

FIGHTING CHANCE, INC.

Financial Statements

for the years ended
December 31, 2018 (Reviewed) and 2017 (Audited)

FIGHTING CHANCE, INC.

Table of Contents

	Page
Independent Accountants' Review Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 14

Sabel & Oplinger, CPA, PC
ACCOUNTANTS AND CONSULTANTS
106 PROSPECT STREET, P.O. BOX 1307
SOUTHAMPTON, NY 11969

TELEPHONE (631) 283-2370
FAX (631) 287-4347

e mail: socpapc@socpapc.com
web page: www.socpapc.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Fighting Chance, Inc. (a nonprofit organization) as of December 31, 2018 which comprise the statements of financial position and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management is responsible for the preparation and fair representation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The 2017 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated June 4, 2018, but we have not performed any auditing procedures since that date.

Sabel & Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

October 22, 2019

FIGHTING CHANCE, INC.

Statements of Financial Position

Assets	December 31	
	2018 (Reviewed)	2017 (Audited)
Current Assets		
Cash and cash equivalents	\$ 125,821	\$ 141,289
Accrued interest receivable	4,768	8,967
Prepaid insurance	3,683	2,467
Total Current Assets	<u>134,272</u>	<u>152,723</u>
Board Designated Endowment Funds		
Cash and cash equivalents	116,059	90,583
Investments	667,935	816,772
Total Board Designated Endowment	<u>783,994</u>	<u>907,355</u>
Property and Equipment, net	<u>134,060</u>	<u>74,006</u>
Other Assets		
Security deposit	3,034	3,031
Investment in affiliates	6,832	6,832
Prepaid rent, net	4,675	6,236
Total Other Assets	<u>14,541</u>	<u>16,099</u>
Total Assets	<u>\$ 1,066,867</u>	<u>\$ 1,150,183</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 3,785</u>	<u>\$ 13,002</u>
Net Assets		
Without donor restrictions		
Undesignated	279,088	229,826
Board designated	783,994	907,355
Total Net Assets	<u>1,063,082</u>	<u>1,137,181</u>
Total Liabilities and Net Assets	<u>\$ 1,066,867</u>	<u>\$ 1,150,183</u>

See Independent Accountants' Review Report
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Statement of Activities

for the years ended

	Without Donor Restrictions		December 31	
	Undesignated	Designated	2018 (Reviewed)	2017 (Audited)
Revenues				
Contributions	\$ 198,674	\$ -	\$ 198,674	\$ 240,676
Special events	138,203	-	138,203	265,201
Change in unrealized				
gains (losses) on investments	-	9,912	9,912	(4,507)
Investment income (losses)	3	(6,239)	(6,236)	21,678
Other revenue	181	-	181	-
Transfers to endowment fund	127,034	(127,034)	-	-
Total Revenues	<u>464,095</u>	<u>(123,361)</u>	<u>340,734</u>	<u>523,048</u>
Expenses				
Program services	271,400	-	271,400	391,232
Supporting Services:				
Administrative and general	37,367	-	37,367	32,812
Fundraising	40,033	-	40,033	25,861
Special events expense	<u>66,033</u>	<u>-</u>	<u>66,033</u>	<u>93,360</u>
Total Expenses	<u>414,833</u>	<u>-</u>	<u>414,833</u>	<u>543,265</u>
Change in Net Assets	49,262	(123,361)	(74,099)	(20,217)
Net assets, beginning of year	<u>229,826</u>	<u>907,355</u>	<u>1,137,181</u>	<u>1,157,398</u>
Net assets, end of year	<u>\$ 279,088</u>	<u>\$ 783,994</u>	<u>\$ 1,063,082</u>	<u>\$ 1,137,181</u>

