

FAMILY REACH FOUNDATION

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

FAMILY REACH FOUNDATION

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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, 2020 and 2019, and the related statements of activities, expenses, and cash flows 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, 2020 and 2019, 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
April 7, 2021

Skody Scot & Company, CPAs, P.C.

**FAMILY REACH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 4,708,740	\$ 3,836,971
Contributions receivable	662,500	340,340
Inventory	34,560	38,480
Prepaid expenses	18,246	3,634
Property and equipment, net	134,885	157,101
Security deposits	40,465	40,465
	\$ 5,599,396	\$ 4,416,991
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 452,545	\$ 408,004
Deferred rent	104,114	39,521
Total liabilities	556,659	447,525
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	2,834,158	1,884,332
With donor restrictions	2,208,579	2,085,134
Total net assets	5,042,737	3,969,466
Total liabilities and net assets	\$ 5,599,396	\$ 4,416,991

See accompanying notes to the financial statements.

**FAMILY REACH FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Grants and contributions	\$ 5,843,272	\$ 2,193,666	\$ 8,036,938	\$ 5,618,716	\$ 944,759	\$ 6,563,475
Contributions in-kind	69,532	-	69,532	65,908	-	65,908
Government grants	509,380	-	509,380	-	-	-
Special events:						
Event revenues	163,500	-	163,500	657,548	-	657,548
Less: related direct costs	(14,078)	-	(14,078)	(244,409)	-	(244,409)
Net special event income	149,422	-	149,422	413,139	-	413,139
Investment income	7,056	-	7,056	38,046	-	38,046
Net assets released from restriction:						
Satisfaction of purpose restrictions	2,070,221	(2,070,221)	-	4,254,085	(4,254,085)	-
Total support and revenues	<u>8,648,883</u>	<u>123,445</u>	<u>8,772,328</u>	<u>10,389,894</u>	<u>(3,309,326)</u>	<u>7,080,568</u>
Expenses:						
Program Expenses:						
Financial treatment	6,004,260	-	6,004,260	6,983,746	-	6,983,746
Total program expenses	6,004,260	-	6,004,260	6,983,746	-	6,983,746
Management and general	766,695	-	766,695	793,780	-	793,780
Fundraising	928,102	-	928,102	977,371	-	977,371
Total expenses	<u>7,699,057</u>	<u>-</u>	<u>7,699,057</u>	<u>8,754,897</u>	<u>-</u>	<u>8,754,897</u>
Increase/(decrease) in net assets	949,826	123,445	1,073,271	1,634,997	(3,309,326)	(1,674,329)
Net assets, beginning of year	1,884,332	2,085,134	3,969,466	249,335	5,394,460	5,643,795
Net assets, end of year	<u>\$ 2,834,158</u>	<u>\$ 2,208,579</u>	<u>\$ 5,042,737</u>	<u>\$ 1,884,332</u>	<u>\$ 2,085,134</u>	<u>\$ 3,969,466</u>

See accompanying notes to the financial statements.

