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**Lucy's Love Bus Trust, Inc.**

**Financial Statements**

**December 31, 2013**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Lucy's Love Bus Trust, Inc.

We have reviewed the accompanying statement of financial position of Lucy's Love Bus Trust, Inc. (a nonprofit organization) as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Anstiss & Co., P.C.*

Anstiss & Co., P.C.  
Lowell, MA  
April 16, 2014

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**Lucy's Love Bus Trust, Inc.**  
**Statement of Financial Position**  
**December 31, 2013**

	<u>2013</u>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 43,544
Short-term investments	7,042
Pledges receivable	39,101
Prepaid expenses and other assets	<u>1,672</u>
<b>Total current assets</b>	<u>91,359</u>
<b>Property and equipment, net</b>	<u>2,340</u>
<b>Total assets</b>	<u><u>\$ 93,699</u></u>
<b>Liabilites and net assets</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 12,889
Grants payable	<u>45,292</u>
<b>Total current liabilities</b>	<u>58,181</u>
<b>Net assets</b>	
Unrestricted	<u>35,518</u>
<b>Total net assets</b>	<u>35,518</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 93,699</u></u>

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**Lucy's Love Bus Trust, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

	<u>2013</u>
<b>Support and revenue</b>	
Contributions	\$ 150,403
Fundraising	80,619
In-kind contributions	6,233
Interest income	153
Other income	703
<b>Total support and revenue</b>	<u>238,111</u>
<b>Expenses</b>	
Program services	146,367
General and administrative	41,541
Development and fundraising	55,412
<b>Total expenses</b>	<u>243,320</u>
<b>Change in net assets</b>	(5,209)
<b>Net assets at beginning of year</b>	<u>40,727</u>
<b>Net assets at end of year</b>	<u><u>\$ 35,518</u></u>

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**Lucy's Love Bus Trust, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2013**

2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 72,031	\$ 2,082	\$ 21,850	\$ 95,963
Contract services - integrative therapies	59,706	-	-	59,706
Advertising and promotion	1,500	-	5,466	6,966
Depreciation and amortization	-	3,368	-	3,368
Fundraising	-	-	5,581	5,581
Insurance	520	174	-	694
Occupancy	3,250	1,124	-	4,374
Office expenses	6,589	6,420	21,947	34,956
Professional fees	-	15,313	568	15,881
Travel	2,771	-	-	2,771
Bad Debt	-	13,060	-	13,060
Total expenses	<u>\$ 146,367</u>	<u>\$ 41,541</u>	<u>\$ 55,412</u>	<u>\$ 243,320</u>

See accompanying notes and independent accountant's review report.

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**Lucy's Love Bus Trust, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

	<b>2013</b>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ (5,209)
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>	
Depreciation and amortization	3,368
<b>Changes in assets and liabilities</b>	
Increase in pledges receivable	(38,541)
Increase in prepaid expenses and other assets	(1,672)
Increase in accounts payable and accrued expenses	7,090
Increase in grants payable	15,525
<b>Net cash utilized by operating activities</b>	(19,439)
<b>Cash flows from investing activities</b>	
Purchase of investments	(153)
<b>Net cash utilized by investing activities</b>	(153)
<b>Net decrease in cash and cash equivalents</b>	(19,592)
<b>Cash and cash equivalents at beginning of year</b>	63,136
<b>Cash and cash equivalents at end of year</b>	\$ 43,544
 <b>Supplemental data</b>	
In-kind contributions	\$ 6,233
Interest paid	\$ -
Taxes paid	\$ -

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Organization**

Lucy's Love Bus Trust, Inc. (the "Corporation") was organized on January 27, 2006, as a non-profit organization incorporated in the Commonwealth of Massachusetts. Its mission is to ease the suffering of pediatric cancer patients by providing free integrative therapies such as message, acupuncture, Reiki, and therapeutic horseback riding to children with cancer and children coping with late effects of prior cancer treatment. They strive to educate the medical community regarding the benefits of integrative therapies that will help reduce stress, manage pain, and improve the overall well-being of sick children and their families.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Classification of Net Assets**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, "*Presentation of Financial Statements.*" Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time are classified as temporarily restricted. 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. At December 31, 2013, the Organization had no temporarily restricted net assets.

