

DEBBIE'S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Debbie's Dream Foundation, Inc.
Plantation, Florida

We have audited the accompanying financial statements of Debbie's Dream Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Debbie's Dream Foundation, Inc. as of December 31, 2017, and the changes in its net assets, its functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Debbie's Dream Foundation, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bellows Associates P.A.

Bellows Associates, P.A.
Plantation, Florida
October 30, 2018

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

With summarized comparative totals as of December 31, 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 688,039	\$ 795,374
Contributions receivable, net	7,000	11,990
Prepaid expenses	71,722	50,821
In-kind assets	62,594	9,467
Total Current Assets	<u>829,355</u>	<u>867,652</u>
Other Assets		
Security deposits	6,923	6,923
Total Other Assets	<u>6,923</u>	<u>6,923</u>
Total Assets	<u>\$ 836,278</u>	<u>\$ 874,575</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 15,203	\$ 50,796
Grants payable	170,000	295,000
Accrued wages	16,242	16,024
Accrued payroll taxes payable	2,957	835
Deferred revenue	77,305	153,644
Deferred rent	6,958	9,213
Total Current Liabilities	<u>288,665</u>	<u>525,512</u>
Long-Term Liabilities		
Grants payable	-	115,000
Total Long-Term Liabilities	<u>-</u>	<u>115,000</u>
Total Liabilities	<u>288,665</u>	<u>640,512</u>
Net Assets		
Unrestricted	547,613	234,063
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	<u>547,613</u>	<u>234,063</u>
Total Liabilities and Net Assets	<u>\$ 836,278</u>	<u>\$ 874,575</u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
Revenues and Other Support					
Contributions, sponsorships, and events	\$ 1,328,571	\$ -	\$ -	\$ 1,328,571	\$ 1,313,061
Interest income	485	-	-	485	2,261
Other income	17,490	-	-	17,490	12,602
Total Revenues and Other Support	<u>1,346,546</u>	<u>-</u>	<u>-</u>	<u>1,346,546</u>	<u>1,327,924</u>
Expenses					
Program services	478,598	-	-	478,598	730,871
Management and general	90,121	-	-	90,121	199,502
Fundraising	464,277	-	-	464,277	519,544
Total Expenses	<u>1,032,996</u>	<u>-</u>	<u>-</u>	<u>1,032,996</u>	<u>1,449,917</u>
Changes in Net Assets	313,550	-	-	313,550	(121,993)
Net Assets, Beginning of Year	<u>234,063</u>	<u>-</u>	<u>-</u>	<u>234,063</u>	<u>356,056</u>
Net Assets, End of Year	<u>\$ 547,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,613</u>	<u>\$ 234,063</u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

	Program Services				Supporting Services		Totals	
	Research	PREP	Advocacy	Total	Management and General	Fundraising	2017	2016
Bad debt expense	\$ -	\$ 500	\$ -	500	\$ -	\$ 7,582	\$ 8,082	\$ -
Contract services	-	-	30,000	30,000	84	6,244	36,328	71,122
Events	-	83,585	23,992	107,577	2,231	162,169	271,977	269,047
Fees	-	295	-	295	3,998	11,782	16,075	14,285
Grant funding	55,000	-	-	55,000	-	-	55,000	339,000
Insurance	-	-	-	-	5,175	-	5,175	4,389
In-kind expense	-	-	-	-	-	20,420	20,420	211,025
Meals and entertainment	-	4,035	-	4,035	1,262	1,332	6,629	2,149
Occupancy	-	24,933	-	24,933	23,100	-	48,033	54,641
Office expenses	-	7,999	302	8,301	29,222	17,265	54,788	72,398
Payroll taxes	-	9,975	-	9,975	13,140	6,612	29,727	18,542
Printing and reproduction	-	1,893	1,326	3,219	1,703	24,910	29,832	22,220
Professional fees	-	-	20,250	20,250	8,650	1,320	30,220	42,110
Promotion	-	170	360	530	1,507	6,387	8,424	58,863
Salaries	-	186,852	-	186,852	47	195,511	382,410	246,659
Travel	-	22,018	5,113	27,131	2	2,743	29,876	23,467
Total Functional Expenses	\$ 55,000	\$ 342,255	\$ 81,343	\$ 478,598	\$ 90,121	\$ 464,277	\$ 1,032,996	\$ 1,449,917

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

With summarized comparative totals for the year ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 313,550	\$ (121,993)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Bad debt expense	8,082	-
In-kind contributions	(53,127)	8,708
Increase or decrease in:		
Contributions receivable	(3,092)	62,441
Prepaid expenses	(20,901)	(7,429)
Accounts payable	(35,593)	29,307
Grants payable	(240,000)	210,000
Accrued wages	218	16,024
Accrued payroll taxes payable	2,122	835
Deferred revenue	(76,339)	18,767
Deferred rent	(2,255)	9,213
Net Cash (Used In) Provided By Operating Activities	<u>(107,335)</u>	<u>225,873</u>
Net (Decrease) Increase in Cash	(107,335)	225,873
Cash, Beginning of Year	<u>795,374</u>	<u>569,501</u>
Cash, End of Year	<u><u>\$ 688,039</u></u>	<u><u>\$ 795,374</u></u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Debbie's Dream Foundation, Inc. (the Organization) was organized as a Florida non-profit corporation on April 21, 2009. The Organization is dedicated to raising awareness about stomach cancer, advancing funding for research, and providing education and support internationally to patients, families, and caregivers. The Organization seeks as its ultimate goal to make the cure for stomach cancer a reality.

