

# **The Hope Chest for Breast Cancer Foundation**

Orono, Minnesota

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Financial Statements

Auditor's Report

For the Years Ended

December 31, 2022 and 2021



CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of The Hope Chest for Breast Cancer Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Hope Chest for Breast Cancer Foundation as of December 31, 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of The Hope Chest for Breast Cancer Foundation as of December 31, 2021 were audited by other auditors whose report dated September 20, 2022, expressed an unmodified opinion on those statements.

### **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 within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude 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.

*Capezio Ent and Audit. Rtd.*

Certified Public Accountants

Minneapolis, Minnesota  
November 1, 2023

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021

EXHIBIT A

	2022					2021
	Without Donor Restrictions			With Donor Restrictions		
<u>ASSETS</u>	Operating	Board Designated	Total	Restrictions	Total	Total
Current Assets:						
Cash	\$ 308,707	\$ -	\$ 308,707	\$ 11,086	\$ 319,793	\$ 397,704
Accounts Receivable	-	-	-	-	-	16,049
Employee Retention Credit Receivable	-	-	-	-	-	16,892
Investments	-	490,202	490,202	-	490,202	589,521
Prepaid Expense	33,438	-	33,438	-	33,438	14,400
Due From Related Party	34,464	-	34,464	-	34,464	28,707
Total Current Assets	376,609	490,202	866,811	11,086	877,897	1,063,273
Noncurrent Assets:						
Equipment and Improvements - Net	30,262	-	30,262	-	30,262	20,375
TOTAL ASSETS	<u>\$ 406,871</u>	<u>\$ 490,202</u>	<u>\$ 897,073</u>	<u>\$ 11,086</u>	<u>\$ 908,159</u>	<u>\$ 1,083,648</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current Liabilities:						
Accounts Payable	\$ 23,856	\$ -	\$ 23,856	\$ -	\$ 23,856	\$ 9,050
Accrued Expenses	12,633	-	12,633	-	12,633	26,224
Total Current Liabilities	36,489	-	36,489	-	36,489	35,274
TOTAL LIABILITIES	36,489	-	36,489	-	36,489	35,274
Net Assets	370,382	490,202	860,584	11,086	871,670	1,048,374
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 406,871</u>	<u>\$ 490,202</u>	<u>\$ 897,073</u>	<u>\$ 11,086</u>	<u>\$ 908,159</u>	<u>\$ 1,083,648</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021

EXHIBIT B

	2022					2021
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board Designated	Total			
Support and Revenue:						
Revenues from Sales of Donated Items	\$ 965,489	\$ -	\$ 965,489	\$ -	\$ 965,489	\$ 945,198
Other Contributions of Financial Assets	315,231	24,221	339,452	23,100	362,552	372,530
Contributions of Nonfinancial Assets	61,732	-	61,732	-	61,732	43,852
Special Events - Net of Expenses	(41,510)	-	(41,510)	-	(41,510)	(56,650)
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	44,762	-	44,762	(44,762)	-	-
Total Support and Revenue	1,345,704	24,221	1,369,925	(21,662)	1,348,263	1,304,930
Expense:						
Costs of Selling Donated Items	820,666	-	820,666	-	820,666	803,418
Program Services	290,917	-	290,917	-	290,917	185,798
Support Services:						
Management and General	65,696	-	65,696	-	65,696	66,655
Fundraising	225,261	-	225,261	-	225,261	132,643
Total Support Services	290,957	-	290,957	-	290,957	199,298
Total Expense	1,402,540	-	1,402,540	-	1,402,540	1,188,514
Other Income (Expense):						
Investment Income (Loss)	-	(123,540)	(123,540)	-	(123,540)	86,143
Forgiveness of PPP Loans	-	-	-	-	-	55,031
Employee Retention Credit	-	-	-	-	-	16,892
Loss from Equipment Disposal	(1)	-	(1)	-	(1)	(706)
Miscellaneous	1,114	-	1,114	-	1,114	1,175
Total Other Income	1,113	(123,540)	(122,427)	-	(122,427)	158,535
Change in Net Assets	(55,723)	(99,319)	(155,042)	(21,662)	(176,704)	274,951
Net Assets - Beginning of Year	426,105	589,521	1,015,626	32,748	1,048,374	773,421
Net Assets - End of Year	\$ 370,382	\$ 490,202	\$ 860,584	\$ 11,086	\$ 871,670	\$ 1,048,372

The accompanying Notes to Financial Statements  
are an integral part of this statement.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021

