

**HOPE AND FRIENDSHIP METASTATIC BREAST  
CANCER FOUNDATION, INC.**



**Hope and Friendship**<sup>SM</sup>  
Metastatic Breast Cancer Foundation

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2017**

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Hope and Friendship Metastatic Breast Cancer Foundation, Inc.  
Wilmington, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hope and Friendship Metastatic Breast Cancer Foundation, Inc., 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 Hope and Friendship Metastatic Breast Cancer Foundation, Inc. as of December 31, 2017, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Johnson O'Connor Feron & Carucci LLP*

Wakefield, Massachusetts  
May 14, 2018

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**

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	<u>December 31, 2017</u>
<b>ASSETS</b>	
Cash	\$ 250,701
Property and equipment, net	<u>874</u>
Total assets	<u><u>\$ 251,575</u></u>
<b>LIABILITIES NET ASSETS</b>	
Unrestricted	\$ 247,405
Temporarily restricted	<u>4,170</u>
Total net assets	<u><u>251,575</u></u>
Total liabilities and net assets	<u><u>\$ 251,575</u></u>

See notes to financial statements.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**

	Year Ended December 31, 2017		
	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>REVENUES</b>			
Grants and contributions	\$ 260,171	\$ 256,171	\$ 4,000
In-kind donations	10,000	10,000	-
Net assets released from restrictions	-	-	-
Total revenues	<u>270,171</u>	<u>266,171</u>	<u>4,000</u>
<b>EXPENSES</b>			
<u>Program services -</u>	42,026	42,026	-
Total program services	<u>42,026</u>	<u>42,026</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	1,023	1,023	-
Fundraising	308	308	-
Total supporting services	<u>1,331</u>	<u>1,331</u>	<u>-</u>
Total expenses	<u>43,357</u>	<u>43,357</u>	<u>-</u>
<b>OTHER INCOME</b>			
Gain on sale of property and equipment	400	400	-
Total other income	<u>400</u>	<u>400</u>	<u>-</u>
Change in net assets	227,214	223,214	4,000
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>24,361</u>	<u>24,191</u>	<u>170</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 251,575</u>	<u>\$ 247,405</u>	<u>\$ 4,170</u>

See notes to financial statements.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended December 31, 2017			
	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>
Rent	\$ 10,000	\$ 10,000	\$ -	\$ -
Educational assistance	9,275	9,275	-	-
Support group	6,464	6,464	-	-
Professional fees	5,815	5,815	-	-
Advertising	3,180	3,180	-	-
Enrichment	2,883	2,883	-	-
Therapeutic services	2,480	2,480	-	-
Conferences	1,378	1,378	-	-
Insurance	520	-	520	-
Office	449	-	449	-
Depreciation	417	417	-	-
Information technology	308	-	-	308
Family remembrance	134	134	-	-
Fees	54	-	54	-
	<u>\$ 43,357</u>	<u>\$ 42,026</u>	<u>\$ 1,023</u>	<u>\$ 308</u>
Total expenses	<u>\$ 43,357</u>	<u>\$ 42,026</u>	<u>\$ 1,023</u>	<u>\$ 308</u>

See notes to financial statements.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**

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	Year Ended December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 227,214
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	417
Gain on sale of property and equipment	(400)
Net cash provided by operating activities	<u>227,231</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from the sale of property and equipment	<u>2,000</u>
Net cash provided by investing activities	<u>2,000</u>
Net increase in cash	229,231
<b>CASH - BEGINNING OF YEAR</b>	<u>21,470</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 250,701</u></u>

See notes to financial statements.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. STATEMENT OF PURPOSE**

Hope and Friendship Metastatic Breast Cancer Foundation, Inc. (the Foundation) is a nonprofit organization located in Wilmington, Massachusetts. The Foundation's mission is to enhance the lives of women and men with a diagnosis of Metastatic Breast Cancer (Stage IV), and their families, by offering support groups, resources for learning and networking, therapeutic activities, scholarships and creative retreats. The Foundation also supports research focused on Metastatic Breast Cancer treatments.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting –**

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtained the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

The Foundation reports information regarding its financial position and activities according to the following three classes of net assets:

