

DEBBIE'S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**With Summarized
Comparative Information
for the Year Ended December 31, 2018**

DEBBIE’S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

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Comparative Information
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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, 2019 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, 2019 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.

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Report on Summarized Comparative Information

We have previously audited the Debbie's Dream Foundation, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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 27, 2020

**DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

With summarized comparative totals as of December 31, 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 844,859	\$ 520,379
Contributions receivable, net	4,125	51,250
Prepaid expenses	39,501	60,198
In-kind assets	57,981	110,020
Total Current Assets	<u>946,466</u>	<u>741,847</u>
Other Assets		
Security deposits	6,923	6,923
Total Other Assets	<u>6,923</u>	<u>6,923</u>
Total Assets	<u>\$ 953,389</u>	<u>\$ 748,770</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 41,344	\$ 14,495
Grants payable	-	55,000
Accrued wages	23,582	5,094
Accrued payroll taxes payable	1,826	390
Deferred revenue	59,539	54,281
Deferred rent	-	3,410
Agency payable	8,802	-
Total Current Liabilities	<u>135,093</u>	<u>132,670</u>
Total Liabilities	<u>135,093</u>	<u>132,670</u>
Net Assets		
Net assets without donor restrictions	818,296	616,100
Net assets with donor restrictions	-	-
Total Net Assets	<u>818,296</u>	<u>616,100</u>
Total Liabilities and Net Assets	<u>\$ 953,389</u>	<u>\$ 748,770</u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Revenues and Other Support				
Grants	\$ 483,886	\$ -	\$ 483,886	\$ 453,250
Contributions and donations	263,197	-	263,197	324,472
Sponsorships	206,415	-	206,415	261,340
Events	57,660	-	57,660	65,205
In-kind contributions	94,283	-	94,283	153,176
Total Support	<u>1,105,441</u>	<u>-</u>	<u>1,105,441</u>	<u>1,257,443</u>
Interest income	692	-	692	328
Other income	1,401	-	1,401	3,758
Total Revenues and Other Support	<u>1,107,534</u>	<u>-</u>	<u>1,107,534</u>	<u>1,261,529</u>
Expenses				
Program services	394,029	-	394,029	629,914
Management and general	93,797	-	93,797	96,272
Fundraising	417,512	-	417,512	466,856
Total Expenses	<u>905,338</u>	<u>-</u>	<u>905,338</u>	<u>1,193,042</u>
Changes in Net Assets	202,196	-	202,196	68,487
Net Assets, Beginning of Year	<u>616,100</u>	<u>-</u>	<u>616,100</u>	<u>547,613</u>
Net Assets, End of Year	<u>\$ 818,296</u>	<u>\$ -</u>	<u>\$ 818,296</u>	<u>\$ 616,100</u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

	Program Services				Supporting Services		Totals	
	Research	PREP	Advocacy	Total	Management and General	Fundraising	2019	2018
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,686
Contract services	-	-	-	-	-	-	-	10,676
Events	-	26,487	18,197	44,684	2,792	152,712	200,188	302,275
Fees	-	-	-	-	4,386	12,584	16,970	15,180
Grant funding	110,000	-	-	110,000	-	-	110,000	220,000
Insurance	-	-	-	-	5,714	-	5,714	5,197
Occupancy	-	26,521	-	26,521	8,261	15,471	50,253	50,574
Office expenses	10	8,304	1,139	9,453	30,812	8,050	48,315	51,101
Payroll taxes	-	8,546	-	8,546	1,763	13,998	24,307	29,134
Printing and reproduction	-	2,969	3,513	6,482	1,272	11,579	19,333	24,606
Professional fees	-	3,000	47,900	50,900	13,635	6,340	70,875	73,759
Promotion	-	110	15	125	3,295	754	4,174	562
Salaries	-	112,231	-	112,231	21,807	182,947	316,985	380,341
Travel	-	9,593	15,494	25,087	60	6,986	32,133	24,951
Miscellaneous	-	-	-	-	-	6,091	6,091	-
Total Functional Expenses	\$ 110,010	\$ 197,761	\$ 86,258	\$ 394,029	\$ 93,797	\$ 417,512	\$ 905,338	\$ 1,193,042

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 202,196	\$ 68,487
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
In-kind contribution expenses	52,039	(47,426)
Increase or decrease in:		
Contributions receivable	47,125	(44,250)
Prepaid expenses	20,697	11,524
Accounts payable	26,849	(708)
Grants payable	(55,000)	(115,000)
Accrued wages	18,488	(11,148)
Accrued payroll taxes payable	1,436	(2,567)
Deferred revenue	5,258	(23,024)
Deferred rent	(3,410)	-
Agency payable	8,802	(3,548)
Net Cash Provided By (Used In) Operating Activities	<u>324,480</u>	<u>(167,660)</u>
Net Increase (Decrease) in Cash	324,480	(167,660)
Cash, Beginning of Year	<u>520,379</u>	<u>688,039</u>
Cash, End of Year	<u>\$ 844,859</u>	<u>\$ 520,379</u>

See accompanying notes to the financial statements

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

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 1,400 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 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, 2019
With summarized comparative totals for the year ended December 31, 2018

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.

