

**Financial Statements and  
Independent Auditor's Report**

**THE HOPE CHEST FOR BREAST  
CANCER FOUNDATION**

**December 31, 2021 and 2020**

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## Independent Auditor's Report

To the Board of Directors  
**The Hope Chest for Breast Cancer Foundation**  
Orono, Minnesota

### ***Opinion***

We have audited the financial statements of The Hope Chest for Breast Cancer Foundation, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Hope Chest for Breast Cancer Foundation as of December 31, 2021, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Hope Chest for Breast Cancer Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Hope Chest for Breast Cancer Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit 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 Hope Chest for Breast Cancer Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Hope Chest for Breast Cancer Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited The Hope Chest for Breast Cancer Foundation 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



COPELAND BUHL & COMPANY PLLP

September 20, 2022

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**With Comparative Totals for 2020**

	2021					2020
	<b><u>Without Donor Restrictions</u></b>					
<b><u>ASSETS</u></b>	<b><u>Operating</u></b>	<b><u>Board Designated</u></b>	<b><u>Total</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
Current Assets:						
Cash	\$ 364,956	\$ -	\$ 364,956	\$ 32,748	\$ 397,704	\$ 393,091
Accounts receivable	16,049	-	16,049	-	16,049	5,088
Employee retention credit receivable	16,892	-	16,892	-	16,892	-
Investments	-	589,521	589,521	-	589,521	382,716
Prepaid expenses	14,400	-	14,400	-	14,400	12,726
Due from related party	28,707	-	28,707	-	28,707	7,533
Total Current Assets	441,004	589,521	1,030,525	32,748	1,063,273	801,154
Equipment and Improvements, Net	20,375	-	20,375	-	20,375	8,260
Other Assets	-	-	-	-	-	966
TOTAL ASSETS	<u>\$ 461,379</u>	<u>\$ 589,521</u>	<u>\$ 1,050,900</u>	<u>\$ 32,748</u>	<u>\$ 1,083,648</u>	<u>\$ 810,380</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
Current Liabilities:						
Accounts payable	\$ 9,050	\$ -	\$ 9,050	\$ -	\$ 9,050	\$ 839
Accrued expenses	26,224	-	26,224	-	26,224	15,990
Total Current Liabilities	35,274	-	35,274	-	35,274	16,829
Paycheck Protection Program (PPP) Loan	-	-	-	-	-	20,128
Total Liabilities	35,274	-	35,274	-	35,274	36,957
Net Assets	426,105	589,521	1,015,626	32,748	1,048,374	773,423
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 461,379</u>	<u>\$ 589,521</u>	<u>\$ 1,050,900</u>	<u>\$ 32,748</u>	<u>\$ 1,083,648</u>	<u>\$ 810,380</u>

See notes to financial statements.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **STATEMENT OF ACTIVITIES** **YEAR ENDED DECEMBER 31, 2021** **With Comparative Totals for 2020**

	2021					2020
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board Designated	Total			
Revenues and Support:						
Revenue from sales of donated items	\$ 945,198	\$ -	\$ 945,198	\$ -	\$ 945,198	\$ 610,051
Other donations	205,212	120,662	325,874	53,195	379,069	267,451
Special events, net of expenses	(19,337)	-	(19,337)	-	(19,337)	(16,941)
Net assets released from restrictions	70,920	-	70,920	(70,920)	-	-
Total Revenues and Support	1,201,993	120,662	1,322,655	(17,725)	1,304,930	860,561
Expenses:						
Costs of selling donated items	803,418	-	803,418		803,418	518,543
Program services	185,798	-	185,798		185,798	157,000
Fundraising	132,643	-	132,643		132,643	93,405
Management and general	66,655	-	66,655		66,655	68,162
Total Expenses	1,188,514	-	1,188,514		1,188,514	837,110
Other Income (Expense):						
Investment income	-	86,143	86,143	-	86,143	74,403
Forgiveness of PPP loans	55,031	-	55,031	-	55,031	-
Employee retention credit	16,892	-	16,892	-	16,892	-
Loss from equipment disposition	(706)	-	(706)	-	(706)	-
Miscellaneous	1,175	-	1,175	-	1,175	-
Total Other Income	72,392	86,143	158,535	-	158,535	74,403
Change in Net Assets	85,871	206,805	292,676	(17,725)	274,951	97,854
Net Assets - Beginning of Year	340,234	382,716	722,950	50,473	773,423	675,569
Net Assets - End of Year	\$ 426,105	\$ 589,521	\$ 1,015,626	\$ 32,748	\$ 1,048,374	\$ 773,423

