

DEBBIE'S DREAM FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

**DEBBIE'S DREAM FOUNDATION, INC.
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2016

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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, 2016, 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, 2016, 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.

Bellme Associates P.A.

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Plantation, Florida
January 17, 2018

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DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets		\$
Cash	795,374	
Contributions receivable	11,990	
Prepaid expenses	50,821	
In-kind assets	9,467	
Total Current Assets	867,652	
Other Assets		
Security deposits	6,923	
Total Other Assets	6,923	
Total Assets	\$ 874,575	

LIABILITIES AND NET ASSETS

Current Liabilities		\$
Accounts payable	50,796	
Grants payable	295,000	
Accrued wages	16,024	
Accrued payroll taxes payable	835	
Deferred revenue	153,644	
Deferred rent	9,213	
Total Current Liabilities	525,512	
Long-Term Liabilities		
Grants payable	115,000	
Total Long-Term Liabilities	115,000	
Total Liabilities	640,512	
Net Assets		
Unrestricted	234,063	
Temporarily restricted	-	
Permanently restricted	-	
Total Net Assets	234,063	
Total Liabilities and Net Assets	\$ 874,575	

See accompanying notes to the financial statements

**DEBBIE'S DREAM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Other Support				
Contributions, sponsorships, and events	\$ 1,313,061	\$ -	\$ -	\$ 1,313,061
Interest income	2,261	-	-	2,261
Other income	12,602	-	-	12,602
Total Revenues and Other Support	<u>1,327,924</u>	<u>-</u>	<u>-</u>	<u>1,327,924</u>
Expenses				
Program services	730,871	-	-	730,871
Management and general	199,502	-	-	199,502
Fundraising	519,544	-	-	519,544
Total Expenses	<u>1,449,917</u>	<u>-</u>	<u>-</u>	<u>1,449,917</u>
Changes in Net Assets	(121,993)	-	-	(121,993)
Net Assets, Beginning of Year	356,056	-	-	356,056
Net Assets, End of Year	<u>\$ 234,063</u>	<u>\$ -</u>	<u>\$ -</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, 2016**

	Program Services				Management and General	Fundraising	Total
	Research	PREP	Advocacy	Total			
Contract services	\$ -	\$ 4,810	\$ 51,211	\$ 56,021	\$ 34,886	\$ 22,325	\$ 113,232
Events	-	69,154	45,546	114,700	7,046	147,301	269,047
Fees	-	1,334	-	1,334	2,012	10,939	14,285
Grant funding	339,000	-	-	339,000	-	-	339,000
Insurance	-	762	-	762	1,981	1,646	4,389
In-kind expense	-	-	-	-	3,650	207,375	211,025
Meals and entertainment	-	1,275	-	1,275	475	399	2,149
Occupancy	-	23,454	-	23,454	17,505	13,682	54,641
Office expenses	-	3,902	1,182	5,084	43,151	24,163	72,398
Payroll taxes	-	10,452	-	10,452	5,293	2,797	18,542
Printing and reproduction	-	1,562	567	2,129	679	19,412	22,220
Promotion	13,000	12,728	72	25,800	3,150	29,913	58,863
Salaries	-	136,621	-	136,621	73,508	36,530	246,659
Travel	-	10,760	3,479	14,239	6,166	3,062	23,467
Total Functional Expenses	\$ 352,000	\$ 276,814	\$ 102,057	\$ 730,871	\$ 199,502	\$ 519,544	\$ 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, 2016**

Cash Flows From Operating Activities	\$
Changes in net assets	(121,993)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
In-kind contributions	8,708
Increase or decrease in:	
Contributions receivable	62,441
Prepaid expenses	(7,429)
Accounts payable	29,307
Grants payable	210,000
Accrued wages	16,024
Accrued payroll taxes payable	835
Deferred revenue	18,767
Deferred rent	9,213
Net Cash Provided By Operating Activities	225,873
Net Increase in Cash	225,873
Cash, Beginning of Year	569,501
Cash, End of Year	\$ 795,374

See accompanying notes to the financial statements

**DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
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 504 patients 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, 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, 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, 2016, there are no permanently restricted net assets.

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, 2016, there are no cash equivalents.

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.

**DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Revenue Recognition (Continued)

Contributions (Continued)

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.

For the year ended December 31, 2016, in-kind contributions totaled \$202,317, of which approximately \$25,000 represents donated services.

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, 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.

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's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. Currently, no year is under examination.

Date of Management's Review

Management has evaluated subsequent events through January 17, 2018, which is the date the financial statements were available to be issued.

DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 and statement of functional expenses. 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. The Organization's President and founder made contributions totaling \$16,009 for the year ended December 31, 2016. Contributions from other board members, or closely affiliated companies, totaled \$31,438 for the year ended December 31, 2016.

NOTE 4 – COMMITMENTS

Operating Lease

The Organization leases office space under a noncancelable operating lease ending 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:	
2017	\$ 43,103
2018	44,396
2019	34,041
2020	-
2021	-
Total	<u>\$ 121,540</u>

For the year ended December 31, 2016, total rent expense under the lease was approximately \$48,303.

Grants Payable

On August 3, 2015 and November 18, 2016, the Organization entered into an agreement with the American Association of Cancer Research (AACR) to provide grants to recipients for a total of \$550,000. 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, 2016, total amount owed was \$410,000. For the year ended December 31, 2016, grant funding expense was \$339,000.

**DEBBIE'S DREAM FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 5 – PROMISES TO GIVE

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, 2016 were \$11,990, 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, 2016, the Organization's cash did not exceed the FDIC insured limits. 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. As of December 31, 2016, the Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

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 year ended December 31, 2016, 99% of the Organization's revenue was derived from contributions.