

**CASTING FOR RECOVERY, INC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

\* \* \*

**KENNEDY, HENTOFF  
& PATTERSON, LLP**

*Certified Public Accountants*

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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, 2017 and 2016 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.

**KENNEDY, HENTOFF  
& PATTERSON, LLP**

*Certified Public Accountants*

**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, 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.

*Kennedy, Hentoff  
& Patterson, LLP*

Dated at Newton, Massachusetts  
March 20, 2018

**EXHIBIT A**

**CASTING FOR RECOVERY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	<b><u>As of December</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>ASSETS</u></b>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 1,396,370	\$ 1,409,156
Investments	323,198	12,821
Prepaid items	30,017	27,433
Total current assets	<u>1,749,585</u>	<u>1,449,410</u>
<u>Furniture and fixtures, net</u>	<u>4,530</u>	<u>1,247</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,754,115</u></b>	<b><u>\$ 1,450,657</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<u>Liabilities:</u>		
Accounts payable	13,162	14,185
Payroll taxes payable	6,687	0
Total Liabilities	<u>19,849</u>	<u>14,185</u>
<u>Net Assets:</u>		
Temporarily restricted	1,133,377	826,873
Unrestricted:		
Unrealized gain on available-for-sale securities	3,195	0
Available for operations	593,164	608,352
Net investment in furnishings and equipment	4,530	1,247
Total net assets	<u>1,734,266</u>	<u>1,436,472</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,754,115</u></b>	<b><u>\$ 1,450,657</u></b>

See accompanying notes to the financial statements.

CASTING FOR RECOVERY, INC.

EXHIBIT B

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>Receipts:</b>						
Contributions	\$192,005	\$1,604,079	\$1,796,084	\$201,933	\$1,249,970	\$1,451,903
Interest	2,953	0	2,953	1,371	0	1,371
Sales of branded items	25,398	0	25,398	35,278	0	35,278
Satisfaction of program restrictions	1,297,575	(1,297,575)	0	1,047,625	(1,047,625)	0
<b>Total receipts</b>	<b>1,517,931</b>	<b>306,504</b>	<b>1,824,435</b>	<b>1,286,207</b>	<b>202,345</b>	<b>1,488,552</b>
<b>Deduct - expenditures:</b>						
Retreat	1,297,575	0	1,297,575	1,047,625	0	1,047,625
Administrative	78,391	0	78,391	103,608	0	103,608
Fund Raising	153,870	0	153,870	128,099	0	128,099
<b>Total expenditures</b>	<b>1,529,836</b>	<b>0</b>	<b>1,529,836</b>	<b>1,279,332</b>	<b>0</b>	<b>1,279,332</b>
<b>Changes in Net assets before investment income</b>	<b>(11,905)</b>	<b>306,504</b>	<b>294,599</b>	<b>6,875</b>	<b>202,345</b>	<b>209,220</b>
Realized and Unrealized gains on investments	0	0	0	1,572	0	1,572
<b>Total investment income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,572</b>	<b>0</b>	<b>1,572</b>
<b>Change in net assets</b>	<b>(11,905)</b>	<b>306,504</b>	<b>294,599</b>	<b>8,447</b>	<b>202,345</b>	<b>210,792</b>
<b>Net Assets at Beginning of Year</b>	<b>609,599</b>	<b>826,873</b>	<b>1,436,472</b>	<b>601,152</b>	<b>624,528</b>	<b>1,225,680</b>
<b>Net Assets at End of Year</b>	<b>\$597,694</b>	<b>\$1,133,377</b>	<b>\$1,731,071</b>	<b>\$609,599</b>	<b>\$826,873</b>	<b>\$1,436,472</b>

See accompanying notes to the financial statements

**EXHIBIT C**

**CASTING FOR RECOVERY, INC.**

**STATEMENTS OF CASH FLOWS**

	<b><u>For the Years Ended</u></b>	
	<b><u>December 31</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash Flow from Operating Activities:		
Changes in Net Assets	\$ 294,599	\$ 210,792
Adjustments to reconcile change in net assets to		
Net cash provided (used) by operating activities		
Depreciation	5,701	831
Unrealized gains on available-for-sale securities	3,195	0
Prepaid expenses	(2,584)	(7,874)
Accounts payable	(1,023)	10,275
Payroll taxes payable	6,687	0
Net Cash Provided (Used) by Operating Activities	<u>306,575</u>	<u>214,024</u>
Cash flows from investing activities:		
Purchase of furnishings and equipment	(8,984)	0
Investment activity - net	<u>(310,377)</u>	<u>(9,182)</u>
Net cash used in investing activities	<u>(319,361)</u>	<u>(9,182)</u>
Net increase (decrease) in cash	(12,786)	204,842
Cash, beginning of period	<u>1,409,156</u>	<u>1,204,314</u>
Cash, end of period	<u><b>\$ 1,396,370</b></u>	<u><b>\$ 1,409,156</b></u>