See Independent Accountants' Review Report
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Statements of Functional Expenses

for the years ended

Expense Name	Program Services	Management and General Services	Fundraising and Public Awareness	December 31	
				2018 (Reviewed)	2017 (Audited)
Accounting fees	\$ 7,320	\$ 915	\$ 915	\$ 9,150	\$ 9,125
Advertising	16,582	2,073	2,072	20,727	28,598
Bank service fee	1,805	301	902	3,008	3,394
Bookkeeping	-	18,988	-	18,988	14,687
Depreciation	9,208	1,535	4,603	15,346	15,751
Dues and subscriptions	2,491	415	1,246	4,152	275
Insurance, business	5,269	878	2,635	8,782	9,165
Fundraising	-	-	3,363	3,363	-
Donation fee	4,839	807	2,419	8,065	-
Meals and entertainment	2,365	296	295	2,956	1,698
Office expense	31,280	5,214	15,639	52,133	30,447
Payroll taxes	7,377	-	-	7,377	9,685
Program expenses	12,925	-	-	12,925	52,807
Rent	40,542	5,068	5,068	50,678	51,390
Travel	270	34	34	338	867
Utilities	6,741	843	842	8,426	-
Salaries	122,386	-	-	122,386	222,016
Total Expenses before Special Events	271,400	37,367	40,033	348,800	449,905
Special Events	-	-	66,033	66,033	93,360
Total Expenses	<u>\$ 271,400</u>	<u>\$ 37,367</u>	<u>\$ 106,066</u>	<u>\$ 414,833</u>	<u>\$ 543,265</u>

See Independent Accountants' Review Report
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Statements of Cash Flows

for the years ended

	<u>December 31</u>	
	<u>2018 (Reviewed)</u>	<u>2017 (Audited)</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (74,099)	\$ (20,217)
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Amortization of rent	1,562	1,562
Depreciation	15,346	15,751
Donated securities	(70,423)	-
Change in unrealized (gain) loss on investments	(9,912)	4,507
(Increase) Decrease in:		
Prepaid expense	(1,216)	9,170
Accrued interest receivable	4,199	(1,835)
Security deposit	(3)	(3)
Increase (Decrease) in:		
Accounts payable and accrued expenses	<u>(9,222)</u>	<u>(5,171)</u>
Net Cash (Used) Provided by Operating Activities	<u>(143,768)</u>	<u>3,764</u>
<u>Cash Flows from Investing Activities:</u>		
Investment purchases, net	203,700	(39,478)
Expenditures for property and equipment	<u>(75,400)</u>	<u>(1,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>128,300</u>	<u>(40,478)</u>
Net (Decrease) in Cash	(15,468)	(36,714)
Cash and cash equivalents, beginning of year	<u>141,289</u>	<u>178,003</u>
Cash and cash equivalents, end of year	<u>\$ 125,821</u>	<u>\$ 141,289</u>

See Independent Accountants' Review Report
and Notes to Financial Statements

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

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 October 22, 2019, 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has adjusted the presentation of these statements accordingly.

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 have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

See Independent Accountants' Review Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires managements to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. The Board designated endowment fund is not considered cash and cash equivalents as it is not available for operations.

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization deposits its cash and cash equivalents with that it believes to be quality financial institutions. The Organization believes no significant concentration of credit risk exists with respect to its cash and cash equivalents. The balances have exceeded the federally insured limit at times during the year.

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property, Equipment and Depreciation

The 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.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor 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.

See Independent Accountants' Review Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 3 - Continued

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. Such allocations are determined by management on an equitable basis. Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Accounting fees	Percentage of time spent
Advertising	Percentage of time spent
Bank service charges	Percentage of time spent
Depreciation	Percentage of time spent
Dues and subscriptions	Percentage of time spent
Insurance	Percentage of time spent
Office expenses	Percentage of time spent
Salaries, taxes and benefits	Percentage of time spent
Meals and entertainment	Percentage of time spent
Printing	Percentage of time spent
Rent	Percentage of time spent
Telephone	Percentage of time spent
Travel	Percentage of time spent
Utilities	Percentage of time spent

Note 4 - Availability and Liquidity

The following represents the organization's financial assets at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$ 125,821
Accrued interest receivable	<u>4,768</u>
Total Financial Assets	<u>\$ 130,589</u>
Less financial assets not available to be used within one year:	
	-
Financial assets available to meet the cash needs for general expenditures within one year	
	<u>\$ 130,589</u>

The organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is accumulated in the checking accounts for future use.

