105,000	105,000
Board-designated endowment	63,441	28,037
Investment in property and equipment	<u>301,766</u>	<u>261,229</u>
Total Unrestricted Net Assets	663,617	587,248
Temporarily restricted net assets	299,146	270,283
Permanently restricted net assets	<u>1,066,879</u>	<u>1,074,295</u>
Total Net Assets	<u>2,029,642</u>	<u>1,931,826</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,065,484</u>	<u>\$ 1,977,758</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, 2018 and 2017

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenues:				
Support:				
Contributions	\$ 977,241	\$ 48,800	\$ -	\$ 1,026,041
Contributions in-kind	344,216	-	-	344,216
Total Contributions	1,321,457	48,800	-	1,370,257
Present value discount	2,940	-	17,584	20,524
Net Contributions	1,324,397	48,800	17,584	1,390,781
Revenues:				
Special events revenue:				
Registrations	535,809	6,097	-	541,906
Contributions in-kind	200,490	-	-	200,490
Total special events revenue	736,299	6,097	-	742,396
Special events direct costs	(450,401)	-	-	(450,401)
Net special events revenue	285,898	6,097	-	291,995
Investment income	51,676	-	-	51,676
Change in value of beneficial interest	-	(6,836)	-	(6,836)
Gain/(loss) on sale of property and equipment	(7,235)	-	-	(7,235)
Net assets released from restrictions	19,198	(19,198)	-	-
Total Support and Revenue	1,673,934	28,863	17,584	1,720,381
Expenses:				
Program services	1,197,329	-	14,890	1,212,219
Support services:				
Management and general	95,415	-	-	95,415
Fundraising	304,821	-	10,110	314,931
Total expenses	1,597,565	-	25,000	1,622,565
Change in net assets	76,369	28,863	(7,416)	97,816
Net assets at beginning of year	587,248	270,283	1,074,295	1,931,826
Net assets at end of year	\$ 663,617	\$ 299,146	\$ 1,066,879	\$ 2,029,642

(continued)

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Support:				
Contributions	\$ 724,123	\$ 13,006	\$ 100,000	\$ 837,129
Contributions in-kind	340,584	-	-	340,584
Total Contributions	1,064,707	13,006	100,000	1,177,713
Present value discount	(5,477)	-	(22,569)	(28,046)
Net Contributions	1,059,230	13,006	77,431	1,149,667
Revenues:				
Special events revenue:				
Registrations	633,027	6,192	-	639,219
Contributions in-kind	248,240	-	-	248,240
Total special events revenue	881,267	6,192	-	887,459
Special events direct costs	(512,945)	-	-	(512,945)
Net special events revenue	368,322	6,192	-	374,514
Investment income	17,786	-	-	17,786
Change in value of beneficial interest	-	(23,706)	-	(23,706)
Net assets released from restrictions	38,569	(38,569)	-	-
Total Support and Revenue	1,483,907	(43,077)	77,431	1,518,261
Expenses:				
Program services	1,087,405	-	-	1,087,405
Support services:				
Management and general	88,015	-	-	88,015
Fundraising	279,651	-	-	279,651
Total expenses	1,455,071	-	-	1,455,071
Change in net assets	28,836	(43,077)	77,431	63,190
Net assets at beginning of year	558,412	313,360	996,864	1,868,636
Net assets at end of year	\$ 587,248	\$ 270,283	\$ 1,074,295	\$ 1,931,826

