

CASTING FOR RECOVERY, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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REPORT OF INDEPENDENT AUDITORS

**To the Board of Directors
Casting for Recovery, Inc.**

Ladies and Gentlemen:

We have audited the accompanying financial statements of **Casting for Recovery, Inc.**, which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and cash flows for the years then ended, and the related notes to the 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 presents fairly, in all material respects, the financial position of Casting for Recovery, Inc. as of December 31, 2016 and 2015, 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.

*Kennedy, Huntz
& Patterson, LLP*

Dated at Newton, Massachusetts
June 12, 2017

EXHIBIT A

CASTING FOR RECOVERY, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>As of December</u>	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 1,409,156	\$ 1,204,314
Investments	12,821	3,639
Prepaid items	27,433	19,559
Total current assets	<u>1,449,410</u>	<u>1,227,512</u>
<u>Furniture and fixtures, net</u>	<u>1,247</u>	<u>2,078</u>
TOTAL ASSETS	<u>\$ 1,450,657</u>	<u>\$ 1,229,590</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	<u>14,185</u>	<u>3,910</u>
Total Liabilities	<u>14,185</u>	<u>3,910</u>
<u>Net Assets:</u>		
Temporarily restricted	826,873	624,528
Unrestricted:		
Available for operations	608,352	599,074
Net investment in furnishings and equipment	1,247	2,078
Total net assets	<u>1,436,472</u>	<u>1,225,680</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,450,657</u>	<u>\$ 1,229,590</u>

See accompanying notes to the financial statements.

CASTING FOR RECOVERY, INC.

EXHIBIT B

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Receipts:						
Contributions	\$201,933	\$1,249,970	\$1,451,903	\$310,592	\$1,068,927	\$1,379,519
Interest	1,371	0	1,371	1,488	0	1,488
Sales of branded items	35,278	0	35,278	30,158	0	30,158
Satisfaction of program restrictions	1,047,625	(1,047,625)	0	984,521	(984,521)	0
Total receipts	1,286,207	202,345	1,488,552	1,326,759	84,406	1,411,165
Deduct - expenditures:						
Retreat	1,047,625	0	1,047,625	984,521	0	984,521
Administrative	103,608	0	103,608	105,716	0	105,716
Fund Raising	128,099	0	128,099	132,304	0	132,304
Total expenditures	1,279,332	0	1,279,332	1,222,541	0	1,222,541
Changes in Net assets before investment income	6,875	202,345	209,220	104,218	84,406	188,624
Realized and Unrealized gains (losses) on investments	1,572	0	1,572	89	0	89
Total investment income	1,572	0	1,572	89	0	89
Change in net assets	8,447	202,345	210,792	104,307	84,406	188,713
Net Assets at Beginning of Year	601,152	624,528	1,225,680	496,845	540,122	1,036,967
Net Assets at End of Year	\$609,599	\$826,873	\$1,436,472	\$601,152	\$624,528	\$1,225,680

See accompanying notes to the financial statements

EXHIBIT C

CASTING FOR RECOVERY, INC.

STATEMENTS OF CASH FLOWS

	<u>For the Years Ended</u>	
	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Cash Flow from Operating Activities:		
Changes in Net Assets	\$ 210,792	\$ 188,713
Adjustments to reconcile change in net assets to Net cash provided (used) by operating activities		
Depreciation	831	831
Investments	(9,182)	(3,639)
Prepaid expenses	(7,874)	10,454
Accounts payable	10,275	(1,287)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	204,842	195,072
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Net increase (decrease) in cash	204,842	195,072
Cash, beginning of period	1,204,314	1,009,242
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Cash, end of period	<u>\$ 1,409,156</u>	<u>\$ 1,204,314</u>

See accompanying notes to the financial statements

CASTING FOR RECOVERY, INC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Casting for Recovery, Inc. is a not-for-profit organization formed to provide women with breast cancer the opportunity to experience physical, emotional, and spiritual healing through fly fishing retreats in a natural setting. The major sources of funding for the organization are contributions from private foundations, corporations and individuals.

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

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, which requires the Organization to report 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.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Classification and Reporting of Net Assets: The assets, liabilities and net assets of the Organization are classified into three net asset classes. The classifications are related to the existence or absence of donor imposed restrictions as follows:

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

CASTING FOR RECOVERY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets consist of the following:

Available for Operations

The portion of expendable funds available for support of operations and plant related transactions and acquisitions.

Net Investment in Furnishings and Equipment

The portion of funds expensed for furnishings and equipment acquisitions.

