

**Lucy's Love Bus Charitable Trust, Inc.**

**Financial Statements**

**December 31, 2016 and 2015**

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, 2016 and 2015, 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, 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.

*Anstiss & Co., P.C.*

Anstiss & Co., P.C.  
Lowell, MA  
January 31, 2017

**Lucy's Love Bus Charitable Trust, Inc.**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 144,089	\$ 87,787
Pledges receivable	17,403	82,309
Prepaid expenses and other assets	4,986	3,458
<b>Total current assets</b>	<b>166,478</b>	<b>173,554</b>
<b>Property and equipment, net</b>	<b>2,704</b>	<b>2,111</b>
<b>Other assets</b>		
Website development costs, net	1,666	-
<b>Total other assets</b>	<b>1,666</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 170,848</b>	<b>\$ 175,665</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 4,592	\$ 5,248
Grants payable	67,920	56,998
<b>Total current liabilities</b>	<b>72,512</b>	<b>62,246</b>
<b>Net assets</b>		
Unrestricted	77,930	69,214
Temporarily restricted	20,406	44,205
<b>Total net assets</b>	<b>98,336</b>	<b>113,419</b>
<b>Total liabilities and net assets</b>	<b>\$ 170,848</b>	<b>\$ 175,665</b>

See the accompanying notes to these financial statements.

**Lucy's Love Bus Charitable Trust, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Support and revenue</b>		
Contributions	\$ 156,138	\$ 244,737
Fundraising	144,197	77,668
In-kind contributions	12,049	11,490
Interest income	13	-
Other income	60	-
Net assets released from restrictions	53,799	42,295
<b>Total support and revenue</b>	<b>366,256</b>	<b>376,190</b>
<b>Expenses</b>		
Program services	241,778	181,169
General and administrative	43,161	40,006
Development and fundraising	72,601	63,338
<b>Total expenses</b>	<b>357,540</b>	<b>284,513</b>
<b>Change in unrestricted net assets</b>	<b>8,716</b>	<b>91,677</b>
Support restricted for programs	30,000	86,500
Net assets released from restrictions	(53,799)	(42,295)
<b>Change in temporarily restricted net assets</b>	<b>(23,799)</b>	<b>44,205</b>
<b>Total change in net assets</b>	<b>(15,083)</b>	<b>135,882</b>
<b>Net assets at beginning of year</b>	<b>113,419</b>	<b>(22,463)</b>
<b>Net assets at end of year</b>	<b>\$ 98,336</b>	<b>\$ 113,419</b>

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, 2016 and 2015**

	2016		
	Program Services	General and Administrative	Fundraising
	Total	Total	Total
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

	2015		
	Program Services	General and Administrative	Fundraising
	Total	Total	Total
Compensation and related expenses	\$ 100,053	\$ 23,076	\$ 15,401
Contract services - integrative therapies	65,949	-	-
Advertising and promotion	735	60	29,618
Depreciation and amortization	780	235	-
Insurance	945	637	581
Occupancy	1,917	1,916	1,917
Office expenses	2,016	4,405	13,012
Professional fees	735	7,818	713
Travel	8,039	369	2,096
Bad Debt	-	1,490	-
Total expenses	\$ 181,169	\$ 40,006	\$ 63,338

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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (15,083)	\$ 135,882
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>		
Depreciation and amortization	1,014	1,015
Bad debt	4,711	1,490
<b>Changes in assets and liabilities</b>		
Increase in pledges receivable	60,195	(66,283)
Increase in prepaid expenses and other assets	(1,528)	(1,531)
Increase in accounts payable and accrued expenses	(656)	3,310
Increase in grants payable	10,922	1,621
<b>Net cash utilized by operating activities</b>	59,575	75,504
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(3,273)	(2,346)
<b>Net cash utilized by investing activities</b>	(3,273)	(2,346)
<b>Net increase in cash and cash equivalents</b>	56,302	73,158
<b>Cash and cash equivalents at beginning of year</b>	87,787	14,629
<b>Cash and cash equivalents at end of year</b>	\$ 144,089	\$ 87,787
 <b>Supplemental data</b>		
In-kind contributions	\$ 12,049	\$ 11,490

See the accompanying notes to these financial statements.

**Lucy's Love Bus Charitable Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

**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, 2016 and 2015, the Organization had temporarily restricted net assets of \$20,406 and \$44,205, respectively.



**Lucy's Love Bus Charitable Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

**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, 2016 and 2015, 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, 2016**

**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, 2016 and 2015 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, 2016**

**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, 2016 and 2015, 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 \$12,049 and \$11,490 for the years ended December 31, 2016 and 2015, respectively.

**Advertising**

The Organization expenses advertising costs as incurred. During the years ended December 31, 2016 and 2015, the Organization incurred advertising costs of \$29,776 and \$30,413, respectively.

**Lucy's Love Bus Charitable Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

**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, 2016**

**Note 3 – Property and Equipment**

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

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 7,800	\$ 7,800
Equipment	3,620	2,346
	<u>11,420</u>	<u>10,146</u>
Less: Accumulated Depreciation	8,716	8,035
Net Property and Equipment	<u>\$ 2,704</u>	<u>\$ 2,111</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$1,014 and \$1,015, respectively.

**Note 4 – Pledges Receivable**

Unconditional promises to give consisted of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 17,403	\$ 82,309

For the year ended December 31, 2015, approximately 79% of pledges receivable was due from one donor. For the year ended December 31, 2016, 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, 2016:

	<u>2016</u>	<u>2015</u>
Immigrant patients residing in Lowell, MA	\$ 625	\$ 4,000
Floating Hospital music program	7,400	13,000
Hospital based programs in Vermont and Maine	10,531	14,532
Bereavement program	-	2,000
Program salaries	-	4,020
Kids Corps program	-	4,803
Integrative therapies for patients outside of New England	1,850	1,850
Total	<u>\$ 20,406</u>	<u>\$ 44,205</u>

**Lucy's Love Bus Charitable Trust, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

**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 2016. The amount paid for these services during the year ended December 31, 2016 was \$11,088. There were no amounts receivable from or payable to related parties as of December 31, 2016 and 2015.

**Note 7 – Commitments**

In August 2015, the Organization entered into a one year occupancy lease for shared office space in Boston, MA, terminating July 31, 2016. The lease provides for rental payments of \$250 per month. During 2016, this lease was renewed through July 31, 2017. Rent expense for the years ending December 31, 2016 and 2015 was \$3,000 and \$5,751, respectively. Future minimum lease payments for the year ending December 31, 2016 are \$1,500.

**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, 2016 through January 31, 2017, 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.