

DEBBIE'S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

**With Summarized
Comparative Information
for the Year Ended December 31, 2017**

DEBBIE'S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

**With Summarized
Comparative Information
for the Year Ended December 31, 2017**

CONTENTS

| | |
|---|------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses..... | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7-12 |



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, 2018, 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

954.838.7000
Broward

305.553.1310
Miami-Dade

954.838.7888 Fax

Report on Summarized Comparative Information

We have previously audited the Debbie's Dream Foundation, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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 31, 2019

**DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

With summarized comparative totals as of December 31, 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash | \$ 520,379 | \$ 688,039 |
| Contributions receivable, net | 51,250 | 7,000 |
| Prepaid expenses | 60,198 | 71,722 |
| In-kind assets | <u>110,020</u> | <u>62,594</u> |
| Total Current Assets | <u>741,847</u> | <u>829,355</u> |
| Other Assets | | |
| Security deposits | <u>6,923</u> | <u>6,923</u> |
| Total Other Assets | <u>6,923</u> | <u>6,923</u> |
| Total Assets | <u>\$ 748,770</u> | <u>\$ 836,278</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 14,495 | \$ 15,203 |
| Grants payable | 55,000 | 170,000 |
| Accrued wages | 5,094 | 16,242 |
| Accrued payroll taxes payable | 390 | 2,957 |
| Deferred revenue | 54,281 | 77,305 |
| Deferred rent | <u>3,410</u> | <u>6,958</u> |
| Total Current Liabilities | <u>132,670</u> | <u>288,665</u> |
| Total Liabilities | <u>132,670</u> | <u>288,665</u> |
| Net Assets | | |
| Net assets without donor restrictions | 616,100 | 547,613 |
| Net assets with donor restrictions | <u>-</u> | <u>-</u> |
| Total Net Assets | <u>616,100</u> | <u>547,613</u> |
| Total Liabilities and Net Assets | <u>\$ 748,770</u> | <u>\$ 836,278</u> |

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total 2018</u> | <u>Total 2017</u> |
|---|---------------------------------------|------------------------------------|-----------------------|-----------------------|
| Revenues and Other Support | | | | |
| Contributions, sponsorships, and events | \$ 1,257,443 | \$ - | \$ 1,257,443 | \$ 1,328,571 |
| Interest income | 328 | - | 328 | 485 |
| Other income | 3,758 | - | 3,758 | 17,490 |
| | <u>1,261,529</u> | <u>-</u> | <u>1,261,529</u> | <u>1,346,546</u> |
| Expenses | | | | |
| Program services | 629,914 | - | 629,914 | 478,598 |
| Management and general | 96,272 | - | 96,272 | 90,121 |
| Fundraising | 466,856 | - | 466,856 | 464,277 |
| | <u>1,193,042</u> | <u>-</u> | <u>1,193,042</u> | <u>1,032,996</u> |
| Changes in Net Assets | 68,487 | - | 68,487 | 313,550 |
| Net Assets, Beginning of Year | <u>547,613</u> | <u>-</u> | <u>547,613</u> | <u>234,063</u> |
| Net Assets, End of Year | <u>\$ 616,100</u> | <u>\$ -</u> | <u>\$ 616,100</u> | <u>\$ 547,613</u> |

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

| | Program Services | | | | Supporting Services | | Totals | |
|----------------------------------|-------------------|-------------------|------------------|-------------------|------------------------|-------------------|---------------------|---------------------|
| | Research | PREP | Advocacy | Total | Management and General | Fundraising | 2018 | 2017 |
| Bad debt expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,686 | \$ 4,686 | \$ 8,082 |
| Contract services | - | 8,283 | - | 8,283 | - | 2,393 | 10,676 | 36,328 |
| Events | - | 87,638 | 13,791 | 101,429 | 6,009 | 194,837 | 302,275 | 292,397 |
| Fees | - | 20 | - | 20 | 10,138 | 5,022 | 15,180 | 16,075 |
| Grant funding | 220,000 | - | - | 220,000 | - | - | 220,000 | 55,000 |
| Insurance | - | 1,299 | - | 1,299 | 1,681 | 2,217 | 5,197 | 5,175 |
| Meals and entertainment | - | - | - | - | - | - | - | 6,629 |
| Occupancy | - | 26,570 | - | 26,570 | 8,506 | 15,498 | 50,574 | 48,033 |
| Office expenses | - | 17,115 | 700 | 17,815 | 23,352 | 9,934 | 51,101 | 54,788 |
| Payroll taxes | - | 7,286 | - | 7,286 | 16,140 | 5,708 | 29,134 | 29,727 |
| Printing and reproduction | - | 1,901 | 2,169 | 4,070 | 1,439 | 19,097 | 24,606 | 29,832 |
| Professional fees | - | 458 | 50,000 | 50,458 | 21,888 | 1,413 | 73,759 | 30,220 |
| Promotion | - | - | - | - | 562 | - | 562 | 8,424 |
| Salaries | - | 169,235 | - | 169,235 | 6,557 | 204,549 | 380,341 | 382,410 |
| Travel | - | 16,553 | 6,896 | 23,449 | - | 1,502 | 24,951 | 29,876 |
| Total Functional Expenses | \$ 220,000 | \$ 336,358 | \$ 73,556 | \$ 629,914 | \$ 96,272 | \$ 466,856 | \$ 1,193,042 | \$ 1,032,996 |

