

FINANCIAL STATEMENTS

December 31, 2009

FAMILY REACH FOUNDATION TABLE OF CONTENTS December 31, 2009

		Page
I.	Independent Auditors' Report	1
II.	Statement of Financial Position - Exhibit A	2
III.	Statement of Activities - Exhibit B	3
IV.	Statement of Cash Flows - Exhibit C	4
V	Notes to Financial Statements	5-7

FRIZZELL, KAFAFIAN, DE VRIES & COMPANY, LLC

ACCOUNTANTS, AUDITORS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of

Family Reach Foundation

We have audited the accompanying Statement of Financial Position of Family Reach Foundation (a nonprofit organization) as of December 31, 2009 and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year summarized comparative information has been derived from Family Reach Foundation's 2008 financial statement and, in our report dated May 11, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Reach Foundation as of December 31, 2009, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Frinzell, Kafafran, De Vries & Company, LLC

Newton, New Jersey June 21, 2010

Exhibit A

FAMILY REACH FOUNDATION

STATEMENT OF FINANCIAL POSITION December 31, 2009 (with comparative totals for 2008)

ASSETS

ASSETS	•	
	2009	2008
CURRENT ASSETS: Cash and cash equivalents Unconditional promises to give Prepaid expenses Security Deposit	\$ 175,666 25,000 - 1,670	\$ 172,923 15,994 500
Total Current Assets	\$ 202,336	\$ <u>189,417</u>
Furniture and Equipment Less: accumulated depreciation	2,089 160 1,929	<u>-</u>
Total Assets	\$ <u>204,265</u>	\$ <u>189,417</u>
LIABILITIES AND N	ET ASSETS	
CURRENT LIABILITIES: Accounts payable	\$ <u>18,495</u>	\$ <u>39,184</u>
Total Current Liabilities/Total Liabilities	\$ <u>18,495</u>	\$ <u>39,184</u>
NET ASSETS: Unrestricted Net Assets: Operating	\$ <u>85,770</u>	\$ <u>50,233</u>
Total Unrestricted Net Assets	85,770	\$ 50,233
Temporarily Restricted Net Assets	\$ <u>100,000</u>	100,000
Total Net Assets	\$ <u>185,770</u>	\$ <u>150,233</u>
Total Liabilities and Net Assets	\$ <u>204,265</u>	\$ <u>189,417</u>

The accompanying notes are an integral part of these financial statements.

FAMILY REACH FOUNDATION STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009 (with comparative totals for 2008)

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	2009	2008
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 76,404	\$ 14,741
Fundraising Events	476,812	371,180
Grants	33,000	071,100
Interest	895	1 222
Total Public Support and Revenues	\$ 587,111	1,233
rotal rabile oupport and revenues	φ 567,111	\$ 387,154
DIRECT EVENT EXPENSE	_139,846	177,674
	100,010	
Total Net Revenue	\$ <u>447,265</u>	\$ <u>209,480</u>
EVDENCES.		
EXPENSES:		
Operating Expenses:		
Professional fees	\$ 15,757	\$ 7,000
Consulting	70,197	35,686
Operations and Program Management	42,162	-
Marketing	12,700	11,583
Grant Writing	5,000	-
Insurance	3,372	3,198
Office Expense	18,147	1,468
Travel and Meeting Expense	4,617	575
Telephone	553	321
Postage and Delivery	7,074	134
Website	15,977	
Advertising	-	15,894
Miscellaneous	1,728	4.005
	3,598	1,335
Depreciation	<u> 160</u>	
Total Operating Expenses	\$ <u>201,042</u>	\$ <u>77,194</u>
Cronto		
Grants:		
Direct to families	\$ 55,282	\$ 37,302
Dana-Farber Cancer Institute	23,000	36,928
Embrace Kids Foundation	16,000	8,000
St. Barnabas	12,144	3,350
Rady Children's Hospital	15,000	18,400
Sloan-Kettering	28,000	20,000
Johns Hopkins Hospital	3,102	7,525
Children's Hospital of Philadelphia	12,391	-
Lucille Packard Children's Hospital	15,000	
New York Presbyterian Hospital	16,650	
Other Hospitals	14,117	24,944
Total Grants	\$ 210,686	\$ 156,449
		100,710
Total Expenses	\$ <u>411,728</u>	\$ <u>233,643</u>
Change in Net Assets	\$ 35,537	\$(24,163)
•		
Net Assets as of Beginning of Year	<u>150,233</u>	<u>174,396</u>
Net Assets as of End of Year	\$ <u>185,770</u>	\$ <u>150,233</u>