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, June 30, 2018 and 2017

	2018						Total
	Program		General and Administrative		Fundraising		
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 29,133	\$ 100,947	\$ -	\$ -	\$ -	\$ -	\$ 130,080
Airline travel	77,934	9,876	-	-	-	-	87,810
Bad debts	15,165	-	-	-	10,110	-	25,275
Bank service charges	4,295	-	381	-	10,078	-	14,754
Car rental	36,274	-	-	-	-	-	36,274
Conference and training	1,688	570	68	42	2,140	226	4,734
Depreciation	16,236	-	1,619	-	1,573	-	19,428
Dues and subscriptions	2,997	-	1,269	-	1,344	-	5,610
Employee benefits	50,223	-	12,780	-	25,949	-	88,952
Employment taxes	27,412	-	4,112	-	14,163	-	45,687
Facility repairs and maintenance	23,113	2,573	-	-	-	-	25,686
Fundraising expenses	-	-	10	-	1,485	-	1,495
Gas expense	9,208	-	-	-	-	-	9,208
Insurance	5,964	-	3,553	-	133	-	9,650
Licenses and fees	891	-	891	-	1,015	-	2,797
Limousine travel	-	4,567	-	-	-	-	4,567
Marketing	15	-	24	-	828	-	867
Meetings	4,589	-	1,010	-	2,733	-	8,332
Miscellaneous	884	-	254	-	-	-	1,138
Patient stipend	123,668	-	-	-	-	-	123,668
Payroll service fees	673	-	50	-	352	-	1,075
Postage and delivery	14,604	-	537	-	2,987	-	18,128
Printing and reproduction	17,750	-	514	-	8,345	-	26,609
Professional fees	21,576	204	9,917	15	16,707	81	48,500
Program ancillary services	48,229	19,744	-	-	-	-	67,973
Program support	18,821	67,968	-	-	-	-	86,789
Property taxes	838	-	-	-	-	-	838
Rent expense	-	32,193	-	6,048	-	8,585	46,826
Salaries and wages	326,090	41,482	48,913	-	168,480	-	584,965
Supplies	4,880	-	268	-	1,445	-	6,593
Technology and website	13,219	5,097	936	375	26,755	2,024	48,406
Telephone	7,542	-	462	-	1,849	-	9,853
Travel	2,628	-	726	-	2,982	-	6,336
Utilities	20,459	-	641	-	2,562	-	23,662
Total Functional Expenses	\$ 926,998	\$ 285,221	\$ 88,935	\$ 6,480	\$ 304,015	\$ 10,916	\$ 1,622,565

(continued)

2017

	Program		General and Administrative		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 23,102	\$ 68,603	\$ -	\$ -	\$ -	\$ -	\$ 91,705
Airline travel	70,984	6,882	-	-	-	-	77,866
Bad debts	-	-	224	-	1,573	-	1,797
Bank service charges	5,593	-	272	-	15,361	-	21,226
Car rental	33,895	-	-	-	-	-	33,895
Computer equipment and software	750	-	95	-	345	-	1,190
Conference and training	1,416	-	219	-	1,467	-	3,102
Depreciation	17,278	-	185	-	1,039	-	18,502
Dues and subscriptions	3,078	-	1,351	-	2,113	-	6,542
Employee benefits	46,564	-	8,164	-	25,255	-	79,983
Employment taxes	24,177	-	3,688	-	13,113	-	40,978
Facility repairs and maintenance	15,996	2,879	-	-	-	-	18,875
Fundraising expenses	4,937	-	-	-	4,937	-	9,874
Gas expense	4,549	-	-	-	197	-	4,746
Insurance	6,779	-	3,998	-	-	-	10,777
Licenses and fees	1,425	-	1,124	-	1,155	-	3,704
Limousine travel	692	4,780	-	-	-	-	5,472
Marketing	582	48,405	8	270	804	-	50,069
Meetings	2,721	-	1,413	-	2,420	-	6,554
Miscellaneous	7,090	-	-	-	-	-	7,090
Patient stipend	110,260	-	-	-	-	-	110,260
Payroll service fees	398	-	86	-	680	-	1,164
Postage and delivery	10,685	-	996	-	3,452	-	15,133
Printing and reproduction	15,494	-	1,245	-	3,815	-	20,554
Professional fees	8,700	-	6,700	-	13,300	-	28,700
Program ancillary services	33,683	6,530	-	-	-	-	40,213
Program support	23,031	69,960	-	-	-	-	92,991
Property tax	771	-	-	-	-	-	771
Rent expense	-	35,831	-	-	-	10,996	46,827
Salaries and wages	284,072	41,618	45,827	-	154,073	-	525,590
Supplies	1,615	284	530	36	4,089	131	6,685
Technology and website	16,622	2,192	370	278	11,257	1,009	31,728
Telephone	7,297	-	956	-	1,911	-	10,164
Travel	1,511	-	81	-	3,994	-	5,586
Utilities	13,694	-	9,899	-	1,165	-	24,758
Total Functional Expenses	\$ 799,441	\$ 287,964	\$ 87,431	\$ 584	\$ 267,515	\$ 12,136	\$ 1,455,071

