THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)

Financial Statements
December 31, 2017 and 2016

KUTCHINS, ROBBINS & DIAMOND, LTD.

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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CERTIFIED PUBLIC ACCOUNTANTS

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KUTCHINS
ROBBINS &
DIAMOND,
LTD.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Lynn Sage Foundation
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of The Lynn Sage Foundation (an Illinois nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lynn Sage Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kutchins, Robbins & Diamond, Ltd.

March 28, 2018

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016
See notes to financial statements.

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 787,969	$ 860,000
Accounts receivable	145,902	17,055
Prepaid expenses	-	2,600
	933,871	879,655
PROPERTY AND EQUIPMENT		
Equipment	-	1,005
Less: accumulated depreciation	-	(804)
Net property and equipment	-	201
	$ 933,871	$ 879,856
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 12,622	$ 3,322
Other liabilities	-	7,248
Total current liabilities	12,622	10,570
NET ASSETS		
Unrestricted	921,249	869,286
	$ 933,871	$ 879,856

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016
See notes to financial statements.

	2017	2016
REVENUES		
Fundraising	**$ 286,287**	$ 199,112
Contributions	**227,973**	241,509
Interest income	**773**	610
Other income	**11**	-
	515,044	441,231
EXPENSES		
Program services, grants	**300,000**	100,000
Fundraising	**94,790**	75,466
General and administrative	**68,291**	75,914
	463,081	251,380
CHANGE IN NET ASSETS	**51,963**	189,851
NET ASSETS AT BEGINNING OF YEAR	**869,286**	679,435
NET ASSETS AT END OF YEAR	**$ 921,249**	$ 869,286

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
See notes to financial statements.

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 51,963**	$ 189,851
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**-**	201
Loss on disposal of equipment	**201**	-
Changes in assets and liabilities		
Accounts receivable	**(128,847)**	(14,084)
Prepaid expenses	**2,600**	-
Accounts payable	**9,300**	(2,428)
Other liabilities	**(7,248)**	7,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(72,031)**	180,788
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**860,000**	679,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 787,969**	$ 860,000

NATURE OF ACTIVITIES

The Lynn Sage Foundation (the "Foundation") is a nonprofit corporation established in 2003 to promote breast cancer research until the cure is found. The Foundation distributes funds through various grants for research in the field of breast cancer.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Temporarily restricted net assets are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of temporarily restricted net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from temporarily restricted net assets to unrestricted net assets. The Foundation reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as unrestricted support in the statement of activities. There were no temporarily restricted net assets at December 31, 2017 and 2016.

Permanently restricted net assets are subject to donor-imposed restrictions that will never lapse, thus requiring that the funds be retained permanently. There were no permanently restricted net assets at December 31, 2017 and 2016.

Cash and Cash Equivalents: Cash and cash equivalents consist of checking and money market accounts held at various financial institutions.

Concentration of Credit Risk: The Foundation's cash balances at financial institutions exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. Management does not believe this presents a significant risk to the Foundation.

Accounts Receivable: The balance represents amounts receivable from donors for contributions. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and other sources. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debts. The Foundation believes all amounts to be collectible and no allowance for doubtful accounts has been recorded at December 31, 2017 and 2016.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable: Unconditional promises to give ("pledges") are recognized as revenue in the period the pledge is received. Pledges are recorded at net realizable value if they are expected to be collected within one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized and recorded as receivable only when the donor-imposed conditions are substantially met or explicitly waived, at which time the conditional promise to give becomes unconditional.

Property and Equipment: Property and equipment is recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which are typically five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the period of disposition. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Donated Services: A significant amount of donated services are contributed to the Foundation to support the Foundation's programs and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

Joint Costs: The Foundation conducted activities that were multi-functional, including fundraising and general and administrative components. Such activities included personnel costs, the allocation of which to each expense category is determined on an employee-by-employee basis. During 2017, a total of approximately $24,000 and $8,000 was allocated to fundraising and general and administrative, respectively. During 2016 a total of approximately $21,000 and $12,000 was allocated to fundraising and general and administrative, respectively.

Tax Exempt Status: The Foundation is recognized as a tax exempt organization under Internal Revenue Code Section 501(c)(3). However, any income from certain activities not directly related to the Foundation's tax exempt purpose would be subject to taxation as unrelated business income.

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 and disclosures 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.

Subsequent Events: Management has evaluated subsequent events through March 28, 2018, the date financial statements were available to be issued.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement: During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for the year ended December 31, 2018. This ASU replaces the three classes of net assets used in financial statements of nonprofit entities (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets (net assets with donor restrictions and net assets without donor restrictions). The new ASU also will require expanded disclosures about liquidity and availability of resources, presentation of expenses by both functional and natural classifications, changes in the cash flow statement when prepared using the direct method, and changes in reporting of investment returns.

The effect of this pronouncement on the financial statements has not been determined.

CONCENTRATION OF REVENUE FUNDING

For the year ended December 31, 2017, the Foundation received approximately 19% of its revenues from a single funding source. As of December 31, 2017, accounts receivable due from this source was approximately 69% of the Foundation's total accounts receivable. There was no such concentration for the year ended December 31, 2016.