

Lucy's Love Bus Charitable Trust, Inc.

Financial Statements

December 31, 2017 and 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lucy's Love Bus Charitable Trust, Inc.

We have audited the accompanying financial statements of Lucy's Love Bus Charitable Trust, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, 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 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 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 present fairly, in all material respects, the financial position of Lucy's Love Bus Charitable Trust, 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.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Lowell, MA
February 9, 2018

Lucy's Love Bus Charitable Trust, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 156,605	\$ 144,089
Pledges receivable - net	189,401	17,403
Prepaid expenses and other current assets	10,918	4,986
Total current assets	356,924	166,478
Property and equipment, net	1,810	2,704
Other assets		
Website development costs, net	1,000	1,666
Security deposits	2,350	-
Total other assets	3,350	1,666
Total assets	\$ 362,084	\$ 170,848
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,640	\$ 4,592
Grants payable	76,822	67,920
Total current liabilities	80,462	72,512
Net assets		
Unrestricted	46,673	77,930
Temporarily restricted	234,949	20,406
Total net assets	281,622	98,336
Total liabilities and net assets	\$ 362,084	\$ 170,848

Lucy's Love Bus Charitable Trust, Inc.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Support and revenue		
Contributions	\$ 142,982	\$ 156,138
Fundraising	150,387	144,197
In-kind contributions	7,456	12,049
Interest income	40	13
Other income	50	60
Net assets released from restrictions	62,167	53,799
Total support and revenue	<u>363,082</u>	<u>366,256</u>
Expenses		
Program services	280,278	241,778
General and administrative	54,398	43,161
Development and fundraising	59,663	72,601
Total expenses	<u>394,339</u>	<u>357,540</u>
Change in unrestricted net assets	<u>(31,257)</u>	<u>8,716</u>
Support restricted for programs	276,710	30,000
Net assets released from restrictions	(62,167)	(53,799)
Change in temporarily restricted net assets	<u>214,543</u>	<u>(23,799)</u>
Total change in net assets	183,286	(15,083)
Net assets at beginning of year	98,336	113,419
Net assets at end of year	<u>\$ 281,622</u>	<u>\$ 98,336</u>

See the accompanying notes to these financial statements.

Lucy's Love Bus Charitable Trust, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2017 and 2016

	2017		
	Program Services	General and Administrative	Fundraising
	\$	\$	\$
Compensation and related expenses	142,021	20,560	30,769
Contract services - integrative therapies	118,351	-	-
Advertising and promotion	1,769	100	16,835
Depreciation and amortization	1,091	469	-
Insurance	836	1,246	756
Occupancy	3,899	1,911	1,034
Office expenses	7,876	11,315	8,405
Professional fees	852	14,148	174
Travel	3,583	1,027	1,690
Bad Debt	-	3,622	-
Total expenses	\$ 280,278	\$ 54,398	\$ 59,663
			\$ 394,339

	2016		
	Program Services	General and Administrative	Fundraising
	\$	\$	\$
Compensation and related expenses	114,978	17,484	28,706
Contract services - integrative therapies	114,582	-	-
Advertising and promotion	2,563	23	27,190
Depreciation and amortization	545	469	-
Insurance	575	355	745
Occupancy	1,000	1,000	1,000
Office expenses	3,355	5,966	10,886
Professional fees	790	12,571	976
Travel	3,390	582	3,098
Bad Debt	-	4,711	-
Total expenses	\$ 241,778	\$ 43,161	\$ 72,601
			\$ 357,540

See the accompanying notes to these financial statements.

Lucy's Love Bus Charitable Trust, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 183,286	\$ (15,083)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,560	1,014
Bad debt	3,622	4,711
Changes in assets and liabilities		
Increase in pledges receivable	(175,620)	60,195
Increase in prepaid expenses and other assets	(5,932)	(1,528)
Increase in security deposits	(2,350)	-
Increase in accounts payable and accrued expenses	(952)	(785)
Increase in grants payable	8,902	11,051
Net cash utilized by operating activities	<u>12,516</u>	<u>59,575</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(3,273)
Net cash utilized by investing activities	<u>-</u>	<u>(3,273)</u>
Net increase in cash and cash equivalents	12,516	56,302
Cash and cash equivalents at beginning of year	<u>144,089</u>	<u>87,787</u>
Cash and cash equivalents at end of year	<u>\$ 156,605</u>	<u>\$ 144,089</u>
 Supplemental data		
In-kind contributions	<u>\$ 7,456</u>	<u>\$ 12,049</u>

See the accompanying notes to these financial statements.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 1 - Organization

Lucy's Love Bus Charitable Trust, Inc. (the "Organization") was organized on January 27, 2006, as a non-profit organization incorporated in the Commonwealth of Massachusetts. Its mission is to ease the suffering of pediatric cancer patients by providing free integrative therapies such as message, acupuncture, Reiki, and therapeutic horseback riding to children with cancer and children coping with late effects of prior cancer treatment. They strive to educate the medical community regarding the benefits of integrative therapies that will help reduce stress, manage pain, and improve the overall well-being of sick children and their families.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, "*Presentation of Financial Statements.*" Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time are classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At December 31, 2017 and 2016, the Organization had temporarily restricted net assets of \$234,949 and \$20,406, respectively.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization are recorded as permanently restricted net assets. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2017 and 2016, the Organization had no permanently restricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less.