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 97,816	\$ 63,190
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,428	18,502
Realized loss on sale of property and equipment	(7,235)	-
Contributed property and equipment	-	(39,900)
(Increase) decrease in:		
Pledges receivable	(7,437)	(4,622)
Other current assets	(5,799)	(335)
Beneficial Interest in Remainder Trust	6,836	23,706
(Decrease) increase in:		
Accounts payable	<u>(10,090)</u>	<u>27,925</u>
Net Cash Provided by Operating Activities	<u>93,519</u>	<u>88,466</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(57,600)	(10,023)
Sale of property and equipment	<u>32,000</u>	<u>-</u>
Net Cash (Used in) Investing Activities	<u>(25,600)</u>	<u>(10,023)</u>
Cash flows from financing activities:		
Purchase of investments	<u>(431,753)</u>	<u>(106,196)</u>
Net Cash (Used in) Financing Activities	<u>(431,753)</u>	<u>(106,196)</u>
Net increase (decrease) in cash and cash equivalents	(363,834)	(27,753)
Cash and cash equivalents at beginning of year	<u>583,146</u>	<u>610,899</u>
Cash and cash equivalents at end of year	<u>\$ 219,312</u>	<u>\$ 583,146</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, 2018 and 2017

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 accredited by PANO. Once accredited, 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, 2018 and 2017

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

Nature of Operations: (continued)

Key Program statistics follow:

	<u>2018</u>	<u>2017</u>
Families served	251	205
Nominations received	212	176
Respite vacations provided	152	127
Ancillary support contacts	875	637
Program inquiries nationwide	669	618
Total travelers, including patients	554	469
Total served via nominations	764	630

Families of For Pete's Sake were supported in several ways. Based upon the health of the patient, they either received a respite vacation or a take a break staycation. Following the respite or staycation, FPS continued to provide ancillary support to the patient, caregiver and family.

On their respite vacation, 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. We are able to supplement additional stays thanks to the generosity of almost 20 Travel Partners and 15 home donors. We celebrated a major accomplishment, providing the most ever respite vacations in one year.

FPS continued to provide ancillary services to all patients and their families to help them through the crisis of cancer, and our monthly Traveler Engagement events, annual Traveler Reception, a ball game outing and other mini-breaks allow us to reach out to several hundred additional families throughout the year. Additionally, FPS has added the Carry On Club to provide support to all those surviving spouses and/or caregivers of our deceased travelers. With the addition of a staff person, the Family Engagement Officer, dedicated to be the point of contact after the respite vacation or take a break staycation, FPS has seen significant increases in these ancillary support contacts. This allows FPS to be available to provide assistance or support for whatever need arises for our families.

The demand for our program is great, and our community continues to meet the growing needs of our adult cancer patients, caregivers and kids. 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. To supplement the generosity of our annual donors, FPS has established the Healing, Hope and Happiness Endowment Fund to create sustainability and allow for the growth of our program.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

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

Nature of Operations: (continued)

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 3.91 on a scale of one to four. One hundred percent of all nominating professionals recognize post-respite improvement in the patient's and the 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, along with a view of the outcome measures, 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 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.

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, 2018 and 2017, FPS had \$299,146 and \$270,283, respectively of net assets temporarily restricted by donors. The 2018 temporarily restricted net assets are designated for the 2018-2019 fiscal year operations.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

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

Basis of Presentation: (continued)

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, 2018, the fair value of FPS's portion of its beneficial interest in the charitable remainder trust was \$244,249, 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, 2018 and 2017, there were permanently restricted net assets of \$1,066,879 and \$1,074,295, respectively for the purpose of an endowment.