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. For financial statement purposes, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the U.S 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 revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Property, Plant and Equipment: Furnishings and equipment are recorded at cost or estimated fair market value, if received by donation, at the time such assets are received. Depreciation is provided over the estimated lives of the respective assets on a straight-line basis as follows:

Furniture and Fixtures	Straight line over five to seven years.
Office Equipment	Straight line over five years.

CASTING FOR RECOVERY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

Income Tax Status: Casting for Recovery, Inc. is generally exempt from federal income tax under the provisions of Section 501 (C) (3) of the Internal Revenue Code. In addition, Casting for Recovery, Inc. qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Casting for Recovery, Inc. had no unrelated business income tax liability for the years ended December 31, 2016 and 2015 since it did not raise income that was not related to its exempt purpose.

Effective January 1, 2010, the Organization adopted newly effective accounting requirements that prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of income tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

Based on the results of management's evaluation, adoption of the new rules did not have a material effect on the accompanying financial statements. Consequently, no liability is recognized in the accompanying statement of financial position for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2016 or for the year then ended.

NOTE 2 – LEASE COMMITMENTS:

The Organization leases its office space on an annual basis. The term of the lease is for one year and goes through March 31, 2017. On an annual basis, there is an option to renew for an additional year. Monthly lease payments were \$2,100.

Rent expense for the years ended December 31, 2016 and 2015 amounted to \$31,960 and \$29,097, respectively.

CASTING FOR RECOVERY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE 3 – CONCENTRATION OF CREDIT:

The Company maintains cash balances at one financial institution located in Vermont. Accounts at this institution are insured by the Federal Deposit Insurance Corporation. At times, cash in bank balances maintained by the Company may exceed the \$250,000 federally insured limit. At December 31, 2016 and 2015, the Company's cash in bank balances in excess of the \$250,000 limit was \$1,185,132 and \$976,301, respectively.

NOTE 4 – SUBSEQUENT EVENTS:

The date through which events occurring after December 31, 2016 have been evaluated for possible adjustment to the financial statements or disclosure is June 12, 2017, which is the date on which the financial statements were available to be issued.

NOTE 5 – COMPENSATED ABSENCES

The Company has not accrued a liability for compensated absences because the amount cannot be reasonably estimated. These expenses are recorded as incurred.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

CASTING FOR RECOVERY, INC.

SCHEDULES OF RETREAT EXPENSES

	<u>For the Years ended</u>	
	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Lodging and meals	\$ 285,284	\$ 263,274
Salaries and wages	304,727	264,226
Contracted services and consultants	52,920	14,511
Conferences & events	82,218	81,493
Travel	11,731	10,135
Supplies	25,014	24,846
Payroll taxes	23,548	20,650
Accounting	22,742	20,696
Rent	26,634	23,021
Staff training	11,889	82,068
Printing	8,747	9,560
Health insurance	36,243	26,101
Insurance	8,598	7,780
Postage and shipping	22,828	23,448
Media and outreach	12,844	0
Filing fees	5,815	6,404
Equipment management	24,504	55,268
Telephone	8,983	9,129
Alumni/volunteer recognition	4,174	2,704
Premiums/merchandise	44,009	26,885
Other expenses	8,418	11,002
Website design/maintenance	15,755	1,320
Total Retreat Expenses	<u>\$1,047,625</u>	<u>\$ 984,521</u>

SCHEDULE 2

CASTING FOR RECOVERY, INC.

SCHEDULES OF ADMINISTRATIVE EXPENSES

	<u>For the Years Ended</u>	
	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Salaries and wages	\$ 44,316	\$ 46,493
Health insurance	5,291	4,593
Rent	3,873	4,051
Consultant	10,168	950
Telephone	1,306	1,606
Printing/copying	1,029	1,124
Office expenses/supplies	3,127	3,106
Accounting and legal	3,610	3,642
Premiums/merchandise	5,501	8,962
Insurance	1,250	1,369
Payroll taxes	3,425	3,633
Postage and shipping	2,686	2,758
Conferences and events	10,277	10,187
Depreciation	831	831
Travel	5,866	5,067
Media and outreach	0	6,042
Other expenses	1,052	1,302
	<hr/>	<hr/>
Total Administrative Expenses	<u>\$ 103,608</u>	<u>\$ 105,716</u>

SCHEDULE 3

CASTING FOR RECOVERY, INC.

SCHEDULES OF FUNDRAISING EXPENSES

	<u>For the Years Ended</u>	
	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Salaries and wages	\$ 16,619	\$ 23,246
Payroll taxes	1,284	1,817
Premiums/merchandise	5,501	8,961
Health insurance	1,984	2,296
Rent	1,453	2,025
Conferences and events	<u>101,258</u>	<u>93,959</u>
Total Fundraising expenses	<u>\$ 128,099</u>	<u>\$ 132,304</u>