

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted *ASU 2016-14 (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The implementation of this standard resulted in reclassification of net asset accounts as well as additional disclosures. The most significant changes are more fully discussed in Note 1.



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

Warrington, PA
December 6, 2019

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Statements of Financial Position

June 30, 2019 and 2018

ASSETS		
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 411,474	\$ 202,166
Board designated reserve	657,489	-
Pledges receivable, net	78,960	165,637
Other current assets	<u>37,436</u>	<u>21,346</u>
Total Current Assets	<u>1,185,359</u>	<u>389,149</u>
Restricted Assets		
Restricted cash	38,993	-
Endowment cash	7,095	17,146
Endowment investments	907,454	791,759
Endowment receivable, net	<u>237,604</u>	<u>321,415</u>
Total Restricted Assets	<u>1,191,146</u>	<u>1,130,320</u>
Property and equipment, net	321,212	301,766
Beneficial interest in a remainder trust	<u>231,419</u>	<u>244,249</u>
 TOTAL ASSETS	 <u>\$ 2,929,136</u>	 <u>\$ 2,065,484</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 39,453	\$ 35,842
Total Current Liabilities	<u>39,453</u>	<u>35,842</u>
Net Assets		
Without donor restrictions		
Undesignated	377,430	193,410
Board-designated operating reserve	105,000	105,000
Board-designated endowment	752,810	63,441
Investment in property and equipment	<u>321,212</u>	<u>301,766</u>
	<u>1,556,452</u>	<u>663,617</u>
With donor restrictions		
Purpose restrictions	276,122	299,146
Perpetual in nature-endowment	<u>1,057,109</u>	<u>1,066,879</u>
	<u>1,333,231</u>	<u>1,366,025</u>
 Total Net Assets	 <u>2,889,683</u>	 <u>2,029,642</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,929,136</u>	 <u>\$ 2,065,484</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, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	
		Program Restrictions	Endowment Funds
			Total
Support and Revenues:			
Support:			
Contributions	\$ 2,024,595	\$ 41,368	\$ 2,000
Contributions in-kind	409,936	-	-
Total Contributions	2,434,531	41,368	2,000
Present value discount	(2,960)	-	(11,770)
Net Contributions	2,431,571	41,368	(9,770)
Revenues:			
Special events revenue:			
Revenue	470,929	3,335	-
Contributions in-kind	140,181	-	-
Total special events revenue	611,110	3,335	-
Less cost of direct benefit to donors	(326,720)	-	-
Net special events revenue	284,390	3,335	-
Investment income	75,506	-	-
Change in value of beneficial interest	-	(12,830)	-
Net assets released from restrictions	54,897	(54,897)	-
Total Support and Revenues	2,846,364	(23,024)	(9,770)
Expenses:			
Program services	1,429,293	-	-
Support services:			
Management and general	83,712	-	-
Fundraising	440,524	-	-
Total expenses	1,953,529	-	-
Change in net assets	892,835	(23,024)	(9,770)
Net assets at beginning of year	663,617	299,146	1,066,879
Net assets at end of year	\$ 1,556,452	\$ 276,122	\$ 1,057,109

(continued)

	2018			
	Without Restrictions	With Donor Restrictions		Total
		Program Restrictions	Endowment Funds	
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:				
Revenue	535,810	6,097	-	541,907
Contributions in-kind	222,990	-	-	222,990
Total special events revenue	758,800	6,097	-	764,897
Less cost of direct benefit to donors	(297,018)	-	-	(297,018)
Net special events revenue	461,782	6,097	-	467,879
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	44,198	(19,198)	(25,000)	-
Total Support and Revenues	1,874,818	28,863	(7,416)	1,896,265
Expenses:				
Program services	1,212,219	-	-	1,212,219
Support services:				
Management and general	95,415	-	-	95,415
Fundraising	490,815	-	-	490,815
Total expenses	1,798,449	-	-	1,798,449
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