Fixed Assets

The Organization capitalizes major purchases of fixed assets that are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred. Capitalized fixed assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Vehicles	5
Equipment	3-5

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison to the future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

FASB ASC 820-10, "*Fair Value Measurements*," applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy consisting of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (adjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Management has determined that the fair values of its financial instruments not carried at fair value, including cash and cash equivalents, pledges receivable, prepaid expenses and other assets, accounts payable and accrued expenses, and grants payable are substantially equivalent to their carrying values as of December 31, 2017 and 2016 because of their short-term nature.

FASB ASC 825-10, "*Financial Instruments*," permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Organization has not adopted any of the additional fair value options allowed in the standard.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization follows ASC 958-605, "*Revenue Recognition*." In accordance with ASC 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Management periodically reviews promises to give and establishes an allowance for doubtful accounts based on the history of write-offs, collections, and current credit conditions. For the years ended December 31, 2017 and 2016, there was no allowance for doubtful accounts. Conditional promises to give are not included in support until the conditions are met.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributed Services

No amounts have been reflected in the financial statements for volunteer services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in various organizational and fundraising activities. The Organization also receives in-kind contributions of goods and services from various contributors. The value of these contributions was \$7,456 and \$12,049 for the years ended December 31, 2017 and 2016, respectively.

Advertising

The Organization expenses advertising costs as incurred. During the years ended December 31, 2017 and 2016, the Organization incurred advertising costs of \$18,704 and \$29,776, respectively.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management routinely assesses the integrity and stability of the institutions where the cash and equivalents are held and considers credit risk to be minimal.

Income Taxes and Uncertain Tax Positions

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as other than a private foundation as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

The Organization is required by FASB ASC 740-10, "*Accounting for Uncertainty in Income Taxes*," to evaluate and disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose. Therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax exempt not-for-profit entity.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 3 – Property and Equipment

Property and equipment consisted of the following for the years ending December 31:

	<u>2017</u>	<u>2016</u>
Vehicles	\$ 7,800	\$ 7,800
Equipment	3,620	3,620
	<u>11,420</u>	<u>11,420</u>
Less: Accumulated Depreciation	9,610	8,716
Net Property and Equipment	<u>\$ 1,810</u>	<u>\$ 2,704</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$1,560 and \$1,014, respectively.

Note 4 – Pledges Receivable

Unconditional promises to give consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Due within one year	\$ 77,837	\$ 17,403
Due in two to five years	120,000	-
Gross pledges	<u>197,837</u>	<u>17,403</u>
Unamortized discounts	8,436	-
Total	<u>\$ 189,401</u>	<u>\$ 17,403</u>

For the year ended December 31, 2017 and 2016, approximately 90% and 79% of pledges receivable was due from one donor, respectively. For the year ended December 31, 2017, there were no significant concentrations.

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2017:

	<u>2017</u>	<u>2016</u>
Immigrant patients residing in Lowell, MA	\$ -	\$ 625
Floating Hospital music program	492	6,625
Floating Hospital message program	9,995	775
Hospital based programs in Vermont and Maine	17,462	10,531
Sajni Center support	27,000	-
Integrative therapies for patients outside of New England	-	1,850
Pledges receivable restricted as to time	180,000	-
Total	<u>\$ 234,949</u>	<u>\$ 20,406</u>

Lucy's Love Bus Charitable Trust, Inc.
Notes to Financial Statements
December 31, 2017

Note 6 – Related Party Activity

One of the Organization's Board members owns a design and production company from which the Organization received services in 2017. The amount paid for these services during the year ended December 31, 2017 was \$4,343. There were no amounts receivable from or payable to related parties as of December 31, 2017 and 2016.

Note 7 – Commitments

In August 2015, the Organization entered into an occupancy lease for shared office space in Boston, MA, terminating July 31, 2017. The lease provides for rental payments of \$250 per month. During 2017, this lease was renewed through July 31, 2018. The Organization entered into a second one year occupancy lease for office space located in Amesbury, MA effective October 1, 2017. The lease provides for monthly rental payments of \$1,175 and terminates September 30, 2018. Rent expense for the years ending December 31, 2017 and 2016 was \$6,525 and \$3,000, respectively. Future minimum lease payments for the year ending December 31, 2018 are \$12,325.

Note 8 – Subsequent Events

FASB ASC 855-10, "*Subsequent Events*," defines further disclosure requirements for events that occur after the balance sheet date, but before financial statements are issued. In accordance with FASB ASC 855-10, management has evaluated events subsequent to December 31, 2017 through February 9, 2018, which is the date the financial statements were available to be issued. There were no material events noted during this period that would either impact the results reflected in this report or the Organization's results going forward.