See Independent Accountants' Review Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 5 - Investments - Fair Value

The Organization invests in corporate and government debt securities as well as municipal bonds. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended December 31, 2018. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between the levels in the year ended December 31, 2018.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments consist of the following at December 31, 2018:

	<u>Fair Market Value</u>			<u>Cost Basis</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>	
Corporate Bonds	\$ 411,529	\$ -	\$ 411,529	\$ 419,113
Government Securities	87,941	-	87,941	88,637
Muni Bonds	168,465	-	168,465	170,397
Total	<u>\$ 667,935</u>	<u>\$ -</u>	<u>\$ 667,935</u>	<u>\$ 678,147</u>

See Independent Accountants' Review Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 5 - Continued

The relationship between carrying values and fair values of investments as of December 31, 2018, is as follows:

	Carrying Value	Fair Value	Unrealized Gain (Loss)
Balance, beginning of year	\$ 836,896	\$ 816,772	\$ (20,124)
Balance, end of year	678,147	667,935	<u>(10,212)</u>
Change in unrealized gains/(losses)			<u>\$ 9,912</u>

Note 6 - Property and Equipment, net

These assets are recorded at cost and are summarized as of December 31, 2018:

Website and domain at cost	\$ 56,951
Trademark at cost	4,372
Furniture and fixtures	9,277
Office equipment	17,539
Leasehold improvements	100,404
Satellite office	75,401
Less: Accumulated depreciation	<u>(129,884)</u>
Net Book Value	<u>\$ 134,060</u>

Depreciation expense for the year ended December 31, 2018 was \$15,346.

Note 7 - Investments in Affiliates

Investments in affiliates are considered level three investments (inputs to the valuation methodology that are unobservable and significant to the fair value measurement) and consist of the following:

Trademark fees for Cancer Simplified	\$ 5,131
Organizational costs for The Cancer Trust	<u>1,701</u>
Total	<u>\$ 6,832</u>

Note 8 - Prepaid Rent, net

Prepaid rent consists of the following as of December 31, 2018:

Rent	\$ 50,600
Less: accumulated amortization	<u>(45,925)</u>
Prepaid rent, net	<u>\$ 4,675</u>

Amortization of rent expense for the year ended December 31, 2018 was \$1,562.

See Independent Accountants' Review Report

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 9 - Lease

The Organization entered into a lease for office space with a ten-year term beginning July 1, 2010 through June 30, 2020.

The future minimum rental obligations are as follows:

<u>Year</u>	<u>Amount</u>
2019	42,996
2020	21,498
	<u>\$ 64,494</u>

Note 10 - Net Assets

The Board established a general endowment fund for support of the mission of the Organization through the designation of unrestricted net assets. The fund consists of an internal designation and is not donor-restricted. The Board is in the process of developing an investment policy as these funds are Board restricted and are not intended for operations. As the funds are unavailable for operational use, it is not included as cash and cash equivalents.

Net assets without donor restrictions are as follows at December 31, 2018:

Undesignated	\$ 279,088
Board designated	<u>783,994</u>
Total	<u>\$ 1,063,082</u>

Note 11 - Advertising

The Organization uses advertising to promote its programs and fundraising events. These costs are expensed as incurred and totaled \$20,727 for the year ended December 31, 2018.

Note 12 - Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) .

FIGHTING CHANCE, INC.

Notes to Financial Statements

December 31, 2018

Note 12 - Continued

There was no unrelated business income for the year ended December 31, 2018. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2018, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2015 and forward are subject to the usual review by the appropriate taxing authorities.

Note 13 - Principal Sources of Support

Members of the Board of Directors provide financial support to the Organization. The Organization received \$46,375 in donations from Board members for December 31, 2018.