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Changes in net assets | \$ 68,487 | \$ 313,550 |
| Adjustments to reconcile change in net assets to net cash (used in) operating activities | | |
| Bad debt expense | 4,686 | 8,082 |
| In-kind contributions | (47,426) | (53,127) |
| Increase or decrease in: | | |
| Contributions receivable | (48,936) | (3,092) |
| Prepaid expenses | 11,524 | (20,901) |
| Accounts payable | (708) | (35,593) |
| Grants payable | (115,000) | (240,000) |
| Accrued wages | (11,148) | 218 |
| Accrued payroll taxes payable | (2,567) | 2,122 |
| Deferred revenue | (23,024) | (76,339) |
| Deferred rent | (3,548) | (2,255) |
| Net Cash (Used In) Operating Activities | <u>(167,660)</u> | <u>(107,335)</u> |
| Net (Decrease) in Cash | (167,660) | (107,335) |
| Cash, Beginning of Year | <u>688,039</u> | <u>795,374</u> |
| Cash, End of Year | <u>\$ 520,379</u> | <u>\$ 688,039</u> |

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

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 1,200 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended in accordance with the allowable objectives of the Organization.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

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

Basis of Presentation (Continued)

Net assets with donor restrictions: Net assets subject to stipulations by donors and grantors. Some restrictions are temporary in nature and will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, and funds must be maintained in perpetuity.

None of the Organization's net assets are subject to donor-imposed restrictions and are therefore accounted for as net assets without donor restrictions.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (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. Previous classes of net assets have been changed as follows: unrestricted net assets are now presented as net assets without donor restrictions. Temporarily and permanently restricted net assets are now presented as net assets with donor restrictions. Additionally, the indirect cash flow reconciliation has been eliminated, as allowable by the standard. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented with no effect on net asset restrictions.

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, 2017, 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, 2018 and 2017, there are no cash equivalents.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

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

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 3).

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 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 restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2018 and 2017, the number of volunteers utilized was 250 and 450, respectively.

For the years ended December 31, 2018 and 2017, in-kind contributions totaled \$153,176 and \$133,059, respectively.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

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

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, 2018 and 2017. 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.

Functional Expenses

Expenditures incurred in connection with the Organization's operations have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The costs of providing the programs, fundraising, and management and general expenses have been allocated based on average time spent in each area by employees. Expenses not directly connected to a program or fundraising were charged to management and general expenses.

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. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990).

Date of Management's Review

Management has evaluated subsequent events through October 31, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Board of Directors, or closely affiliated companies, contribute to the Organization. For the year ended December 31, 2018, the Organization's President made contributions totaling \$2,686. For the year ended December 31, 2017, the Organization's founder made contributions totaling \$17,378. For the years ended December 31, 2018 and 2017, contributions from other board members, or closely affiliated companies, totaled \$13,809 and \$63,663, respectively.

NOTE 3 – 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, 2018 and 2017 were \$51,250 and \$7,000, net of allowance for doubtful accounts in the amount of \$4,686 and \$8,082, respectively, as shown in the statement of financial position as contributions receivable.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

NOTE 4 – LIQUIDITY AND AVAILABILITY OF ORGANIZATION FUNDS

The Organization has \$571,629 and \$695,039 of financial assets available within one year of December 31, 2018 and 2017, respectively, to meet cash needs for general operating purposes, consisting of cash of \$520,379 and \$688,039 and contributions receivable of \$51,250 and \$7,000, respectively. None of these amounts are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2018 and 2017.

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 5 – COMMITMENTS

Operating Lease

The Organization leases office space under a noncancelable operating lease ending on September 30, 2019. For the years ended December 31, 2018 and 2017, total rent expense under the lease totaled \$44,281 and \$41,555, respectively.

Grants Payable

On November 22, 2017, March 16, 2018, and October 24, 2018, 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, 2018 and 2017, total amount owed was \$55,000 and \$170,000, respectively. For the years ended December 31, 2018 and 2017, grant funding expense was \$220,000 and \$55,000, respectively.

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, 2018 and 2017, the Organization's cash exceeded the FDIC insured limits by \$50,868 and \$55,475, respectively. The Organization has not experienced any loss in such accounts and believe it is not exposed to any significant credit risk on its cash balance.

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.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
With summarized comparative totals for the year ended December 31, 2017

NOTE 6 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS (CONTINUED)

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, 2018 and 2017, 99% of the Organization's revenue was derived from contributions.