Exhibit C

FAMILY REACH FOUNDATION STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009 (with comparative totals for 2008)

	2009	2008			
Cash Flows Utilized by Operating Activities					
Change in net assets	\$ 35,537	\$(24,163)			
Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) Decrease in deposits Decrease in accrued interest receivable Increase in unconditional promises to give Decrease (Increase) in prepaid expenses (Decrease) Increase in accounts payable Decrease in raffle withholding payable Purchase of fixed assets	160 (1,670) - (9,006) 500 (20,689) - (2,089)	350 375 (15,994) (500) 30,933 (2,282)			
Net Cash Provided (Used) by Operating Activities	\$2,743	\$(<u>11,281</u>)			
Cash and Cash Equivalents - Beginning of Year	172,923	184,204			
Cash and Cash Equivalents - End of Year	\$_175,666	\$ 172.923			

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Family Reach Foundation(the Foundation) is an organization that provides financial relief and heartfelt support to families fighting pediatric cancers and other life-threatening diseases.

The Foundation incorporated April 7, 2003 in the State of Delaware and is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income tax. The Foundation is also registered in the State of New Jersey.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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.

Basis of Accounting:

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

The Foundation relies on its network of hospital and social workers to identify families in need. The review committee communicates with the contacts at hospitals to ensure the mission is fulfilled.

Furniture and Equipment:

Furniture and equipment is carried at cost. Depreciation is computed using the straight-line method

Public Support and Revenue:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of managements' estimates.

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NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributed Services:

The Foundation receives a substantial amount of services donated by volunteers in carrying out the Foundation's goals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

Income Taxes:

The Foundation is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3), as stated in a letter dated November 6, 2008 from the Internal Revenue Service

Concentration of Credit Risk:

The Foundation maintains its cash balance in one financial institution. The Federal Deposit Insurance Corporation insures cash balances up to \$250,000 at any one institution. Cash balances in excess of the FDIC limits at December 31, 2009 amounted to -0-.

Advertising:

The Foundation expenses advertising cost as they are incurred.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS:

Manton B. Metcalf Memorial Association dissolved, and upon doing so, donated \$100,000 to the Foundation. The Board has elected to adopt restriction on this amount to secure income from this donation. The specific guidelines dictate that only 10% of the Temporarily Restricted Contribution can be used to support the operating expenditure needs. Requests for funds beyond the 10% will require a special majority vote of the Board.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give at December 31, 2009 totaled \$25,000 and is considered a receivable to be collected in less than one year.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment,	together with	accumulated	depreciation an	d estimated useful lives
consist of the following:			2009	2008

Furniture and fixtures	\$ 2,089	\$ -0-
Less: accumulated depreciation	(160)	0-
	\$ _1,929	\$ -0-

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE 5 - COMMITMENTS AND CONTINGENCIES:

Operating Lease

The Foundation entered into a lease for its Parsippany office on June 12, 2009. The lease commences on July 1, 2009 and goes through June 30, 2010. The minimum non-cancelable rentals on an annual basis are as follows:

2009 2010	2009 \$ 5,010 _5,010	2008 \$ -0- 0-
	\$ <u>10,020</u>	\$ <u>-0-</u>