**FAMILY REACH FOUNDATION
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program	Supporting Services		Total Expenses
	Financial Treatment	Management and General	Fundraising	
Personnel costs:				
Staff salaries	\$ 1,875,729	\$ 383,657	\$ 620,049	\$ 2,879,435
Payroll taxes	191,258	36,533	54,238	282,029
Employee benefits	211,081	43,174	69,776	324,031
Pension	38,512	9,765	12,699	60,976
Total personnel costs	<u>2,316,580</u>	<u>473,129</u>	<u>756,762</u>	<u>3,546,471</u>
Direct expenses:				
Family assistance - direct distribution	920,908	-	-	920,908
Family assistance - hospital distribution	2,111,382	-	-	2,111,382
Family assistance - in-kind	145,000	-	-	145,000
Bank charges & processing fees	-	28,932	-	28,932
Consultants and contractors	81,856	17,423	44,894	144,173
Depreciation	-	36,510	-	36,510
Insurance	3,816	5,723	-	9,539
Meals and entertainment	2,503	783	1,566	4,852
Office supplies & expenses	12,070	82,497	1,586	96,153
Postage and delivery	2,548	3,325	2,494	8,367
Printing and copying	15,151	1,431	954	17,536
Professional fees	27,405	28,505	-	55,910
Program expenses - other	9,048	-	-	9,048
Recruitment	4,000	12,000	4,000	20,000
Rent & utilities	288,594	62,439	93,117	444,150
Technology expenses	45,801	9,687	14,705	70,193
Telephone and communications	4,469	773	1,379	6,621
Travel and meetings	13,129	3,538	6,645	23,312
Total direct expenses	<u>3,687,680</u>	<u>293,566</u>	<u>171,340</u>	<u>4,152,586</u>
Total expenses	<u>\$ 6,004,260</u>	<u>\$ 766,695</u>	<u>\$ 928,102</u>	<u>\$ 7,699,057</u>

See accompanying notes to the financial statements.

**FAMILY REACH FOUNDATION
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Supporting Services</u>		Total Expenses
	Financial Treatment	Management and General	Fundraising	
Personnel costs:				
Staff salaries	\$ 1,684,837	\$ 374,177	\$ 539,439	\$ 2,598,453
Payroll taxes	133,135	29,567	42,626	205,328
Employee benefits	173,976	38,638	55,702	268,316
Pension	25,261	5,610	8,088	38,959
Total personnel costs	<u>2,017,209</u>	<u>447,992</u>	<u>645,855</u>	<u>3,111,056</u>
Direct expenses:				
Family assistance - direct distribution	998,840	-	-	998,840
Family assistance - hospital distribution	3,324,025	-	-	3,324,025
Family assistance - in-kind	2,916	-	-	2,916
Bank charges & processing fees	-	42,824	-	42,824
Consultants and contractors	171,100	56,947	134,493	362,540
Depreciation	-	19,075	-	19,075
Insurance	4,579	6,868	-	11,447
Meals and entertainment	9,398	4,699	9,398	23,495
Office supplies & expenses	56,584	44,629	23,268	124,481
Postage and delivery	1,310	1,747	1,310	4,367
Printing and copying	8,304	4,983	3,321	16,608
Professional fees	18,172	42,400	-	60,572
Program expenses - other	2,789	-	1,859	4,648
Recruitment	9,018	27,054	9,018	45,090
Rent & utilities	159,428	35,407	51,046	245,881
Repairs and maintenance	-	7,271	-	7,271
Technology expenses	97,632	18,673	29,950	146,255
Telephone and communications	27,011	1,554	7,244	35,809
Travel and meetings	75,431	31,657	60,609	167,697
Total direct expenses	<u>4,966,537</u>	<u>345,788</u>	<u>331,516</u>	<u>5,643,841</u>
Total expenses	<u>\$ 6,983,746</u>	<u>\$ 793,780</u>	<u>\$ 977,371</u>	<u>\$ 8,754,897</u>

See accompanying notes to the financial statements.

**FAMILY REACH FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 1,073,271	\$ (1,674,329)
Adjustments for non-cash items included in operating activities:		
Depreciation	36,510	19,075
Donated investments	-	(24,992)
(Gains)/losses on investments	-	(16,504)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	44,541	143,591
Grants payable	-	(50,000)
Deferred rent	64,593	39,521
Contributions receivable	(322,160)	(317,740)
Inventory	3,920	70
Prepaid expenses	(14,612)	(3,634)
Security deposits	-	(23,648)
Net cash provided/(used) by operating activities	<u>886,063</u>	<u>(1,908,590)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(14,294)	(149,403)
Sale of investments	-	152,206
Net cash provided/(used) by investing activities	<u>(14,294)</u>	<u>2,803</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	871,769	(1,905,787)
Cash and cash equivalents, at beginning of year	3,836,971	5,742,758
Cash and cash equivalents, at end of year	<u>\$ 4,708,740</u>	<u>\$ 3,836,971</u>

See accompanying notes to the financial statements.

