



***THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)***

*Financial Statements
December 31, 2018 and 2017*

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

- 2 -

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	3 - 4
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 11

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, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, 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.

"Helping Our Clients Achieve Financial Success Through Sound Advice"



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, 2018 and 2017, 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.

Kutchnins, Robbins & Diamond, Ltd.

Schaumburg, Illinois

March 15, 2019

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018 AND 2017

See notes to financial statements.

	<u>2018</u>	<u>2017</u>
<i>ASSETS</i>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 856,509	\$ 787,969
Accounts receivable	50,186	145,902
Other assets	<u>125</u>	<u>-</u>
	<u>\$ 906,820</u>	<u>\$ 933,871</u>
 <i>LIABILITIES AND NET ASSETS</i>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,235	\$ 12,622
NET ASSETS		
Without donor restrictions	<u>900,585</u>	<u>921,249</u>
	<u>\$ 906,820</u>	<u>\$ 933,871</u>

THE LYNN SAGE FOUNDATION

- 6 -

(A NONPROFIT CORPORATION)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2018 AND 2017

See notes to financial statements.

	<u>2018</u>	<u>2017</u>
REVENUES		
Fundraising	\$ 295,725	\$ 286,287
Contributions	133,428	227,973
Interest income	1,650	773
Other income	-	11
	<u>430,803</u>	<u>515,044</u>
EXPENSES		
Program services	307,834	300,000
Fundraising	88,121	106,579
General and administrative	55,512	56,502
	<u>451,467</u>	<u>463,081</u>
CHANGE IN NET ASSETS	(20,664)	51,963
NET ASSETS AT BEGINNING OF YEAR	<u>921,249</u>	<u>869,286</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 900,585</u></u>	<u><u>\$ 921,249</u></u>

**THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)**

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

See notes to financial statements.

	2018				2017			
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Grants	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 300,000
CITG campaign	-	11,885	-	11,885	-	15,999	-	15,999
Fundraising campaigns	-	6,660	-	6,660	-	4,756	-	4,756
Fundraising events	-	4,467	-	4,467	-	10,416	-	10,416
Loss on disposal of asset	-	-	-	-	-	-	201	201
General fundraising	-	8,155	-	8,155	-	6,507	-	6,507
Insurance	-	-	2,429	2,429	-	-	2,798	2,798
Marketing	-	6,035	-	6,035	-	11,901	-	11,901
Office expense	-	-	1,825	1,825	-	-	3,068	3,068
Professional fees	-	-	6,000	6,000	-	-	6,000	6,000
Staffing	7,834	50,919	29,982	88,735	-	57,000	40,714	97,714
Website	-	-	15,276	15,276	-	-	3,721	3,721
	<u>\$ 307,834</u>	<u>\$ 88,121</u>	<u>\$ 55,512</u>	<u>\$ 451,467</u>	<u>\$ 300,000</u>	<u>\$ 106,579</u>	<u>\$ 56,502</u>	<u>\$ 463,081</u>

**THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)**

- 8 -

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

See notes to financial statements.

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (20,664)	\$ 51,963
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Loss on disposal of equipment	-	201
Changes in assets and liabilities		
Accounts receivable	95,716	(128,847)
Other assets	(125)	2,600
Accounts payable	(6,387)	9,300
Other liabilities	-	(7,248)
	<u>68,540</u>	<u>(72,031)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,540	(72,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>787,969</u>	<u>860,000</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 856,509</u>	<u>\$ 787,969</u>

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

- 9 -

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: During 2018, the Foundation adopted 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. 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 requires expanded disclosures about liquidity and availability of resources and presentation of expenses by both functional and natural classifications. This standard has been applied to both 2018 and 2017.

Net assets without donor restrictions 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Net assets with donor restrictions are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of net assets with donor restrictions (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions. 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 net assets with donor restrictions at December 31, 2018 and 2017.

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.

Liquidity and Availability of Resources: The Foundation has a goal to maintain financial assets, which consist of cash and cash equivalents, including savings and money market accounts, on hand to meet 12 months of normal operating expenses and obligations, which are, on average, approximately \$450,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Resources (Continued): The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	856,509
Accounts receivable, net		<u>50,186</u>
	\$	<u>906,695</u>

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, 2018 and 2017.

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. The Foundation did not have any pledges receivable as of December 31, 2018 and 2017.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions 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.

Functional Allocation of Expenses: The costs of providing the programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Foundation conducted activities that were multi-functional, including fundraising and general and administrative components. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such activities included personnel costs, which are allocated on the basis of estimates of time and effort. During 2018, a total of approximately \$8,000, \$51,000 and \$20,000 was allocated to program services, fundraising, and general and administrative, respectively. During 2017, a total of approximately \$24,000 and \$8,000 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.

THE LYNN SAGE FOUNDATION
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

- 11 -

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 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 15, 2019, the date financial statements were available to be issued.

New Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. This standard was subsequently amended by ASU 2015-14 and ASU 2016-12. The core principle of the amended standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The provisions of this standard are effective for periods beginning after December 15, 2018. Early adoption is permitted subject to certain limitations. The standard requires that it is to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application.

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