See notes to financial statements.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	<b><u>Program Services</u></b>	<b><u>Fundraising</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Wages and related expenses	\$ 47,846	\$ 48,594	\$ 35,824	\$ 132,264
Grant program expense	113,711	-	-	113,711
Professional fees	9,634	15,970	17,156	42,760
Outside labor	-	35,698	-	35,698
Fundraising	327	13,790	6,212	20,329
Office expense	6,134	6,066	4,601	16,801
Advertising	2,917	8,751	-	11,668
Office sharing expense	1,861	1,842	1,397	5,100
Depreciation	2,202	778	590	3,570
Insurance	1,166	1,154	875	3,195
	<b><u>\$ 185,798</u></b>	<b><u>\$ 132,643</u></b>	<b><u>\$ 66,655</u></b>	<b><u>\$ 385,096</u></b>
Total				

See notes to financial statements.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2020**

	<b><u>Program Services</u></b>	<b><u>Fundraising</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Wages and related expenses	\$ 47,952	\$ 51,097	\$ 36,260	\$ 135,309
Grant program expense	92,423	-	-	92,423
Professional fees	4,868	8,817	16,811	30,497
Fundraising	495	13,172	9,408	23,075
Office expense	4,164	4,230	3,165	11,559
Advertising	2,368	7,105	-	9,473
Outside labor	-	5,619	-	5,619
Office sharing expense	1,645	1,671	1,250	4,566
Depreciation	2,111	705	528	3,344
Insurance	947	962	720	2,629
Telephone	27	27	20	74
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 157,000</u>	<u>\$ 93,405</u>	<u>\$ 68,162</u>	<u>\$ 318,568</u>

See notes to financial statements.



# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **STATEMENTS OF CASH FLOWS** **YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 274,951	\$ 97,854
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Investment income reinvested	(3,772)	(20,746)
Realized and unrealized gains on investments	(81,640)	(53,657)
Loss on disposal of equipment	706	-
Forgiveness of PPP loans	(55,031)	-
Depreciation	4,329	4,208
Changes in assets and liabilities:		
Accounts receivable	(10,961)	1,323
Employee retention credit receivable	(16,892)	-
Prepaid expenses	(1,674)	(6,693)
Due from related party	(21,174)	(591)
Other assets	966	-
Accounts payable	8,211	(7,261)
Accrued expenses	10,234	5,844
	<u>108,253</u>	<u>20,281</u>
Net Cash Provided by Operating Activities	108,253	20,281
Cash Flows from Investing Activities:		
Purchases of investments	(188,236)	(54,687)
Proceeds from sale of investments	66,843	53,595
Purchases of equipment	(17,150)	-
	<u>(138,543)</u>	<u>(1,092)</u>
Net Cash Used in Investing Activities	(138,543)	(1,092)
Cash Flows from Financing Activities:		
Proceeds from PPP loan	34,903	20,128
	<u>34,903</u>	<u>20,128</u>
Net Increase in Cash	4,613	39,317
Cash - Beginning of Year	393,091	353,774
	<u>393,091</u>	<u>353,774</u>
Cash - End of Year	<u>\$ 397,704</u>	<u>\$ 393,091</u>

See notes to financial statements.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 1: Nature of Operations**

The Hope Chest for Breast Cancer Foundation (Foundation) is a non-profit organization located in Orono, Minnesota. Its mission is to raise funds to provide the quickest access to help with the most urgent needs of financially distressed breast cancer patients and their families in Minnesota. Funds are raised through the sale of upscale women's clothing and high-end furniture and decorative accessories donated by the general public, manufacturers and retail businesses. The donated items are sold in a resale store. Additional support is raised through fundraising events and solicitation of financial contributions from individuals, corporations, and foundations. Support is received in the form of cash and noncash donations.