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, 2019 and 2018

	2019						
	Program		Management and General		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 40,196	\$ 152,467	\$ -	\$ -	\$ -	\$ -	\$ 192,663
Airline travel	86,829	6,606	-	-	-	-	93,435
Bad debts	-	-	-	-	15,923	-	15,923
Bank service charges	-	-	493	-	22,596	-	23,089
Car rental	36,332	-	-	-	-	-	36,332
Conference and training	1,035	-	90	-	1,215	-	2,340
Depreciation	32,064	-	383	-	908	-	33,355
Dues and subscriptions	4,015	-	2,280	-	2,597	-	8,892
Employee benefits	67,713	-	7,406	-	30,682	-	105,801
Employment taxes	35,296	-	3,861	-	15,994	-	55,151
Facility repairs and maintenance	23,497	-	38	-	152	-	23,687
Fundraising expenses	-	-	-	-	449	-	449
Gas expense	6,860	-	-	-	-	-	6,860
Insurance	7,596	-	5,685	-	761	-	14,042
Licenses and fees	2,606	-	1,842	-	1,842	-	6,290
Limousine travel	(692)	9,317	-	-	-	-	8,625
Marketing	72	26,073	30	-	1,375	-	27,550
Meetings	4,528	28	404	26	2,700	26	7,712
Miscellaneous	-	-	425	-	-	-	425
Patient stipend	113,571	-	-	-	-	-	113,571
Payroll service fees	868	-	77	-	332	-	1,277
Postage and delivery	14,212	-	483	-	3,151	-	17,846
Printing and reproduction	12,449	-	309	-	7,582	-	20,340
Professional fees	-	-	7,930	-	-	-	7,930
Program ancillary services	40,201	23,522	-	-	-	-	63,723
Program support	23,784	70,817	-	-	-	-	94,601
Property tax	860	-	-	-	-	-	860
Rent expense	-	35,120	-	2,341	-	9,365	46,826
Salaries and wages	423,746	63,579	46,347	-	192,010	-	725,682
Supplies	10,293	-	885	-	3,938	-	15,116
Technology and website	17,049	2,121	272	639	22,441	3,088	45,610
Telephone	7,980	-	492	-	1,970	-	10,442
Travel	1,858	-	275	-	4,584	-	6,717
Utilities	24,825	-	699	-	2,795	-	28,319
Total expenses by function	1,039,643	389,650	80,706	3,006	335,997	12,479	1,861,481
Add special events expenses	-	-	-	-	71,555	20,493	92,048
Total expense included in the expense section on the statement of activities	<u>\$ 1,039,643</u>	<u>\$ 389,650</u>	<u>\$ 80,706</u>	<u>\$ 3,006</u>	<u>\$ 407,552</u>	<u>\$ 32,972</u>	<u>\$ 1,953,529</u>

(continued)

	2018						
	Program		Management and General		Fundraising		Total
	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 expenses by function	926,998	285,221	88,935	6,480	304,015	10,916	1,622,565
Add special events expenses	-	-	-	-	60,339	115,545	175,884
Total expense included in the expense section on the statement of activities	<u>\$ 926,998</u>	<u>\$ 285,221</u>	<u>\$ 88,935</u>	<u>\$ 6,480</u>	<u>\$ 364,354</u>	<u>\$ 126,461</u>	<u>\$ 1,798,449</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 860,041	\$ 97,816
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,355	19,428
Realized loss on sale of property and equipment	-	(7,235)
Contributed fixed asset	(4,801)	(41,599)
(Increase) decrease in:		
Pledges receivable	170,488	(7,437)
Other current assets	(16,090)	(5,799)
Beneficial Interest in Remainder Trust	12,830	6,836
(Decrease) increase in:		
Accounts payable	<u>3,611</u>	<u>(10,090)</u>
Net Cash Provided by Operating Activities	<u>1,059,434</u>	<u>51,920</u>
Cash Flows from Investing Activities:		
Purchase of investments	(115,695)	(390,154)
Purchase of property and equipment	(48,000)	(57,600)
Sale of property and equipment	<u>-</u>	<u>32,000</u>
Net Cash (Used in) Investing Activities	<u>(163,695)</u>	<u>(415,754)</u>
Net increase (decrease) in cash and cash equivalents	895,739	(363,834)
Cash and cash equivalents at beginning of year	<u>219,312</u>	<u>583,146</u>
Cash and cash equivalents at end of year	<u>\$ 1,115,051</u>	<u>\$ 219,312</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, 2019 and 2018

NOTE 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. Candidates are nominated by oncology professionals from medical institutions such as Crozer Chester Medical Center, Abramson Cancer Center and MD Anderson Cancer Center. Eligible candidates receive an expense-paid respite experience 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. The volunteer-based Patient Program Committee is dedicated to the continued support of the emotional, psychological and spiritual needs of the patients.

