

FIGHTING CHANCE, INC.

Financial Statements

for the years ended  
December 31, 2010 and 2009

FIGHTING CHANCE, INC.

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Fighting Chance, Inc.  
Sag Harbor, New York

We have audited the accompanying statements of financial position of Fighting Chance, Inc. (a nonprofit organization) as of December 31, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fighting Chance, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Sabel & Oplinger, CPA, PC

February 11, 2011

FIGHTING CHANCE, INC.

Statements of Financial Position

|   | December 31       |                   |
|---|-------------------|-------------------|
|   | <u>2010</u>       | <u>2009</u>       |
| Assets  |                   |                   |
| Current Assets                                |                   |                   |
| Cash and cash equivalents                     | \$ 74,430         | \$ 58,218         |
| Cash and cash equivalents in rainy day fund   | 60,234            | 100,377           |
| Cash and cash equivalents in security account | 3,005             | -                 |
| Prepaid insurance                             | 3,877             | 3,638             |
| Other receivable                              | 1,595             | -                 |
| Total Current Assets                          | <u>143,141</u>    | <u>162,233</u>    |
| Property and Equipment, net (Note 6)          | <u>159,031</u>    | <u>85,000</u>     |
| Other Asset                                   |                   |                   |
| Security deposit                              | <u>-</u>          | <u>4,210</u>      |
| Total Assets                                  | <u>\$ 302,172</u> | <u>\$ 251,443</u> |
| Liabilities and Net Assets                    |                   |                   |
| Current Liabilities                           |                   |                   |
| Accounts payable                              | \$ 19,879         | \$ 4,672          |
| Taxes payable                                 | 583               | 813               |
| Donation payable                              | 5,000             | -                 |
| Total Current Liabilities                     | <u>25,462</u>     | <u>5,485</u>      |
| Net Assets                                    |                   |                   |
| Unrestricted                                  | <u>276,710</u>    | <u>245,958</u>    |
| Total Liabilities and Net Assets              | <u>\$ 302,172</u> | <u>\$ 251,443</u> |

See Independent Auditors' Report  
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Statements of Activities

for the years ended

|  | December 31       |                   |
|--|-------------------|-------------------|
|  | <u>2010</u>       | <u>2009</u>       |
| Revenues                               |                   |                   |
| Contributions                          | \$ 296,667        | \$ 270,753        |
| Special events                         | 230,615           | 174,470           |
| Investment income                      | <u>12</u>         | <u>11</u>         |
| Total Revenues                         | <u>527,294</u>    | <u>445,234</u>    |
| Expenses                               |                   |                   |
| Program services                       | 333,803           | 313,562           |
| Supporting Services:                   |                   |                   |
| Administrative and general             | 50,015            | 36,706            |
| Fundraising                            | <u>85,957</u>     | <u>64,560</u>     |
| Total Expenses                         | <u>469,775</u>    | <u>414,828</u>    |
| Increase in net assets from operations | 57,519            | 34,406            |
| Disposal of un-depreciated property    | <u>( 26,767)</u>  | <u>-</u>          |
| Change in net assets                   | 30,752            | 30,406            |
| Net assets, beginning of year          | <u>245,958</u>    | <u>215,552</u>    |
| Net assets, end of year                | <u>\$ 276,710</u> | <u>\$ 245,958</u> |

See Independent Auditors' Report  
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Statements of Cash Flows

for the years ended

|   | <u>December 31</u> |                   |
|---|--------------------|-------------------|
|   | <u>2010</u>        | <u>2009</u>       |
| <u>Cash Flows from Operating Activities:</u>  |                    |                   |
| Change in net assets  | \$ 30,752          | \$ 30,406         |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities: |                    |                   |
| Amortization and depreciation   | 11,961             | 3,024             |
| Disposal of un-depreciated property   | 26,767             | -                 |
| (Increase) Decrease in:   |                    |                   |
| Prepaid expense   | ( 239)             | 87                |
| Other receivable  | ( 1,595)           | -                 |
| Security deposit  | 4,210              | -                 |
| Increase (Decrease) in:   |                    |                   |
| Accounts payable  | 15,206             | ( 1,899)          |
| Taxes payable   | ( 230)             | 813               |
| Donation payable  | <u>5,000</u>       | <u>-</u>          |
| Net Cash Provided by Operating Activities   | <u>91,832</u>      | <u>32,431</u>     |
| <u>Cash Flows from Investing Activities:</u>  |                    |                   |
| Expenditures for property and equipment   | <u>( 112,757)</u>  | <u>( 10,144)</u>  |
| Net Cash (Used) by Investing Activities   | <u>( 112,757)</u>  | <u>( 10,144)</u>  |
| Net (Decrease) Increase in Cash   | ( 20,925)          | 22,287            |
| Cash and cash equivalents, beginning of year  | <u>158,595</u>     | <u>136,308</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 137,670</u>  | <u>\$ 158,595</u> |

See Independent Auditors' Report  
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 1 - Nature of Organization

Fighting Chance, Inc. (the Organization) was incorporated on November 20, 2001 as a not-for-profit corporation pursuant to General Corporation law of the State of New York. Fighting Chance, Inc. is a hotline counseling center for the non-medical lifestyle issues associated with cancer, as well as an informational clearinghouse and resource center. The Center is located in Sag Harbor, New York, and provides services to cancer patients and those that care for them.

Note 2 - Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 11, 2011, the date that the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representations of the Organization's management who are responsible for their integrity and objectivity.

Basis of Accounting

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

Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets. For the year ended December 31, 2010, the Organization had only unrestricted net assets.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged.

See Independent Auditors' Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 3 - Continued

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns. The value of this contributed time is not reported in these financial statements, as it does not meet the criteria for recognition under SFAS No. 116.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

Property, Equipment and Depreciation

Expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Use of Estimates

The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 4 - Tax Exempt Status

The Organization has been classified by the Internal Revenue Service as a publicly supported tax-exempt charity pursuant to IRC Section 501(c)(3) and as a not-for-profit corporation under the laws of New York State. Accordingly, no provision for Federal or State income taxes is required.

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 5 - Lease

The Organization entered into a lease for office space with a five-year term beginning July 1, 2010 through June 30, 2015.

The future minimum rental obligations are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2011        | \$ 36,000     |
| 2012        | 36,000        |
| 2013        | 36,000        |
| 2014        | 36,000        |
| 2015        | 18,000        |

The lease has an option to extend the term for an additional five years at the same level of rent for a one time lump sum cash payment of \$40,000.

Note 6 - Property and Equipment, net

These assets are recorded at cost and are summarized as follows:

|                                | <u>December 31</u> |                  |
|--------------------------------|--------------------|------------------|
|                                | <u>2010</u>        | <u>2009</u>      |
| Website                        | \$ 43,451          | \$ 35,601        |
| Trademark                      | 4,372              | 4,372            |
| Leasehold improvements         | 100,404            | 35,500           |
| Furniture and fixtures         | 5,635              | 5,635            |
| Office equipment               | 11,663             | 11,164           |
| Lease key money                | 10,000             | -                |
| Less: Accumulated depreciation | <u>( 16,494)</u>   | <u>( 7,272)</u>  |
| Net Book Value                 | <u>\$ 159,031</u>  | <u>\$ 85,000</u> |

Note 7 - Principle Sources of Support

The principle sources of support were from the special events and the Board. The Board's portion was 25% of gross receipts.