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Classification of Net Assets (continued)**

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization are recorded as permanently restricted net assets. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2013, the Organization had no permanently restricted net assets.

**Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less.

**Short Term Investments**

Short term investments consist of time deposits and certificates of deposit with original maturities in excess of three months.

**Fixed Assets**

The Corporation capitalizes major purchases of fixed assets that are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred. Capitalized fixed assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Vehicles	5

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison to the future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.



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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fair Value of Financial Instruments**

FASB ASC 820-10, "*Fair Value Measurements*," applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy consisting of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (adjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Management has determined that the fair values of its financial instruments not carried at fair value, including cash and cash equivalents, pledges receivable, prepaid expenses and other assets, accounts payable and accrued expenses, and grants payable are substantially equivalent to their carrying values as of December 31, 2013 because of their short-term nature.

FASB ASC 825-10, "*Financial Instruments*," permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Corporation has not adopted any of the additional fair value options allowed in the standard.

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

The Organization follows ASC 958-605, "*Revenue Recognition*." In accordance with ASC 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Management periodically reviews promises to give and writes off those considered uncollectible. Conditional promises to give are not included in support until the conditions are met.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

**Contributed Services**

No amounts have been reflected in the financial statements for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in various organizational and fundraising activities. The Organization also receives in-kind contributions of goods and services from various contributors. The value of these contributions was \$6,233 for the year ended December 31, 2013.

**Advertising**

The Organization expenses advertising costs as incurred. During the year ended December 31, 2013, the Organization incurred advertising costs of \$6,966.

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Concentration of Credit Risk**

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist principally of cash and cash equivalents. The Corporation maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. Management routinely assesses the integrity and stability of the institutions where the cash and equivalents are held and considers credit risk to be minimal.

**Income Taxes and Uncertain Tax Positions**

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as other than a private foundation as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

The Organization is required by FASB ASC 740-10, "*Accounting for Uncertainty in Income Taxes*," to evaluate and disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose. Therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax exempt not-for-profit entity.

**Estimates**

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 3 – Investments and Fair Value of Financial Instruments**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures (see Note 2). The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013:

		2013			
		Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Certificates of deposit	of	\$ 7,042	\$ 7,042	\$ -	\$ -
Total		\$ 7,042	\$ 7,042	\$ -	\$ -

**Note 4 – Investment Return**

Investment return on cash equivalents and investments consisted of the following for the years ended December 31:

Interest income	2013 \$ 153
Total	\$ 153

**Note 5 – Property and Equipment**

Property and equipment consisted of the following for the years ending December 31:

Vehicles	2013 \$ 7,800
	7,800
Less: Accumulated Depreciation	5,460
Net Property and Equipment	\$ 2,340

Depreciation expense for the periods ended December 31, 2013 was \$1,560.

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**Lucy's Love Bus Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 6 – Pledges Receivable**

Unconditional promises to give consisted of the following as of December 31, 2013 and 2012:

	<u>2013</u>
Due within one year	\$ 39,1001

For the year ended December 31, 2013, there were no significant concentrations.

**Note 7 – Commitments**

The Organization occupies office space located in Amesbury, MA under an operating lease as a tenant at will. The lease provides for monthly rental payments of \$300 and may be terminated by either party upon 60 days notice. Rent expense for the year ending December 31, 2013 was \$3,900. There are no future minimum lease payments.

**Note 8 – Subsequent Events**

FASB ASC 855-10, "*Subsequent Events*," defines further disclosure requirements for events that occur after the balance sheet date, but before financial statements are issued. In accordance with FASB ASC 855-10, management has evaluated events subsequent to December 31, 2013 through April 16, 2014, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization's results going forward.