EXHIBIT C

	2022				2021	
	Support Services					
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Wages and Related Expenses	\$ 51,240	\$ 31,092	\$ 68,361	\$ 99,453	\$ 150,693	\$ 132,264
Grant Program Expense	196,500	-	-	-	196,500	113,711
Professional Fees	21,956	21,508	43,843	65,351	87,307	42,760
Outside Labor	-	-	67,761	67,761	67,761	35,698
Advertising	5,775	-	17,325	17,325	23,100	11,668
Office Expense	7,060	4,287	9,365	13,652	20,712	16,801
Fundraising	249	4,727	9,692	14,419	14,668	20,329
Office Sharing Expense	1,908	1,159	2,531	3,690	5,598	5,100
Insurance	1,197	727	1,587	2,314	3,511	3,195
Depreciation	5,032	2,196	4,796	6,992	12,024	3,570
Total Expense	<u>\$ 290,917</u>	<u>\$ 65,696</u>	<u>\$ 225,261</u>	<u>\$ 290,957</u>	<u>\$ 581,874</u>	<u>\$ 385,096</u>

The accompanying Notes to Financial Statements  
 are an integral part of this statement.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Support Services				
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Wages and Related Expenses	\$ 47,846	\$ 35,824	\$ 48,594	\$ 84,418	\$ 132,264
Grant Program Expense	113,711	-	-	-	113,711
Professional Fees	9,634	17,156	15,970	33,126	42,760
Outside Labor	-	-	35,698	35,698	35,698
Advertising	2,917	-	8,751	8,751	11,668
Office Expense	6,134	4,601	6,066	10,667	16,801
Fundraising	327	6,212	13,790	20,002	20,329
Office Sharing Expense	1,861	1,397	1,842	3,239	5,100
Insurance	1,166	875	1,154	2,029	3,195
Depreciation	2,202	590	778	1,368	3,570
Total Expense	<u>\$ 185,798</u>	<u>\$ 66,655</u>	<u>\$ 132,643</u>	<u>\$ 199,298</u>	<u>\$ 385,096</u>

The accompanying Notes to Financial Statements  
 are an integral part of this statement.



THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (176,704)	\$ 274,951
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	14,774	4,329
Investment Income Reinvested	(4,760)	(3,772)
Realized and Unrealized (Gains) and Losses on Investments	128,300	(81,640)
Loss on Disposal of Equipment	1	706
Forgiveness of PPP Loans	-	(55,031)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	16,049	(10,961)
Employee Retention Credit Receivable	16,892	(16,892)
Prepaid Expenses	(19,038)	(1,674)
Due from Related Party	(5,757)	(21,174)
Other Assets	-	966
Accounts Payable	14,806	8,211
Accrued Expenses	(13,591)	10,234
Net Cash Provided (Used) by Operating Activities	<u>(29,028)</u>	<u>108,253</u>
Cash Flows from Investing Activities:		
Purchases of Investments	(24,221)	(188,236)
Proceeds from Sale of Investments	-	66,843
Purchases of Equipment'	(24,662)	(17,150)
Net Cash (Used) by Investing Activities	<u>(48,883)</u>	<u>(138,543)</u>
Cash Flows from Financing Activities		
Proceeds from PPP Loan	<u>-</u>	<u>34,903</u>
Net Increase (Decrease) in Cash	(77,911)	4,613
Cash - Beginning of Year	<u>397,704</u>	<u>393,091</u>
Cash - End of Year	<u><u>\$ 319,793</u></u>	<u><u>\$ 397,704</u></u>

The accompanying Notes to Financial Statements  
 are an integral part of these statements.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies

Organizational Purpose

The Hope Chest for Breast Cancer Foundation (the 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.

Net Assets

Net assets, revenues, 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-imposed restrictions. The Board of Directors may designate the use of certain net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The financial statements include certain prior-year summarized comparative information in total by 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, 2021, from which the summarized information was derived.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

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 change in values of the securities may occur in the near term and that such changes could materially affect the amount reported.

Accounts Receivable and Doubtful Accounts

Accounts receivable are generally uncollateralized and the Foundation does not charge interest on accounts receivable balances. The Foundation reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Foundation provides an allowance for doubtful accounts, when appropriate, based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Equipment and Improvements

Equipment is carried at cost if purchased or fair market value at the date of the gift if received as a contribution. Depreciation is computed by the straight-line method using estimated useful lives 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.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$23,100 and \$11,668 for the years ended December 31, 2022 and 2021, respectively.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation records contributions of nonfinancial assets at fair market value at date of donation. The Foundation's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Special event revenue is recognized at a point in time when the event takes place and is considered one distinct performance obligation at the time the event occurs.

Leases

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Income Tax

The Foundation has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Foundation's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Foundation continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Foundation annually files a Return of Organization Exempt From Income Tax (Form 990).

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In 2022, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

The Foundation has also adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of the Foundation's financial reporting. The ASU has been applied retrospectively for the periods ended December 31, 2022 and 2021, as required.