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. Promises to give are recorded at fair value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Contributions to be received after one year have been discounted at 2%. 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, 2018 and 2017. Endowment pledges are reported net of an allowance for doubtful collections of \$8,000 for each of the years ended June 30, 2018 and 2017. The allowance for doubtful accounts is based on past experience.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

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

Pledges Receivable: (continued)

Accounts are charged against the allowance when they are determined to be uncollectible. Unconditional promises to give at June 30, 2018 were as follows:

Receivable in less than one year	\$ 343,303
Receivable in one to five years	<u>161,271</u>
Total unconditional promises to give	504,574
Less: discount to net present value	(7,522)
allowance for doubtful account	<u>(10,000)</u>
Net unconditional promises to give	<u>\$ 487,052</u>

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, 2018 and 2017 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, 2018 and 2017

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, 2018 and 2017, respectively, FPS received approximately 3,397 and 3,686 donated program service and administrative hours. FPS received approximately 3,227 and 3,402 special event activity volunteer hours for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, FPS did recognize professional services of nursing care of \$41,482 and \$36,074, 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, 2015-2017.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

2. Property and Equipment

Property and equipment consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Computer software	\$ 144,735	\$ 45,534
Computer equipment	10,809	10,809
Office equipment	5,113	5,113
Vehicle	-	39,900
Residences - Davenport, Florida	315,776	315,776
Land - Davenport, Florida	<u>14,402</u>	<u>14,402</u>
	490,835	431,534
Accumulated depreciation	<u>(189,069)</u>	<u>(170,305)</u>
Property and equipment, net	<u>\$ 301,766</u>	<u>\$ 261,229</u>

Depreciation expense was \$19,428 and \$18,502 for the years ended June 30, 2018 and 2017, respectively.

3. Investments

Investments in marketable securities are reported at fair market value on the statement of financial position. Donated investments are reflected as contributions at their market values at the date of receipt. Interest earnings, unrealized and realized gains and losses are reported as investment income, net of investment broker fees. As of June 30, 2018 and 2017 the Board of Directors has designated investments in the amount of \$791,759 and \$387,136 toward the endowment fund.

As of June 30, 2018 and 2017, market values and unrealized gain on investments are summarized as follows:

	<u>2018</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
ETF and ETF Options	\$ 755,867	\$ 791,759	\$ 35,892
	<u>\$ 755,867</u>	<u>\$ 791,759</u>	<u>\$ 35,892</u>
	<u>2017</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
ETF and ETF Options	\$ 382,306	\$ 387,136	\$ 4,830
	<u>\$ 382,306</u>	<u>\$ 387,136</u>	<u>\$ 4,830</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

4. 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, 2018 and 2017 there was no outstanding balance on the line of credit at year end.

5. Fair Value of Financial Instruments

FPS follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

5. Fair Value of Financial Instruments (Continued)

The Organization also adopted the Fair Value Option for Financial Assets and Liabilities under the FASB Standards Codification. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, as permitted under the Codification. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future. The following table represents the Organization's fair value hierarchy for those investments, measured at fair value on a recurring basis as of June 30, 2018 and 2017:

	2018			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
ETF and ETF Options	\$ 791,759	\$ -	\$ -	\$ 791,759
	<u>\$ 791,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,759</u>
	2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
ETF and ETF Options	\$ 387,136	\$ -	\$ -	\$ 387,136
	<u>\$ 387,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,136</u>

6. Related Parties

Board members and FPS staff provided cash contributions totaling \$12,226 for special events, \$30,699 for the annual appeal during the year ended June 30, 2018. During the year ended June 30, 2017, Board members and staff provided cash contributions totaling \$22,321 for special events and \$14,084 for the annual appeal.

7. Board-Designated Unrestricted Net Assets

The Board of Directors has designated \$105,000 of unrestricted net assets as of June 30, 2018 and 2017 for future capital and operational needs.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

8. 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Accommodations	\$100,947	\$ 69,419
Computer processing and website design	49,095	3,480
Salaries and wages	41,482	41,617
Marketing	-	48,675
Miscellaneous	3,711	39,537
Rent	46,826	46,826
Ancillary services	19,744	6,530
Respite amenities and supplies	82,411	84,500
Special events	<u>200,490</u>	<u>248,240</u>
Total Contributions and Expenses In-Kind	<u>\$ 544,706</u>	<u>\$ 588,824</u>

9. 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, 2018 and 2017 no amounts were in excess of the FDIC and SIPC limits.

