

CASTING FOR RECOVERY, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2018 and 2017



AMATICS
CPA GROUP

**CASTING FOR RECOVERY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Casting for Recovery, Inc.
Bozeman, MT

We have audited the accompanying financial statements of Casting for Recovery, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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'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 audit. We conducted our audit 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 from 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 auditors' 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 Organization'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 Organization'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 2018 financial statements referred to above present fairly, in all material respects, the financial position of Casting for Recovery, Inc., as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Casting for Recovery, Inc. as of December 31, 2017, were audited by other auditors whose report dated March 20, 2018, expressed an unmodified opinion on those statements.

Amatics CPA Group
Bozeman, Montana
April 26, 2019



**CASTING FOR RECOVERY, INC.
STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,108,555	\$ 1,396,370
Investments	607,667	323,198
Accounts receivable	3,966	-
Prepaid expenses	49,297	30,017
Total current assets	1,769,485	1,749,585
FIXED ASSETS		
Furniture and equipment	19,102	19,102
Less accumulated depreciation	15,675	14,572
Total fixed assets	3,427	4,530
Total assets	\$ 1,772,912	\$ 1,754,115
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,870	\$ 13,162
Payroll liabilities	8,744	6,687
Total current liabilities	24,614	19,849
NET ASSETS		
Without donor restrictions	14,494	639,023
With donor restrictions	1,733,804	1,095,243
Total net assets	1,748,298	1,734,266
Total liabilities and net assets	\$ 1,772,912	\$ 1,754,115

See the accompanying notes to financial statements.

CASTING FOR RECOVERY, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 509,981	\$ 512,475	\$ 1,022,456
Event income	183,158	383,362	566,520
In-kind support	8,266	2,356	10,622
Sales of branded items	30,057	5,160	35,217
Investment return, net	(4,486)	-	(4,486)
Other income	11,923	15,299	27,222
Satisfaction of usage restrictions	280,091	(280,091)	-
	<u>1,018,990</u>	<u>638,561</u>	<u>1,657,551</u>
EXPENSES			
Program services	1,377,823	-	1,377,823
Administration	110,305	-	110,305
Fundraising	155,391	-	155,391
	<u>1,643,519</u>	<u>-</u>	<u>1,643,519</u>
CHANGE IN NET ASSETS			
	(624,529)	638,561	14,032
Net assets at beginning of year	<u>639,023</u>	<u>1,095,243</u>	<u>1,734,266</u>
NET ASSETS AT END OF YEAR	<u>\$ 14,494</u>	<u>\$ 1,733,804</u>	<u>\$ 1,748,298</u>

See the accompanying notes to financial statements.

CASTING FOR RECOVERY, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
REVENUE AND SUPPORT			
Contributions	\$ 569,074	\$ 603,605	\$ 1,172,679
Event income	185,729	338,745	524,474
In-kind support	1,400	11,270	12,670
Sales of branded items	25,398	-	25,398
Investment return, net	6,148	-	6,148
Other income	-	45,378	45,378
Satisfaction of program restrictions	<u>730,628</u>	<u>(730,628)</u>	<u>-</u>
Total revenue and support	<u>1,518,377</u>	<u>268,370</u>	<u>1,786,747</u>
EXPENSES			
Program services	1,256,692	-	1,256,692
Administration	78,391	-	78,391
Fundraising	<u>153,870</u>	<u>-</u>	<u>153,870</u>
Total expenses	<u>1,488,953</u>	<u>-</u>	<u>1,488,953</u>
CHANGE IN NET ASSETS	29,424	268,370	297,794
Net assets at beginning of year	<u>609,599</u>	<u>826,873</u>	<u>1,436,472</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 639,023</u></u>	<u><u>\$ 1,095,243</u></u>	<u><u>\$ 1,734,266</u></u>

See the accompanying notes to financial statements.