Subsequent Events

The Foundation has evaluated the effect that subsequent events would have on the financial statements through November 1, 2023, which is the date financial statements were available to be issued.

2. Equipment and Improvements

The Foundation owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2022</u>	<u>2021</u>	
Office Equipment	\$ 4,737	\$ 8,792	3-7 years
Leasehold Improvements	10,763	10,763	7 years
Software	<u>42,912</u>	<u>18,249</u>	3 years
	58,412	37,804	
Less: Accumulated Depreciation	<u>28,150</u>	<u>17,429</u>	
	<u>\$ 30,262</u>	<u>\$ 20,375</u>	

Depreciation expense of \$14,774 and \$4,329 was recorded for the years ended December 31, 2022 and 2021, respectively.

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

3. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specified purpose:		
Grant Writer	\$ 9,971	\$ 10,870
Communications and Branding	<u>1,115</u>	<u>21,878</u>
	<u>\$ 11,086</u>	<u>\$ 32,748</u>

4. Contributions of Nonfinancial Assets

The Foundation records contributions of nonfinancial assets at fair market value at date of donation. Contributions of nonfinancial assets included the following as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Professional Services	\$ 4,975	\$ 6,539
Materials and Facilities – Special Events	<u>56,757</u>	<u>37,313</u>
	<u>\$ 61,732</u>	<u>\$ 43,852</u>

Contributions of nonfinancial assets were utilized for programming, administration and fundraising during the years ended December 31, 2022 and 2021, and had no donor restrictions. Values were used based on the current market rates the Foundation would have paid for the items if they were not donated.

5. Investments

The Foundation held the following investments as of:

	<u>December 31,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	\$ 521,223	\$ 461,281	\$ 471,334	\$ 553,898
Stocks	1,513	1,555	1,513	2,069
Unit Investment Trust	<u>28,236</u>	<u>27,366</u>	<u>28,236</u>	<u>33,554</u>
	<u>\$ 550,972</u>	<u>\$ 490,202</u>	<u>\$ 501,083</u>	<u>\$ 589,521</u>

Investment income was as follows as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 4,760	\$ 3,772
Unrealized Gain (Loss)	(149,208)	81,640
Realized Gain (Loss)	<u>20,908</u>	<u>731</u>
	<u>\$ (123,540)</u>	<u>\$ 86,143</u>

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

6. Fair Value

Fair value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. A three-tier hierarchy of inputs is used to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at December 31:

2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 461,281	\$ -	\$ -	\$ 461,281
Stocks	1,555	-	-	1,555
Total Investments in FV Hierarchy	462,836	-	-	462,836
Investments Measured at				
Net Asset Value	-	-	-	27,366
Total Investments at Fair Value	<u>\$ 462,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,202</u>

  

2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 553,898	\$ -	\$ -	\$ 553,898
Stocks	2,069	-	-	2,069
Total Investments in FV Hierarchy	555,967	-	-	555,967
Investments Measured at				
Net Asset Value	-	-	-	33,554
Total Investments at Fair Value	<u>\$ 555,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,521</u>

GAAP guidance indicates that investments measured at net asset value as a practical expedient, such as the investment in the unit 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 measured at fair value based on NAV per share as of:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
December 31, 2022:				
Unit Investment Trust	\$ 27,366	N/A	Daily	Daily
December 31, 2021:				
Unit Investment Trust	\$ 33,554	N/A	Daily	Daily

THE HOPE CHEST FOR BREAST CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

7. 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 \$144,823 and \$141,780 in 2022 and 2021, respectively.

8. Special Events

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

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenues (includes contributions of non-financial assets)	\$ 185,793	\$ 105,890
Expenses	<u>170,546</u>	<u>125,227</u>
	<u>\$ 15,247</u>	<u>\$ (19,337)</u>

Contributions of nonfinancial assets were utilized for programming during the years ended December 31, 2022 and 2021, and had no donor restrictions. Values were used based on the current market rates the Foundation would have paid for the items if they were not donated.

9. Board Designated Net Assets

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

10. Paycheck Protection Program (PPP) Loans

The Foundation was granted two PPP loans for the \$20,128 and \$34,903 in 2020 and 2021, respectively, under the PPP administered by 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.



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11. Liquidity and Availability

The following represents the Foundation's financial assets as of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash	\$ 319,793	\$ 397,704
Investments	490,202	589,521
Accounts Receivable	-	<u>16,049</u>
Total Financial Assets	809,995	1,003,274
Less amounts not available to be used within one year due to contractual or donor-imposed restrictions	<u>(11,086)</u>	<u>(32,748)</u>
Financial assets available for general expenditures within one year	<u>\$ 798,909</u>	<u>\$ 970,526</u>

The Foundation regularly monitors the 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. In the event the need arises to utilize the board-designated operating reserve, the reserve could be drawn upon through board resolution.

12. 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.