10. Special Events

The Organization reported special event expenses for the years ended June 30, 2018 and 2017 as follows:

	<u>2018</u>			<u>2017</u>		
	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>
Auction merchandise	\$ 5,434	\$ 63,298	\$ 68,732	\$ 2,395	\$ 116,064	\$ 118,459
Community event	62,876	2,893	65,769	75,356	10,856	86,212
Entertainment	4,800	-	4,800	4,300	-	4,300
Event production	37,989	119,948	157,937	30,696	106,946	137,642
Facility rental	15,749	-	15,749	14,120	-	14,120
Food/beverage	91,211	8,731	99,942	105,522	10,724	116,246
Miscellaneous	2,695	-	2,695	2,505	-	2,505
Postage and delivery	7,762	-	7,762	4,658	-	4,658
Printing and reproduction	9,013	5,350	14,363	13,388	3,650	17,038
Promotional items	10,204	-	10,204	7,826	-	7,826
Raffle prizes	2,178	270	2,448	3,939	-	3,939
	<u>\$ 249,911</u>	<u>\$ 200,490</u>	<u>\$ 450,401</u>	<u>\$ 264,705</u>	<u>\$ 248,240</u>	<u>\$ 512,945</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

11. Temporarily Restricted Net Assets

For the years ended June 30, 2018 and 2017, net assets were restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Charitable remainder unitrust	\$ 244,249	\$ 251,085
Special event production	6,097	6,192
Technology	25,000	10,006
Ancillary support	13,800	3,000
Patient respites	10,000	-
	<u>\$ 299,146</u>	<u>\$ 270,283</u>

Temporarily restricted net assets during the year ended June 30, 2018 and 2017 were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	<u>2018</u>	<u>2017</u>
Patient respites	\$ 3,000	\$ 2,722
Technology	10,964	26,715
Special event production	5,234	9,132
	<u>\$ 19,198</u>	<u>\$ 38,569</u>

12. Endowment Fund

Permanently restricted net assets at June 30, 2018 and 2017 consist of the Healing, Hope and Happiness (HHH) Fund. The HHH 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, 2018 and 2017

12. Endowment Fund (Continued)

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 objectives. 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, and 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.

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>2018</u>	<u>2017</u>
Board designated	\$ 63,441	\$ 28,037
Donor-restricted	<u>1,066,879</u>	<u>1,074,295</u>
Total Endowment	<u>\$ 1,130,320</u>	<u>\$ 1,102,332</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

12. Endowment Fund (Continued)

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

	<u>Board- Designated</u>	<u>Permanently Restricted</u>	<u>2018</u>
Endowment net assets, July 1	\$ 28,037	\$ 1,074,295	\$ 1,102,332
Contributions	-	-	-
Investment income	11,487	-	11,487
Net appreciation	35,892	-	35,892
Present value adjustment	-	17,584	17,584
Amounts appropriated for expenditure	(11,700)	-	(11,700)
Bad debt write-off	(275)	(25,000)	(25,275)
Endowment net assets, June 30	<u>\$ 63,441</u>	<u>\$ 1,066,879</u>	<u>\$ 1,130,320</u>

	<u>Board- Designated</u>	<u>Permanently Restricted</u>	<u>2017</u>
Endowment net assets, July 1	\$ 17,114	\$ 996,864	\$ 1,013,978
Contributions	-	77,431	77,431
Investment income	3,728	-	3,728
Net appreciation	7,195	-	7,195
Endowment net assets, June 30	<u>\$ 28,037</u>	<u>\$ 1,074,295</u>	<u>\$ 1,102,332</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.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2018 and 2017

13. 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.

14. New Accounting Pronouncements

ASU No. 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities: This Statement is effective for fiscal years beginning after December 15, 2017. The objective of this Statement is to improve the information presented in the financial statements and notes about a not-for-profit entity's net asset classifications, liquidity, financial performance, and cash flows. The provision of the pronouncement reduces the three classes of net assets on the statement of financial position and the statement of activities down to two classes of net assets. It also enhances footnote disclosure for any governing board designations, restrictions on net assets, and qualitative and quantitative disclosures on liquidity. This Statement will be implemented in the fiscal year ended June 30, 2019.

15. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. There was no effect to previously reported net assets or change in net assets.