Recent Accounting Standards

The Financial Accounting Standards Board issued Accounting Standards Update, (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, which establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. Analysis of various provisions of this standard and the presentation and disclosure requirements are being considered for implementation in the subsequent reporting period.

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, 2018, 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, 2019 and 2018, there are no cash equivalents.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

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, 2019 and 2018, the number of volunteers utilized was approximately 200 and 250, respectively.

For the years ended December 31, 2019 and 2018, in-kind contributions totaled \$94,283 and \$153,176, respectively.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

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, 2019 and 2018. 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. 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 27, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Board of Directors, or other closely affiliated entities and individuals, contribute to the Organization. For the years ended December 31, 2019 and 2018, the President made contributions of \$4,190 and \$2,686, respectively. For the years ended December 31, 2019 and 2018, contributions from the founder's family were \$55,329 and \$108,047, respectively. For the years ended December 31, 2019 and 2018, contributions from others totaled \$47,716 and \$51,298, respectively.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivables consists of unconditional promises to give and are recognized as revenues in the period received or promised. These amounts include general donations to the Organization. As of December 31, 2019 and 2018, contributions receivable without donor restrictions expected to be received within one year were \$4,125 and \$51,250, net of allowance for doubtful accounts in the amount of \$0 and \$4,686, respectively.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

NOTE 4 – LIQUIDITY AND AVAILABILITY OF ORGANIZATION FUNDS

The Organization has \$848,984 and \$571,629 of financial assets available within one year of December 31, 2019 and 2018, respectively, to meet cash needs for general operating purposes, consisting of cash of \$844,859 and \$520,379 and contributions receivable of \$4,125 and \$51,250, 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, 2019 and 2018.

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

Debbie's Dream Foundation leases office and storage space under non-cancelable operating leases expiring through September 30, 2024. The future minimum lease payments required under the non-cancelable leases in each of the next five years are as follows:

<u>December 31,</u>	
2020	\$ 41,847
2021	43,103
2022	44,396
2023	45,728
2024	35,062
Total	<u>\$ 210,136</u>

For the years ended December 31, 2019 and 2018, total office, storage, and equipment rent expense under non-cancelable leases was \$44,202 and \$44,281, respectively.

Grants Payable

On October 24, 2018 and March 10, 2019, the Organization entered into agreements with the American Association of Cancer Research (AACR) to provide grants to recipients for a total of \$330,000. 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, 2019 and 2018, total amount owed was \$0 and \$55,000, respectively. For the years ended December 31, 2019 and 2018, grant funding expense was \$110,000 and \$220,000, respectively.

NOTE 6 – RECLASSIFICATIONS

Certain items in the December 31, 2018 report have been reclassified to conform to current year classification. Such reclassification had no effect on previously reported changes in net assets.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
With summarized comparative totals for the year ended December 31, 2018

NOTE 7 – 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, 2019 and 2018, the Organization's cash exceeded the FDIC insured limits by \$114,107 and \$50,868, 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.

Concentration of Revenue Source

The Organization's primary source of revenue is derived from various individuals and corporations in the form of donations, sponsorships, grants, and etc. The level of revenue received is subject to the changes in the economic environment for these individuals and corporations.

NOTE 8 – SUBSEQUENT EVENTS

COVID-19 Outbreak

In December 2019, a novel strain of coronavirus (COVID-19) was reported in China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact on the Organization will depend on future developments, including the duration and spread of the outbreak. The impact on donors, employees, and vendors is uncertain and cannot be predicted at this time. The extent to which COVID-19 may impact funding, lay-offs, and other operating performances remains uncertain. Currently, the Organization has ceased holding live events and has begun holding more virtual events. Live events that were cancelled for which funds were received, those funds were either refunded or will be applied to the 2021 event. Also, the Organization is putting more effort into acquiring a greater amount of sponsorships from pharmaceutical companies to mitigate the loss of sponsorships from individuals. The Organization has taken preventive measures by strictly adhering to and monitoring the Centers for Disease Control updated guidelines and regulations.

On May 4, 2020, the Organization entered into an agreement with Truist Bank (Lender) to obtain a Paycheck Protection Program (PPP) loan guaranteed by the U.S. Small Business Administration (SBA) in the amount of \$60,700. The PPP loan is designed to provide direct incentive for small businesses to keep their workers on the payroll during the COVID-19 crisis. The SBA may forgive the full sum if the Organization complies with the program provisions. On May 4, 2020, the Lender disbursed the PPP loan in the full amount to the Organization. No collateral or guarantee by the Organization is required to obtain the PPP loan. The PPP loan matures on May 4, 2022 and has an interest rate of 1%. Loan principal and interest payments are deferred for the first seven months from the date of the first disbursement of the loan.