CASTING FOR RECOVERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 26,402	\$ 2,538	\$ 2,550	\$ 31,490
Alumni/volunteer recognition	7,721	-	-	7,721
Bank fees	24,335	3,042	3,042	30,419
Contracted services	25,338	8,446	8,446	42,230
Depreciation	-	1,103	-	1,103
Equipment management	34,705	-	-	34,705
Filing fees	8,260	-	-	8,260
Health insurance	72,939	7,013	7,044	86,996
Insurance	14,660	1,409	1,416	17,485
Lodging and meals (retreats)	379,629	-	-	379,629
Media and outreach	8,455	-	8,456	16,911
Meetings and events	69,764	7,395	55,707	132,866
Office expenses	36,411	4,535	4,535	45,481
Payroll taxes	38,680	3,719	3,736	46,135
Postage and shipping	28,877	3,393	1,696	33,966
Premiums/merchandise	48,408	6,051	6,051	60,510
Printing	14,170	1,660	830	16,660
Rent	23,530	2,262	2,272	28,064
Salaries and wages	466,910	44,891	45,094	556,895
Staff training	13,547	-	-	13,547
Telephone	3,625	349	350	4,324
Travel	24,999	12,499	4,166	41,664
Website development	6,458	-	-	6,458
	<u>\$ 1,377,823</u>	<u>\$ 110,305</u>	<u>\$ 155,391</u>	<u>\$ 1,643,519</u>

See the accompanying notes to financial statements.

CASTING FOR RECOVERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 34,817	\$ 1,315	\$ 1,315	\$ 37,447
Alumni/volunteer recognition	9,716	-	-	9,716
Bank fees	14,819	1,147	1,147	17,113
Contracted services	44,511	14,837	14,837	74,185
Depreciation	-	5,701	-	5,701
Equipment management	17,780	-	-	17,780
Filing fees	8,203	-	-	8,203
Health insurance	61,780	2,334	2,334	66,448
Insurance	10,901	412	412	11,725
Lodging and meals (retreats)	334,943	-	-	334,943
Media and outreach	6,371	-	6,371	12,742
Meetings and events	37,528	8,348	92,546	138,422
Miscellaneous	7,828	588	591	9,007
Office expenses	26,453	3,307	3,307	33,067
Payroll taxes	39,384	1,488	1,488	42,360
Postage and shipping	28,918	3,402	1,701	34,021
Premiums/merchandise	44,872	5,609	5,609	56,090
Printing	13,776	1,621	810	16,207
Rent	32,393	1,224	1,223	34,840
Salaries and wages	433,839	16,387	16,387	466,613
Staff training	9,103	-	-	9,103
Telephone	9,338	353	353	10,044
Travel	20,637	10,318	3,439	34,394
Website design/maintenance	8,782	-	-	8,782
	<u>\$ 1,256,692</u>	<u>\$ 78,391</u>	<u>\$ 153,870</u>	<u>\$ 1,488,953</u>

See the accompanying notes to financial statements.

**CASTING FOR RECOVERY, INC.
STATEMENTS OF CASH FLOWS**

	Years ended December 31	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from donors	\$ 1,018,490	\$ 1,358,408
Other cash receipts	631,510	415,669
Payments for salaries and related costs	(600,973)	(502,286)
Payments to vendors	<u>(1,045,336)</u>	<u>(962,021)</u>
Net cash provided by operating activities	<u>3,691</u>	<u>309,770</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(8,984)
Purchase of investments	<u>(291,506)</u>	<u>(313,572)</u>
Net cash used by investing activities	<u>(291,506)</u>	<u>(322,556)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(287,815)	(12,786)
Cash and cash equivalents at beginning of year	<u>1,396,370</u>	<u>1,409,156</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,108,555</u></u>	<u><u>\$ 1,396,370</u></u>

See the accompanying notes to financial statements.

CASTING FOR RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and 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 source of funding for the organization are contributions from private foundations, corporations and individuals.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit organizations, as codified by the Financial Accounting Standards Board

Use of Estimates

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

Income Taxes

Casting for Recovery, Inc. is not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore no provision for federal income taxes has been included in the accompanying financial statements. Casting for Recovery, Inc. has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Organization's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains its cash in banks deposit accounts, which at times may exceed federally insured limits.

Fixed Assets

Purchased assets are recorded at historical cost. Donations of property and equipment are recorded as support at their estimated fair value at the time such assets are received. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis (furniture and fixtures 5-7 years, office equipment 20 years).

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and related expenses, which are allocated on the basis of employees' time and effort.

Description of Resources Unavailable for General Expenditure

The Organization is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2018.