Contributions of tangible items to the Foundation are sold through a retail store located in Orono, Minnesota which is operated by a corporation controlled by a board member on the Foundation's Board of Directors (Note 12).

### **Note 2: Summary of Significant Accounting Policies**

#### **Statement Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent funds available to support the operations of the Foundation. The Board of Directors may designate the use of certain net assets without donor restrictions.

Net assets with donor restrictions have donor-imposed purpose or time restrictions.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### **Use of Estimates**

When preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure 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.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 2: Summary of Significant Accounting Policies (Continued)**

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances, net of any allowance for uncollectible accounts. There was no allowance for uncollectible accounts as of December 31, 2021 and 2020. Management provides for probable uncollectible amounts through a charge to operations and a credit to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

#### **Investments**

Investments consist of mutual funds and unit investment trusts and are stated at quoted market value.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the securities may occur in the near term and that such changes could materially affect the amount reported.

#### **Equipment and Improvements**

Equipment is carried at cost if purchased or fair market value at the date of the gift if received as contributions. Depreciation is computed by the straight-line method using estimated useful lives of 3 to 5 years for software and computers. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Expenditures for maintenance and repairs are charged to operations when the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

#### **Contributed Services**

Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Management and general expenses include \$6,539 and \$9,903 for 2021 and 2020, respectively, for contributed professional services.

In addition, a substantial number of unpaid volunteers made significant contributions of their time that do not meet the recognition criteria described above. Accordingly, the value of the donated time is not reflected in the financial statements.

#### **Donated Material and Facilities**

Donated materials are recorded at the estimated fair value when received and when such value can be objectively and accurately determined. The Foundation received donated materials for program purposes, fundraising and management and general purposes totaling \$43,852 and \$38,973 for 2021 and 2020, respectively, which is recorded in both revenues and expenses.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 2: Summary of Significant Accounting Policies (Continued)**

#### **Advertising**

Advertising costs are expensed as incurred. Advertising expense amounted to \$11,668 and \$9,473 for the years ended December 31, 2021 and 2020, respectively.

#### **Income Taxes**

The Hope Chest for Breast Cancer Foundation is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal information returns are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations which generally is three years.

In 2016, Hope Chest for Breast Cancer of Bloomington, LLC, a former wholly owned subsidiary, received notice from the Internal Revenue Service (IRS) that its tax exemption was revoked. The store provided the IRS with information and the matter was rectified in 2021.

#### **Functional Allocation of Expenses**

The cost of providing various activities have been summarized on a functional basis in the statement of activities. Expenses directly attributable to the Foundation's mission are reported as program expenses. Any remaining expenses are considered management and general or fundraising.

#### **Reclassifications**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications have no effect on the change in net assets or net assets.

#### **Subsequent Events**

Management has evaluated subsequent events through September 20, 2022, the date on which the financial statements were available to be issued.

### **Note 3: Fair Value Measurements**

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs would only be used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used when Level 1 or Level 2 inputs were not available. There are no investments requiring the use of Level 2 or 3 inputs at December 31, 2021 and 2020.