Research

The Organization strives to increase the treatment options available for stomach cancer patients by directly funding stomach cancer research. By offering grants for basic, translational and clinical research in stomach cancer to scientists and clinicians at various career levels. The Organization is in the fight against the disease by advancing the field to make progress toward the goal of increasing survival.

Patient Resource Education Program (PREP)

The Organization offers many stomach cancer support services. The free PREP helps patients understand their diagnosis, staging, treatment options, clinical trials, research, management of the disease, and more. PREP connects patients with vital information from the world's leading stomach cancer doctors to receive the best care available. Upon receiving a stomach cancer diagnosis, patients, families, and caregivers should request a Mentor. Mentors share their stories, tips, advice, and concerns with each other to ensure patients are not alone in their fight. Since the program was established in 2010, the PREP program has helped approximately 954 patients and their family members across a multitude of countries worldwide.

Advocacy

Advocates and supporters from across the nation travel to Capitol Hill to ask Congress to invest more federal resources in gastric cancer research, and, to again, include stomach cancer as one of the cancers under the Peer Reviewed Cancer Research Program (PRCRP). Inclusion of stomach cancer in the PRCRP is a significant milestone that that the Organization accomplished through its advocacy efforts in 2014.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Basis of Presentation (Continued)

Unrestricted net assets are resources generated from operations that are not subject to donor-imposed stipulations. Funds include amounts designated by the Board of Directors for support of operations and programs. This category includes the net assets resulting from all revenues, expenses, gains, and losses that are not otherwise restricted.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. As of December 31, 2017 and 2016, there are no temporarily restricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. As of December 31, 2017 and 2016, there are no permanently restricted net assets.

Comparative Summarized Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2017 and 2016, there are no cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable. Management periodically reviews the contributions receivable balance and provides an allowance for amounts which may be uncollectible (See Note 5).

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition

Fundraising and Events

The Organization accounts for earned revenues from events when the event has occurred.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues at fair value in the period when the conditions on which they depend are substantially met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of restrictions. 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.

In-kind Contributions

Noncash donations are recorded at their estimated fair value at the date of donation. These noncash donations include property and equipment, items to be used at auctions, and donated items to hold events.

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization utilizes volunteers to assist with the events held during the year. For the years ended December 31, 2017 and 2016, the number of volunteers utilized was 450 each year.

For the years ended December 31, 2017 and 2016, in-kind contributions totaled \$133,059 and \$202,317, respectively, of which approximately \$25,000 represents donated services in 2016.

Deferred Revenue

Cash received from the sale of tickets prior to the year in which the event will occur is recorded as deferred revenue as of December 31, 2017 and 2016. Additionally, due to the nature of the sponsorship funds, amounts received are recorded as deferred revenue until the sponsoring organization receives substantial benefit in return for the resources contributed.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code has been classified as a public charity. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization believes it has appropriate support for any tax positions taken, and such, does not have any uncertain tax positions that are material to the financial statements.

Date of Management's Review

Management has evaluated subsequent events through October 30, 2018, which is the date the financial statements were available to be issued.

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising expenses based upon management's estimates.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Board of Directors, or closely affiliated companies, contribute to the Organization. For the years ended December 31, 2017 and 2016, the Organization's President and founder made contributions totaling \$17,378 and \$16,009, respectively. For the years ended December 31, 2017 and 2016, contributions from other board members, or closely affiliated companies, totaled \$63,663 and \$31,438, respectively.

NOTE 4 – COMMITMENTS

Operating Lease

The Organization leases office space under a noncancelable operating lease ending on September 30, 2019. The future minimum lease payments, excluding taxes and other related costs, required under the operating lease in each of the next five years are as follows:

December 31:	
2018	\$ 44,396
2019	34,041
2020	-
2021	-
2022	-
Total	<u>\$ 78,437</u>

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
With summarized comparative totals for the year ended December 31, 2016

NOTE 4 – COMMITMENTS (CONTINUED)

For the years ended December 31, 2017 and 2016, total rent expense under the lease totaled \$41,555 and \$48,303, respectively.

Grants Payable

On September 1, 2015, November 21, 2016, and November 22, 2017, the Organization entered into an agreement with the American Association of Cancer Research (AACR) to provide grants to recipients for a total of \$605,000. AACR selects and awards the grant to the recipients on behalf of the Organization. The Organization will make payments to AACR over a two-year period to pay for the grants provided to the recipients. As of December 31, 2017 and 2016, total amount owed was \$170,000 and \$410,000, respectively. For the years ended December 31, 2017 and 2016, grant funding expense was \$55,000 and \$339,000, respectively.

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recognized as revenues in the period received or promised. These amounts include general donations to the Organization. The unrestricted amounts due in less than one year as of December 31, 2017 and 2016 were \$7,000 and \$11,990, net of allowance for doubtful accounts in the amount of \$8,082 and \$0, respectively, as shown in the statement of financial position as contributions receivable.

NOTE 6 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Concentration of Credit Risk

The Organization maintains its cash balances in several financial institutions. The account balances at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2017 and 2016, the Organization's cash exceeded the FDIC insured limits by \$55,475 and \$0, respectively. The Organization has not experienced any loss in such accounts.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the corporations and individuals who comprise the contributor base. Contributions receivable are stated at the amount management expects to collect from outstanding balances.

Concentration of Revenue Source

The Organization's primary source of revenue is made up of various forms of contributions, as shown in the statement of activities, from corporations and individuals. For the years ended December 31, 2017 and 2016, 99% of the Organization's revenue was derived from contributions.