CASTING FOR RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and Reporting of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. All net assets with donor restrictions are restricted for programs and retreats. Donor-imposed restrictions are released the stipulated purpose for which the resource was restricted has been fulfilled.

In-Kind Support

The Organization records in-kind support that meets the criteria for revenue recognition under GAAP. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by corresponding amounts reflected in expenses or assets.

Fair Value

In accordance with GAAP, the framework for measuring fair value provides 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) and the lowest priority to unobservable inputs (Level 3). GAAP defines fair value, establishes a framework for measuring fair value, and enhances disclosures about fair value measurements. Fair value is defined under GAAP as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under GAAP must maximize the use of observable inputs and minimize the use of unobservable inputs.

GAAP describes a fair value hierarchy based on three levels of inputs of which the first two are considered observable and the last unobservable that may be used to measure fair value.

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

CASTING FOR RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value (Continued)

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Marketable securities (mutual funds, corporate bonds, corporate stocks) are valued at the quoted market prices for those securities. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Change in Accounting Principle - Adoption of ASU 2016-14

In 2018, the Organization retroactively adopted the requirements in FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends the requirements for financial statements and notes in ASC Topic 958, *Not-for-Profit Entities*. The main provisions of this update include net asset terminology and category changes, revised disclosures related to liquidity and availability of financial resources, functional expense allocation methodology descriptions, investment return presentation, and treatment of underwater endowments.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. LIQUIDITY AND AVAILABILITY

The Organization has no financial assets at year end that are available for general expenditure within one year, given that it is substantially supported by donor-restricted contributions. All cash and investment balances at year end are included in net assets with donor restrictions, set aside to fund programs and retreats as specified by donors. In 2019, the Organization anticipates collecting \$217,000 in allocations from local chapters to the national program to cover general expenditures not covered by donor-restricted resources.

3. CASH AND CASH EQUIVALENTS

At December 31, 2018 and 2017, the Organization's cash and cash equivalents balances were as follows:

	<u>2018</u>	<u>2017</u>
Checking accounts	\$ 517,493	\$ 1,154,115
Saving accounts	588,690	229,918
Petty cash on hand	<u>2,372</u>	<u>12,337</u>
	<u>\$ 1,108,555</u>	<u>\$ 1,396,370</u>

Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The Organization's cash in bank deposit accounts may, at time, exceed federally insured limits. The Organization has not experienced any losses on such accounts. As of December 31, 2018 and 2017, funds exceeded federally insured limits by \$856,183 and \$1,134,033, respectively.

CASTING FOR RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

4. INVESTMENTS

Investment holdings as of December 31 consisted of the following:

	Fair Value (Level 1)	
	2018	2017
Mutual funds - equity	\$ 496,444	\$ 271,689
Mutual funds - fixed income	82,674	22,426
Corporate bonds	12,019	16,592
Corporate stocks	16,530	12,491
Total investments	\$ 607,667	\$ 323,198

5. IN-KIND CONTRIBUTIONS

The Organization records various types of in-kind support including equipment and supplies. The fair value of donated goods and services included in contributions in the financial statements for the year ended December 31, 2018 are as follows:

	Program	Administration	Total
Conferences and events	\$ -	\$ 969	\$ 969
Equipment management	7,969	-	7,969
Office expenses	945	-	945
Postage and shipping	105	-	105
Premiums/merchandise	10	-	10
Travel	954	-	954
	\$ 9,983	\$ 969	\$ 10,952

The fair value of donated goods and services included in contributions in the financial statements for the year ended December 31, 2017 are as follows:

	Program	Administration	Total
Conferences and events	\$ -	\$ 3,688	\$ 3,688
Equipment management	7,903	-	7,903
Travel	1,079	-	1,079
	\$ 8,982	\$ 3,688	\$ 12,670

CASTING FOR RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

6. OPERATING LEASE

In 2017, the Organization entered into a three year lease for office space for \$2,169 per month. The term of the lease goes through April 2020. Rent expense for the years ended December 31, 2018 and 2017, was \$28,064 and \$34,840, respectively.

The following is a schedule of future minimum payments required under the lease:

Years ending December 31:

2019	\$	26,691	
2020		<u>8,971</u>	
			<u>\$ 35,662</u>

7. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through April 26, 2019, the date on which the financial statements were available to be issued.