The fair value of investments consists of a unit investment trust and is based on quoted net asset values of the shares as reported by the trust. The trust is registered with the U.S. Securities and Exchange Commission, must publish its daily net asset value and transact at that price and is considered to be actively traded.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 3: Fair Value Measurements (Continued)**

The following tables set forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2021 and 2020:

	<b>Fair Value</b>	<b>Using Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
<b><u>December 31, 2021</u></b>		
Mutual funds	\$ 553,898	\$ 553,898
Stocks	2,069	2,069
Total Investments in the Fair Value Hierarchy	555,967	555,967
Investments Measured at Net Asset Value	33,554	-
Total Investments at Fair Value	<u>\$ 589,521</u>	<u>\$ 555,967</u>
	<b>Fair Value</b>	<b>Using Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
<b><u>December 31, 2020</u></b>		
Mutual funds	\$ 353,453	\$ 353,453
Stocks	2,343	2,343
Total Investments in the Fair Value Hierarchy	355,796	355,796
Investments Measured at Net Asset Value	26,920	-
Total Investments at Fair Value	<u>\$ 382,716</u>	<u>\$ 355,796</u>

GAAP guidance indicates that investments measured at net asset value as a practical expedient, such as the investment in the unit investment trust, are excluded from the fair value hierarchy (i.e., Level 1, 2, and 3). However, they are presented above to enable reconciliation with amounts presented on the statement of financial position.

The following table summarizes investments for when fair value is measured using the net asset value per share practical expedient as of December 31, 2021 and 2020, respectively.

	Fair Market Value:	Fair Market Value:	Unfunded	Redemption	Redemption	Other
	2021	2020	Commitments	Frequency	Notice Period	Redemption Restrictions
Unit Investment Trust	\$ 33,554	\$ 26,920	-	Daily	Daily	-

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 4: Investment in Equity Securities**

Investments were as follows at December 31, 2021:

<u>Type of Security</u>	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
Mutual funds	\$ 471,334	\$ 88,801	\$ (6,237)	\$ 553,898
Stocks	1,513	556	-	2,069
Unit investment trust	28,236	5,318	-	33,554
	<u>\$ 501,083</u>	<u>\$ 94,675</u>	<u>\$ (6,237)</u>	<u>\$ 589,521</u>

Investments were as follows at December 31, 2020:

<u>Type of Security</u>	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
Mutual funds	\$ 273,833	\$ 79,620	\$ -	\$ 353,453
Stocks	1,513	830	-	2,343
Unit investment trust	20,044	6,876	-	26,920
	<u>\$ 295,390</u>	<u>\$ 87,326</u>	<u>\$ -</u>	<u>\$ 382,716</u>

Net unrealized gains were \$81,640 and \$53,656, respectively, for years ending 2021 and 2020.

### **Note 5: Equipment and Improvements**

Equipment and improvements consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computers	\$ 8,792	\$ 10,225
Software	4,250	18,796
Leasehold Improvements	10,763	10,763
Construction in progress	13,999	-
	<u>37,804</u>	<u>39,784</u>
Accumulated Depreciation	<u>(17,429)</u>	<u>(31,524)</u>
Equipment and Improvements, net	<u>\$ 20,375</u>	<u>\$ 8,260</u>

### **Note 6: Paycheck Protection Program (PPP) Loans**

The Foundation was granted two PPP loans for \$20,128 and \$34,903 in 2020 and 2021, respectively, under the PPP administered by a Small Business Administration (SBA) approved partner. The loans were uncollateralized and were fully guaranteed by the Federal government. The Foundation initially recorded a note payable and subsequently recorded forgiveness when the loan obligations were legally released by the SBA. The Foundation recognized \$55,031 of loan forgiveness income for the year ended December 31, 2021.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 7: Employee Retention Credit**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit (the Credit) which is a refundable tax credit against certain employment taxes. The Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act of 2021 (collectively the Acts) expanded the availability of the credit and extended the credit through September 30, 2021. During the year ended December 31, 2021, the Company recorded a \$16,892 benefit related to the credit which is presented as other income.

### **Note 8: Net Assets**

#### **Board Designated**

The Foundation has designated \$100,000 of net assets without donor restrictions as an operating reserve.