Key Program statistics follow:

	<u>2019</u>	<u>2018</u>
Patients served	256	251
Nominations received	200	212
Respite vacations provided	154	152
Post respite outreach	13,222	n/a
Ancillary support contacts	677	875
Program inquiries nationwide	876	669
Total travelers, including patients	556	554
Total served via nominations	734	764

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

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

Nature of Operations: (continued)

Families of FPS are 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 continues 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.

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. 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. Furthermore, social media and the internet has allowed FPS to reach over 13,000 people. These touchpoints include, Facebook, patient self-care newsletter, and cancer care books. 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, 2019 and 2018

NOTE 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:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

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

Basis of Presentation: *(continued)*

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) 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.

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, 2019 and 2018, the fair value of FPS's portion of its beneficial interest in the charitable remainder trust was \$231,419 and \$244,249, respectively, 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.

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, 2019 and 2018. Endowment pledges are reported net of an allowance for doubtful collections of \$8,000 for each of the years ended June 30, 2019 and 2018. The allowance for doubtful accounts is based on past experience.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

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

Accounts are charged against the allowance when they are determined to be uncollectible. Unconditional promises to give at June 30, 2019 were as follows:

Receivable in less than one year	\$ 73,979
Receivable in one to five years	<u>274,837</u>
Total unconditional promises to give	348,816
Less: discount to net present value	(22,252)
allowance for doubtful account	<u>(10,000)</u>
Net unconditional promises to give	<u>\$ 316,564</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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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, 2019 and 2018 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, 2019 and 2018

NOTE 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, 2019 and 2018, respectively, FPS received approximately 3,907 and 3,397 donated program service and administrative hours. FPS received approximately 3,711 and 3,227 special event activity volunteer hours for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, FPS did recognize professional services of nursing care of \$63,579 and \$41,482, respectively.

Special Event Revenue:

The statement of activities presents the gross amounts of revenues and expenses from special events. The portion of a special event payment that represents the amount in excess of any direct benefit that the donor receives is recognized as contributions. The portion representing cost of the direct benefit to the donors is reported as reduction of gross special events revenue on the statement of activities and special event expense on the statement of functional expenses.

Allocation of Functional 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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FPS. Salaries and related expenses are allocated based on estimates of time and effort.

Income Taxes:

FPS qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for federal or state income taxes is included in the accompanying financial statements. FPS is not classified as a private foundation. FPS's federal tax returns are subject to audit by taxing authorities. FPS's returns open audit periods are for the fiscal years ending June 30, 2016 - 2018.

FOR PETE’S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

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

Recent Accounting Guidance:

FPS adopted ASU 2016-14 (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. FPS has adjusted the presentation of these statements accordingly.

The ASU has been applied retrospectively to all periods presented. The most significant changes in the financial statement for the year ended June 30, 2019 were:

- Presentation on the face of the statement of financial position amounts for two classes of net assets, rather than three classes. Permanently and Temporarily Restricted Net Assets are reported as Net Assets With Donor Restrictions and Unrestricted Net Assets are reported as Net Assets Without Donor Restrictions.
- Liquidity footnote disclosed.

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.

Subsequent Events:

FPS 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.

NOTE 2. Availability and Liquidity

FPS considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the FPS’s fiscal year.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 2. Availability and Liquidity (Continued)

FPS manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of FPS.