FAMILY REACH FOUNDATION NOTES TO 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 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 Financial Treatment Program. Through an effective process developed through years of close collaboration with hospital social workers, the Financial Treatment Program provides four elements of support: financial planning, education, navigation, and direct financial assistance.

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.

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.

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, to the Organization.

**FAMILY REACH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

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.

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.

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 and furniture is computed by the straight-line method over estimated useful lives ranging from three to seven years. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

**FAMILY REACH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when an unconditional pledge is made. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting these conditions are reported as deferred revenue in the statements of financial position. At December 31, 2020 and 2019, contributions totaling \$0 and \$260,000, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not been met. The recognition of these contributions is conditioned upon the Organization meeting certain program goals.

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 support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

During the year ended December 31, 2020, the Organization received \$509,380 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount has been recognized as revenue. The amount is included with government grants in the statement of activities for the year ended December 31, 2020.

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 statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, consultants and contractors, and professional fees based on estimated time and effort and other expenses, such as office supplies & expenses, rent & utilities, and travel & meetings, based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**FAMILY REACH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bank deposits and cash	\$2,546,447	\$1,692,734
Money market funds	<u>2,162,293</u>	<u>2,144,237</u>
	<u>\$4,708,740</u>	<u>\$3,836,971</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 78,490	\$ 72,965
Furniture and fixtures	<u>142,094</u>	<u>133,325</u>
	220,584	206,290
Less: Accumulated depreciation	<u>(85,699)</u>	<u>(49,189)</u>
	<u>\$ 134,885</u>	<u>\$ 157,101</u>

Note 4 - Net Assets with Donor Restrictions

As of December 31, 2020 and 2019, net assets with donor restrictions are available as follows:

	<u>2020</u>	<u>2019</u>
Financial treatment program	\$2,208,579	\$2,085,134

Note 5 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during 2020 and 2019 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Special event revenue - exchange component	\$ 14,078	\$ 244,409

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 statements of activities for the years ended December 31, 2020 and 2019 amounted to \$69,532 and \$65,908, respectively. Contributions in-kind mainly consisted of donated legal services, design services, general marketing services, and hospitality services.

**FAMILY REACH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Commitments and Contingencies

The Organization leases office space under two noncancellable operating leases. As of December 31, 2020, the minimum aggregate annual rental commitments are as follows:

Year ended December 31, 2021	\$ 432,855
2022	441,779
2023	444,251
2024	420,915
2025	429,839
2026	364,397

Total rent and related expenses charged to operations for the years ended December 31, 2020 and 2019 was \$444,150 and \$245,881, respectively.

Note 8 - Related Party Transactions

The Organization paid salary to the brother of the Vice Chair of the Organization's Board of Directors. For the years ended December 31, 2020 and 2019, the total salary paid to the related party amounted to \$70,833 and \$65,142, respectively.

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 exceeded the limits during the years ended December 31, 2020 and 2019.

Note 10 - Pension Plan

Effective February 1, 2015, the Organization adopted a qualified salary reduction SIMPLE IRA plan under section 408(p) of the Internal Revenue Code. All current employees are eligible to participate in the plan. Under the plan, employees may elect to contribute a portion of their salary, subject to Internal Revenue Service limits. The plan requires the Organization to make contributions equal to the employee's salary reduction up to a limit of three percent of the employee's compensation for the calendar year. All contributions to the plan are fully vested immediately. During the years ended December 31, 2020 and 2019, the Organization made \$60,976 and \$38,959, respectively, of matching contributions to the plan.

**FAMILY REACH FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 11 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$4,708,740	\$3,836,971
Contributions receivable	662,500	340,340
Total financial assets	5,371,240	4,177,311
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$5,371,240	\$4,177,311

Note 12 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through April 7, 2021, which is the date the financial statements were available to be issued.