- i. Unrestricted Net Assets - use of resources is not limited or restricted by donors.
- ii. Temporarily Restricted Net Assets - use of resources is limited by donors for a specified purpose and/or time period.
- iii. Permanently Restricted Net Assets - resources must be maintained in accordance with permanent restrictions imposed by donors.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Foundation records all pledges as temporarily restricted until payment is received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If restricted contribution criteria are met and the funds are released in the same year, the contribution is considered unrestricted revenue.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition –**

Contributions are recognized as revenue at the date received and are considered available for unrestricted use unless use of the related asset is limited by donor-imposed or time restrictions. Long-term promises to give are recorded as contributions at the net present value of the amounts expected to be collected. The discounts on these amounts are computed using risk-free interest rates applied to expected cash flows after any allowance for doubtful accounts applicable to the year in which the promises are received. Discounts are ratably amortized over the life of the pledge and are recorded as contributions in the statement of activities.

**Use of Estimates –**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management's Review –**

Subsequent events have been evaluated by management through May 14, 2018, the date the financial statements were available to be issued.

**Cash and Cash Equivalents –**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Property and Equipment –**

Property and equipment are recorded at cost if purchased or fair value if contributed. Acquisitions of property and equipment in excess of a predetermined threshold are capitalized, while those below this threshold are expensed. Upon retirement or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Depreciation is provided by the straight-line method over estimated useful lives ranging from 7 years to 15 years.

**Non-Cash Donations –**

The Foundation's non-cash donations consists of donated rental space to be used to hold the support group meetings. These donations are recorded at fair market value based on the price of comparable items at the date of donation. The Foundation received non-cash donations totaling \$10,000 for the year ended December 31, 2017.

The Foundation recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, as provided by individuals possessing skills, and would typically need to be purchased if not provided by the donation. In addition, a substantial number of volunteers donate significant amounts of their time in the furtherance of the Foundation's programs. The value of this contributed time is not reflected in the accompanying financial statements, since it does not meet the recognition criteria in accordance with U.S. GAAP.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Non-Cash Donations (Continued) –**

When significant, donations of professional services are recorded at their estimated fair market value based on the current fee schedule of the donor at the date of receipt and are reflected as both a contribution and expense in the statement of activities. There were no donated professional services for the year ended December 31, 2017.

**Functional Expenses –**

The Foundation allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Foundation and its programs on a day-to-day basis and are composed of the following:

*Management and general* – includes all activities related to the Foundation’s internal management and accounting for program services.

*Fundraising* – includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Foundation’s programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Allocations of functional expenses are based on management’s discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

**Income Taxes –**

The Foundation is organized and operated exclusively for charitable purposes. Income related to these purposes is exempt from federal and state business income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Unrelated business income would be taxable according to applicable Internal Revenue Code sections.

The Foundation regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained under audit based solely on the technical merits of the tax position. The Foundation accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Foundation files federal and Massachusetts tax returns. The statute of limitations for these jurisdictions is generally three years. The Foundation had no returns under examination as of December 31, 2017.

**Advertising Expense –**

The Foundation’s policy is to expense advertising costs as incurred. Advertising costs totaled \$3,180 for the year ended December 31, 2017.

**HOPE AND FRIENDSHIP METASTATIC BREAST CANCER FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**3. CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation maintains its cash in a bank deposit account. The bank balances at times may exceed the federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

**4. PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of office furniture with a cost of \$2,000 and accumulated depreciation of \$1,126 at December 31, 2017. Depreciation expense related to this property and equipment for the year ended December 31, 2017 was \$417.

**5. RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2017 included grants received to be used to support programs to grieving children and families. There were no permanently restricted net assets at December 31, 2017.

**6. LEASING ARRANGEMENTS**

In 2015, the Foundation received a 10-year grant totaling \$100,000 in rent credits for their leased executive and administrative offices to be used to hold support group meetings. Under the grant agreement, the Foundation will receive rent credits beginning May 2015 and are expected to expire in April 2025, if the Foundation continues to remain a public charity under Section 509 of the Internal Revenue Code. In-kind rent donations and expenses totaled \$10,000 for the year ended December 31, 2017.

**7. MAJOR CONTRIBUTORS**

During the year ended December 31, 2017, the Foundation received contributions totaling \$216,582 from the estate of two donors, which represents approximately 80% of the total contributions received during the year.

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