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year end:		
Cash and cash equivalents	\$	411,474
Board designated reserve		657,489
Restricted cash		38,993
Endowment cash		7,095
Pledge receivable, net		78,960
Endowment receivable, net		237,604
Investments in remainder trust		231,419
Investments		<u>907,454</u>
Total financial assets		<u>2,570,488</u>
Less amounts not available to be used within one year:		
Cash and cash equivalents - restricted for endowment		(7,095)
Beneficial Interest in remainder trust		(231,419)
Endowment receivable - due after one year, net		(237,604)
Investments held for endowment		<u>(907,454)</u>
Financial assets not available to be used within one year		<u>(1,383,572)</u>
Financial assets available to meet general expenditures within one year	\$	<u>1,186,916</u>

In addition, FPS has a line of credit of \$50,000 available as needed.

NOTE 3. Property and Equipment

Property and equipment consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computer software	\$ 197,536	\$ 144,735
Computer equipment	10,809	10,809
Office equipment	5,113	5,113
Residences - Davenport, Florida	315,776	315,776
Land - Davenport, Florida	<u>14,402</u>	<u>14,402</u>
	543,636	490,835
Accumulated depreciation	<u>(222,424)</u>	<u>(189,069)</u>
Property and equipment, net	<u>\$ 321,212</u>	<u>\$ 301,766</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 3. Property and Equipment (Continued)

Depreciation expense was \$33,355 and \$19,428 for the years ended June 30, 2019 and 2018, respectively.

NOTE 4. Investments

Investments in marketable securities are reported at fair 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, 2019 and 2018 the Board of Directors has designated investments in the amount of \$907,454 and \$791,759, respectively, toward the endowment fund.

As of June 30, 2019 and 2018, fair values and unrealized gain on investments are summarized as follows:

	2019		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
ETF and ETF Options	\$ 837,535	\$ 907,454	\$ 69,919
	<u>\$ 837,535</u>	<u>\$ 907,454</u>	<u>\$ 69,919</u>
	2018		
	<u>Cost</u>	<u>Fair 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>

NOTE 5. 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, 2019 and 2018 there was no outstanding balance on the line of credit at year end.

NOTE 6. 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.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 6. Fair Value of Financial Instruments (Continued)

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.

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, 2019 and 2018:

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF and ETF Options	\$ 907,454	\$ -	\$ -	\$ 907,454
	<u>\$ 907,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,454</u>
	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF and ETF Options	\$ 791,759	\$ -	\$ -	\$ 791,759
	<u>\$ 791,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,759</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 7. Related Parties

Board members and FPS staff provided cash contributions totaling \$11,735 for special events and \$44,850 for the annual appeal during the year ended June 30, 2019. During the year ended June 30, 2018, Board members and staff provided cash contributions totaling \$12,226 for special events and \$30,699 for the annual appeal.

NOTE 8. Board-Designated Net Assets Without Donor Restrictions

FPS's Board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2019 and 2018, the following amounts were designated for specific purposes by the Board:

	<u>2019</u>	<u>2018</u>
Designated by Board for operating reserve	\$ 105,000	\$ 105,000
Designated by Board for endowment	<u>752,810</u>	<u>63,441</u>
Total Board-Designated Funds	<u>\$ 857,810</u>	<u>\$ 168,441</u>

NOTE 9. 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Accommodations	\$ 152,467	\$ 100,947
Computer processing and website design	10,650	49,095
Salaries and wages	63,579	41,482
Marketing	26,073	-
Miscellaneous	79	3,711
Rent	46,826	46,826
Ancillary services	23,522	19,744
Respite amenities and supplies	86,740	82,411
Special events	<u>140,181</u>	<u>222,990</u>
Total Contributions In-Kind	<u>\$ 550,117</u>	<u>\$ 567,206</u>
Program expense in-kind	389,650	285,221
Management and general in-kind	3,006	6,480
Fundraising in-kind	12,479	10,916
Special events in-kind	<u>140,181</u>	<u>222,990</u>
Total Expenses In-Kind	<u>\$ 545,316</u>	<u>\$ 525,607</u>

As of June 30, 2019 and 2018, FPS capitalized donated fixed assets in the amount of \$4,801 and \$41,599, respectively.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 10. Concentration of Credit Risk

FPS's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. FPS places its cash and temporary cash investments with a high credit quality institutions. At times, such investments may be in excess of the \$250,000 FDIC insurance limit (\$500,000 SIPC insurance for investments, not including market losses) thus exposing the FPS to a loss in the amount of the excess. As of June 30, 2019 and 2018, the amounts in excess of these insurance limits totaled \$556,497 and \$0, respectively.

