FAMILY REACH FOUNDATION

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

DECEMBER 31, 2017 AND 2016

Skody Scot & Company, CPAs, P.C.

FAMILY REACH FOUNDATION

Index

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Family Reach Foundation

We have audited the accompanying financial statements of Family Reach Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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 of 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 Family Reach Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

New York, NY
March 22, 2018

Skody Scot & Company, CPAS, P.C.

FAMILY REACH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,734,249	$ 1,382,628
Contributions receivable	200,000	260,000
Inventory	40,417	42,257
Prepaid expenses	2,090	-
Partner advances	838	55,226
Investments	129,659	104,912
Property and equipment, net	13,374	5,291
Security deposits	5,492	5,492
Total assets	$ 2,126,119	$ 1,855,806
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 94,023	$ 38,986
Total liabilities	94,023	38,986
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	1,126,034	1,104,986
Temporarily restricted	906,062	711,834
Permanently restricted	-	-
Total net assets	2,032,096	1,816,820
Total liabilities and net assets	$ 2,126,119	$ 1,855,806

See accompanying notes to the financial statements.

FAMILY REACH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Support and Revenues:		
Unrestricted:		
Grants and contributions	$ 2,856,892	$ 2,771,274
Contributions in-kind	59,797	114,285
Special events:		
Event revenues	1,078,951	874,653
Less: related direct costs	(250,739)	(200,766)
Net special event income	828,212	673,887
Other income	-	2
Investment income	30,139	9,523
Release of prior year's restricted contributions	711,834	63,800
Temporarily Restricted:		
Contributions	906,062	611,834
Release of prior year's restricted contributions	(711,834)	(63,800)
Total support and revenues	4,681,102	4,180,805
Expenses:		
Program Expenses:		
Family relief and support	3,652,481	2,733,818
Total program expenses	3,652,481	2,733,818
Management and general	353,235	328,386
Fundraising	460,110	370,889
Total expenses	4,465,826	3,433,093
Increase/(Decrease) In Net Assets:		
Unrestricted	21,048	199,678
Temporarily restricted	194,228	548,034
Permanently restricted	-	-
Increase/(decrease) in net assets	215,276	747,712
Net assets, beginning of year	1,816,820	1,069,108
Net assets, end of year	$ 2,032,096	$ 1,816,820

See accompanying notes to the financial statements.

FAMILY REACH FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Increase/(decrease) in net assets	$ 215,276	$ 747,712
Adjustments for non-cash items included in operating activities:		
Depreciation	2,509	4,121
Donated investments	-	(49,747)
(Gains)/Losses on investments	(8,186)	(8,408)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	55,037	11,384
Contributions receivable	60,000	(210,000)
Inventory	1,840	437
Prepaid expenses	(2,090)	-
Partner advances	54,388	24,341
Security deposits	-	(1,644)
Net cash provided/(used) by operating activities	378,774	518,196
Cash flows from investing activities:		
Purchase of property and equipment	(10,592)	(6,504)
Dividend reinvestments	(16,561)	(474)
Net cash provided/(used) by investing activities	(27,153)	(6,978)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	351,621	511,218
Cash and cash equivalents, at beginning of year	1,382,628	871,410
Cash and cash equivalents, at end of year	$ 1,734,249	$ 1,382,628

See accompanying notes to the financial statements.

FAMILY REACH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017				2016
	Program	Supporting Services			
	Family Relief and Support	Management and General	Fundraising	Total Expenses	Total Expenses
Personnel costs:					
Staff salaries	$ 657,531	$ 181,708	$ 250,679	$1,089,918	$ 833,273
Payroll taxes	43,744	21,939	21,941	87,624	66,412
Employee benefits	26,473	8,067	11,306	45,846	36,878
Pension	16,355	4,548	5,283	26,186	19,953
Total personnel costs	744,103	216,262	289,209	1,249,574	956,516
Direct expenses:					
Family Assistance - direct distribution	673,033	-	-	673,033	503,234
Family Assistance - hospital distribution	1,988,625	-	240	1,988,865	1,447,370
Bank charges & processing fees	18,528	175	27,793	46,496	39,183
Consultants and contractors	57,594	17,322	16,513	91,429	155,508
Depreciation	606	1,903	-	2,509	4,121
Insurance	3,163	-	4,745	7,908	10,337
Meals and entertainment	9,868	3,760	8,053	21,681	12,846
Office supplies & expenses	18,548	16,073	9,915	44,536	28,158
Postage and delivery	3,409	2,121	2,227	7,757	4,828
Printing and copying	15,010	5,860	5,285	26,155	16,004
Professional fees	22,560	22,560	5,000	50,120	51,208
Program expenses - other	8,924	-	8,028	16,952	18,659
Rent & utilities	21,711	47,296	22,431	91,438	64,835
Repairs and maintenance	-	1,837	-	1,837	15,172
Telephone and communications	4,841	2,841	4,421	12,103	8,278
Travel and meetings	50,838	15,225	39,570	105,633	76,316
Website hosting and development	11,120	-	16,680	27,800	20,520
Total direct expenses	2,908,378	136,973	170,901	3,216,252	2,476,577
Total expenses	$ 3,652,481	$ 353,235	$ 460,110	$4,465,826	$ 3,433,093

See accompanying notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

The Organization

Family Reach Foundation (Organization), a not-for-profit organization, was incorporated in the State of Delaware on April 7, 2003. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions from foundations, corporations, individuals and from fundraising events.