#### **With Donor Restrictions**

Details of the net assets with donor restrictions are as follows:

	Grant Writer	Patient Grants	Communications/ Branding	Total
December 31, 2019	\$ 13,978	\$ -	\$ 36,274	\$ 50,252
Contributions	-	27,500	1,750	29,250
Utilization	(1,925)	(17,500)	(9,604)	(29,029)
December 31, 2020	12,053	10,000	28,420	50,473
Contributions	-	53,195	-	53,195
Utilization	(1,183)	(63,195)	(6,542)	(70,920)
December 31, 2021	\$ 10,870	\$ -	\$ 21,878	\$ 32,748

### **Note 9: Revenue Recognition in Accordance with FASB ASC 606**

The Foundation's revenues include special and fundraising event performance obligations throughout the year and revenue is recognized at a single point in time when the service is performed. Typical payment terms vary and are due at the time of the event.

#### **Disaggregation of Revenue**

The Foundation's operations consist of raising funds to provide support to breast cancer patients and their families. Cash or services contributions may be given to the Foundation with no performance obligation in return. Event transactions are considered one distinct performance obligation at the time the event occurs. Various economic factors affect revenues and cash flows. The Foundation's contributions and event revenues are spread over numerous donors and attendees which reduces the risk of loss.

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. When a donor stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the donor restriction expires within the same year the donation is received it is considered an unrestricted net asset. There were \$32,748 and \$50,473 in net assets with donor restrictions at December 31, 2021 and 2020, respectively.

# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 9: Revenue Recognition in Accordance with FASB ASC 606 (Continued)**

#### **Contract Balances**

The timing of revenue recognition, billings, and cash collection results in receivables on the statement of financial position.

The ending receivable balances were as follows at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 16,049	\$ 5,088	\$ 6,411
Due from related party	\$ 28,707	\$ 7,533	\$ 6,942

### **Note 10: Liquidity and Availability of Resources**

The Foundation regularly monitors liquidity required to meet its operating needs and program disbursements, with the intent to operate a balanced budget throughout the year and modify expenditures as needed. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures due to donor restrictions. In the event the need arises to utilize the board-designated operating reserve referred to in Note 8, the reserve could be drawn upon through board resolution.

Details of the assets available for the Foundation's use are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 397,704	\$ 393,091
Investments	589,521	382,716
Accounts receivable	16,049	5,088
	<u>1,003,274</u>	<u>780,895</u>
Funds with donor restrictions	<u>(32,748)</u>	<u>(50,473)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 970,526</u>	<u>\$ 730,422</u>

### **Note 11: Special Events**

The Foundation conducts special events throughout the year. Details of the special events are as follows for years ended December 31:

	<u>2021</u>	<u>2020</u>
Revenues	\$ 105,890	\$ 98,064
Expenses	<u>125,227</u>	<u>115,005</u>
	<u>\$ (19,337)</u>	<u>\$ (16,941)</u>



# **THE HOPE CHEST FOR BREAST CANCER FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

### **Note 12: Related Party Transactions and Balances**

The Foundation has a management agreement with a corporation controlled by the Foundation's founder and member of the board of directors. The management agreement requires the corporation to purchase such items of clothing, furniture, household furnishings and accessories that are donated to the Foundation which meet specified standards. The corporation operates the retail store where the donated property is sold. The management agreement requires the management company to pay the Foundation an amount equal to the sales less reasonable compensation for services provided by the management company. The amount earned by the Foundation may not be less than 15% of donated inventory sales and 5% of purchased inventory sales from the retail store. The amount earned by the Foundation was \$141,780 and \$91,508 in 2021 and 2020, respectively.

The due from related party balance represents amounts owed to the Foundation by the corporation. The balance at December 31, 2021 and 2020 was noninterest bearing and due on demand.

The Foundation has an agreement with a corporation controlled by a member of the board of directors to provide computer services and equipment to the Foundation. The amount paid to the corporation was \$12,912 and \$12,413 for 2021 and 2020, respectively.

The Foundation has an agreement with a corporation controlled by a member of the board of directors to provide legal services to the Foundation. The amount paid to the corporation was \$4,055 and \$7,502 for 2021 and 2020, respectively.