See accompanying notes to the financial statements

**CASTING FOR RECOVERY, INC**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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, 2017**

**(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, 2017**

**(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, 2017 and 2016 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, 2017 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 36 months and goes through March 20, 2020. Monthly lease payments were \$2,132.

Rent expense for the years ended December 31, 2017 and 2016 amounted to \$34,840 and \$31,960, respectively.

**CASTING FOR RECOVERY, INC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**(Continued)**

**NOTE 3 – CONCENTRATION OF CREDIT:**

The Company maintains cash balances at one financial institution located in Montana. 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, 2017 and 2016, the Company's cash in bank balances in excess of the \$250,000 limit was \$1,149,981 and \$1,185,132, respectively.

**NOTE 4 – SUBSEQUENT EVENTS:**

The date through which events occurring after December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is March 20, 2018, 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 I**

**CASTING FOR RECOVERY, INC.**

**SCHEDULES OF RETREAT EXPENSES**

	<b><u>For the Years ended</u></b>	
	<b><u>December 31</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Lodging and meals	\$ 334,944	\$ 285,284
Salaries and wages	433,839	304,727
Contracted services and consultants	44,511	52,920
Conferences & events	78,411	82,218
Travel	20,636	11,731
Supplies	26,453	25,014
Payroll taxes	39,384	23,548
Accounting	34,817	22,742
Rent	32,393	26,634
Staff training	9,103	11,889
Printing	13,776	8,747
Health insurance	61,780	36,243
Insurance	10,901	8,598
Postage and shipping	28,918	22,828
Media and outreach	6,371	12,844
Filing fees	8,203	5,815
Equipment management	17,780	24,504
Telephone	9,338	8,983
Alumni/volunteer recognition	9,716	4,174
Premiums/merchandise	44,872	44,009
Other expenses	22,647	8,418
Website design/maintenance	8,782	15,755
<b>Total Retreat Expenses</b>	<b><u>\$1,297,575</u></b>	<b><u>\$ 1,047,625</u></b>

**SCHEDULE 2**

**CASTING FOR RECOVERY, INC.**

**SCHEDULES OF ADMINISTRATIVE EXPENSES**

	<b><u>For the Years Ended</u></b>	
	<b><u>December 31</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Salaries and wages	\$ 16,387	\$ 44,316
Health insurance	2,334	5,291
Rent	1,224	3,873
Consultant	14,837	10,168
Telephone	353	1,306
Printing/copying	1,621	1,029
Office expenses/supplies	3,307	3,127
Accounting and legal	1,315	3,610
Premiums/merchandise	5,609	5,501
Insurance	412	1,250
Payroll taxes	1,488	3,425
Postage and shipping	3,402	2,686
Conferences and events	8,348	10,277
Depreciation	5,701	831
Travel	10,318	5,866
Other expenses	1,735	1,052
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<b>Total Administrative Expenses</b>	<b><u>\$ 78,391</u></b>	<b><u>\$ 103,608</u></b>

**SCHEDULE 3**

**CASTING FOR RECOVERY, INC.**

**SCHEDULES OF FUNDRAISING EXPENSES**

	<b><u>For the Years Ended</u></b>	
	<b><u>December 31</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Salaries and wages	\$ 16,387	\$ 16,619
Payroll taxes	1,488	1,284
Premiums/merchandise	5,609	5,501
Health insurance	2,334	1,984
Rent	1,223	1,453
Postage and shipping	1,701	0
Bank charges	1,711	0
Media and outreach	6,371	0
Accounting and legal	1,315	0
Office expenses/supplies	3,307	0
Travel	3,439	0
Consultants	14,837	0
Conferences and events	92,546	101,258
Other expenses	1,602	0
<b>Total Fundraising expenses</b>	<b><u>\$ 153,870</u></b>	<b><u>\$ 128,099</u></b>