NOTE 11. Special Events

FPS reported special event expenses for the years ended June 30, 2019 and 2018 as follows:

	<u>2019</u>			<u>2018</u>		
	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>	<u>Ordinary</u>	<u>In-Kind</u>	<u>Total</u>
Auction merchandise	\$ 23,381	\$ 69,372	\$ 92,753	\$ 5,434	\$ 63,298	\$ 68,732
Community event	13,268	5,778	19,046	13,007	2,893	15,900
Entertainment	4,500	-	4,500	4,800	-	4,800
Event production	21,264	11,953	33,217	28,478	9,753	38,231
Facility rental	14,270	5,750	20,020	15,749	-	15,749
Food/beverage	127,454	26,735	154,189	119,927	31,231	151,158
Raffle prizes	2,895	100	2,995	2,178	270	2,448
Total direct cost special event expenses	<u>207,032</u>	<u>119,688</u>	<u>326,720</u>	<u>189,573</u>	<u>107,445</u>	<u>297,018</u>
Indirect special event expenses	<u>71,555</u>	<u>20,493</u>	<u>92,048</u>	<u>60,339</u>	<u>115,545</u>	<u>175,884</u>
Total special event expenses	<u>\$ 278,587</u>	<u>\$ 140,181</u>	<u>\$ 418,768</u>	<u>\$ 249,912</u>	<u>\$ 222,990</u>	<u>\$ 472,902</u>

NOTE 12. Net Assets with Donor Restrictions

For the years ended June 30, 2019 and 2018, net assets were restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Charitable remainder unitrust	\$ 231,419	\$ 244,249
Special event production	5,710	6,097
Technology	38,993	25,000
Ancillary support	-	13,800
Patient respites	-	10,000
	<u>\$ 276,122</u>	<u>\$ 299,146</u>

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 12. Net Assets with Donor Restrictions (Continued)

Net assets during the year ended June 30, 2019 and 2018 were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	<u>2019</u>	<u>2018</u>
Patient respites	\$ 10,000	\$ 3,000
Ancillary support	13,800	-
Technology	25,000	10,964
Special event production	<u>6,097</u>	<u>5,234</u>
	<u>\$ 54,897</u>	<u>\$ 19,198</u>

NOTE 13. Endowment Fund

Permanently restricted net assets at June 30, 2019 and 2018 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 FPS.

Interpretation of Relevant Standard: The Board of Directors of FPS 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. FPS 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 FPS 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 FPS
- (7) The investment policies of FPS

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.

FOR PETE'S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 13. Endowment Fund (Continued)

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:

- 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:

	<u>2019</u>	<u>2018</u>
Board designated	\$ 752,810	\$ 63,441
Donor-restricted	<u>1,057,109</u>	<u>1,066,879</u>
Total Endowment	<u><u>\$ 1,809,919</u></u>	<u><u>\$ 1,130,320</u></u>

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

	<u>Board-</u> <u>Designated</u>	<u>Permanently</u> <u>Restricted</u>	<u>2019</u>
Endowment net assets, July 1	\$ 63,441	\$ 1,066,879	\$ 1,130,320
Contributions	650,000	2,000	652,000
Investment income	31,342	-	31,342
Net appreciation	34,027	-	34,027
Present value adjustment	-	(11,770)	(11,770)
Amounts appropriated for expenditure	<u>(26,000)</u>	<u>-</u>	<u>(26,000)</u>
Endowment net assets, June 30	<u><u>\$ 752,810</u></u>	<u><u>\$ 1,057,109</u></u>	<u><u>\$ 1,809,919</u></u>

FOR PETE’S SAKE CANCER RESPITE FOUNDATION

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 13. Endowment Fund (Continued)

	<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>

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.