Since 2003, the Organization's mission has been to help families with a child or parent afflicted with cancer deal with the overwhelming financial and emotional burdens of the disease. As families try to cope with years of cancer treatment, out-of-pocket medical expenses and everyday living costs, they often reach critical breaking points. Not only do they risk losing their homes, stability and hope, but also their ability to ensure their loved-ones receive the vital care they need to survive. To accomplish its mission, the Organization provides its Family Relief and Support program. Through an effective process developed through years of close collaboration with hospital social workers, the Family Relief and Support program provides urgent assistance to families in a timely, compassionate fashion. Grants are provided directly to vendors, typically ranging from $500 to $2,000, and covering mortgage or rent payments, transportation expenses, utility costs, uncovered medical bills and other everyday expenses to keep families afloat through their battles with cancer.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment is computed by the straight-line method over estimated useful lives ranging from three to five years. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Inventory

Inventory consists of pillow pets and gift cards that are to be given to children and families who are affected by cancer. Inventory is stored at an independent warehouse and is stated at the lower of cost or market and is determined using a periodic inventory method.

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable contributions.

Investments

All marketable debt and equity securities and mutual funds are measured at fair value on a recurring basis and are reported at their fair values as of December 31, 2017 and 2016 in the statements of financial position.

The Organization initially records investments it receives as donations at the fair value as of the dates the investments are donated to the Organization and thereafter carries such investments at current fair values.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Note 2 - Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Note 2 - Fair Value Measurement of Investments (Continued)

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following summarizes the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2017 and 2016:

	2017	2016
Level 1	$ 129,659	$ 104,912
Level 2	-	-
Level 3	-	-
	$ 129,659	$ 104,912

Note 3 - Investments and Investment Income

Investments consisted of the following at December 31, 2017:

	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual funds	$ 91,645	$ 94,213	$ 2,568
Equity securities	24,414	35,446	11,032
	$ 116,059	$ 129,659	$ 13,600

Investments consisted of the following at December 31, 2016:

	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual funds	$ 75,084	$ 78,655	$ 3,571
Equity securities	24,414	26,257	1,843
	$ 99,498	$ 104,912	$ 5,414

Note 3 - Investments and Investment Income (continued)

The components of investment income for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Interest and dividends	$ 21,953	$ 1,115
Net realized and unrealized gains/(losses)	8,186	8,408
Net investment income	$ 30,139	$ 9,523

Note 4 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2017 and 2016:

	2017	2016
Checking and savings	$ 878,111	$1,031,882
Money market funds	856,138	350,746
	$1,734,249	$1,382,628

Note 5 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2017 and 2016:

	2017	2016
Equipment	$ 32,779	$ 22,187
Less: Accumulated depreciation	(19,405)	(16,896)
	$ 13,374	$ 5,291

Note 6 - Donated Services

Significant services were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statement of activities for the years ended December 31, 2017 and 2016 amounted to $59,797 and $114,285, respectively. Contributions in-kind mainly consisted of donated legal services, design services, website development and general marketing services.

Note 7 - Commitments and Contingencies

The Organization leases office space under two noncancellable operating leases. As of December 31, 2017, the minimum aggregate annual rental commitments are as follows:

Year ended December 31, 2018	$ 91,463
2019	81,643
2020	81,228
2021	6,787

Total rent and related expense charged to operations for the years ended December 31, 2017 and 2016 was $91,438 and $64,835, respectively.

Note 8 - Restrictions on Net Assets

Temporarily restricted net assets includes a $100,000 reserve account. The reserve account was established in 2006 in accordance with a donor's restriction. The donor set specific guidelines for the reserve fund which the Organization's Board of Directors agreed to in a resolution which was passed in September 2006. The guidelines allow management of the Organization to access 10% of the reserve account annually, to support the operating expenditures needs of the Organization only after gaining approval through a majority vote of the Board of Directors at a scheduled Board meeting. Requests for funds beyond the 10% will require a special vote of the Board of Directors at a scheduled Board meeting. During the year ended December 31, 2017, the donor released the restriction.

Total temporarily restricted net assets are available in future years for the following purposes:

	2017	2016
Reserve	$ -	$ 100,000
Family Relief and Support	906,062	611,834
	$ 906,062	$ 711,834

Note 9 - Concentrations

The Organization maintains its bank accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to $250,000 per financial institution. The Securities Investor Protection Corporation (SIPC) insures cash and securities, including money market funds, up to $500,000 per financial institution. At times, the balances of the accounts may have exceeded the limits during the years ended December 31, 2017 and 2016.

Note 10 - Related Party Transactions

The Organization paid salary to the brother of the Vice President of the Organization's Board of Directors. For the year ended December 31, 2017 and 2016, the total salary paid to the related party amounted to $69,300 and $66,000, respectively.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through March 22, 2018, which is the date the financial statements were available to be issued.