

**HEADstrong Foundation**  
**Financial Statements**  
**Years Ended December 31, 2016 & 2015**

# HEADstrong Foundation

## Financial Statements

Year Ended December 31, 2016 & 2015

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# Financial Statements



# MICHAEL J. MORLEY, II

## CERTIFIED PUBLIC ACCOUNTANT

7900 East Union Ave. Suite 1100

Denver, CO 80237

303-835-4757

To the Board of Trustees of HEADstrong Foundation, Inc.

We have audited the accompanying financial statements of HEADstrong Foundation, Inc. (a nonprofit organization), which comprise the statements 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 HEADstrong Foundation, 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.

Michael J. Morley, II  
Certified Public Accountant  
Denver, CO  
July 18, 2017

**HEADstrong Foundation**  
**Statement of Financial Position**  
**December 31,**

**ASSETS**

Current Assets	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash	\$ 658,590	\$ 475,405
Marketable Securities	29,351	26,326
Accounts Receivable	21,706	6,550
Inventory	65,614	118,009
Total Current Assets	<u>775,261</u>	<u>626,290</u>
 Fixed Assets		
Buildings	876,072	223,433
Equipment	13,234	13,837
Accumulated Depreciation	(40,120)	(31,997)
Land	80,000	10,000
Total Fixed Assets	<u>929,186</u>	<u>215,273</u>
 Total Assets	<u><u>\$ 1,704,447</u></u>	<u><u>\$ 841,563</u></u>

**LIABILITIES and NET ASSETS**

Current Liabilities		
Accounts Payable	\$ 9,045	\$ 33,870
Total Current Liabilities	<u>9,045</u>	<u>33,870</u>
 Long Term Liabilities		
Mortgage Payable	560,027	-
Total Long Term Liabilities	<u>560,027</u>	<u>-</u>
 Total Liabilities	<u>569,072</u>	<u>33,870</u>
 Net Assets - Beginning of year	807,693	737,295
Excess of Revenues over Expenditures	327,682	70,398
Net Assets - End of year	<u>1,135,375</u>	<u>807,693</u>
 Total Liabilities and Net Assets	<u><u>\$ 1,704,447</u></u>	<u><u>\$ 841,563</u></u>

See Accountant's Report & Notes to financial Statements

**HEADstrong Foundation**  
**Statement of Activities**  
**December 31,**

	<u>2016</u>	<u>% of</u> <u>Revenue</u>	<u>2015</u>	<u>% of</u> <u>Revenue</u>
Contributions	\$ 741,942		\$ 702,481	
Program Service Revenue	810,703		752,695	
Unrealized Appreciation of Investments	-		606	
Total Revenue	<u>1,552,645</u>	100.00%	<u>1,455,782</u>	100.00%
Grants and Contributions	106,977	6.89%	258,199	17.74%
Program Costs	1,097,734	70.70%	1,082,857	74.38%
General & Administration		0.00%		
Payroll	16,608	1.07%	43,295	2.97%
Office Expense	1,135	0.07%	1,033	0.07%
Total Expenses	<u>1,222,454</u>	78.73%	<u>1,385,384</u>	95.16%
Excess of Revenue over expenditures	<u>\$ 330,191</u>	21.27%	<u>\$ 70,398</u>	4.84%

See Accountant's Report & Notes to financial Statements

**HEADstrong Foundation**  
**Statement of Functional Expenses**  
**December 31,**

	<b>2016</b>	<b>2015</b>
Grants to Organizations	\$ -	\$ 131,494
Grants to Individuals	106,977	126,705
Compensation & Employee Benefits	408,498	398,847
Professional fees	10,315	11,114
Advertising & Promotion	100,683	85,807
Program Services	478,669	352,270
Office Expenses	39,627	20,662
Information Technology	31,685	18,003
Occupancy	18,674	10,716
Travel	17,277	8,721
Conferences, conventions & meetings	10,049	6,648
Total	<u>\$ 1,222,454</u>	<u>\$ 1,170,987</u>

See Accountant's Report & Notes to financial Statements



**HEADstrong Foundation**  
**Statement of Cash Flows**  
**December 31,**

<b>Cash flows from operating activities</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Change in Net Assets	\$ 327,682	\$ 70,398
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,123	6,910
(Increase) decrease in:		
Accounts Receivable	(15,156)	3,857
Inventories	52,395	76,732
Increase (decrease) in:		
Accounts payable	(24,825)	29,583
Other accrued liabilities		
Net cash (used) provided by operating activities	<u>348,219</u>	<u>187,480</u>
<b>Cash flows from investing activities</b>		
Purchase of Marketable Securities	(3,025)	
Purchase of Fixed Assets	<u>(722,036)</u>	
Net cash (used) provided by investing activities	<u>(725,061)</u>	
<b>Cash Flows from Financing activities</b>		
Borrowing for Mortgage Loan	<u>560,027</u>	
Net cash provided by financing activities	<u>560,027</u>	
 Net increase (decrease) in cash and cash equivalents	 183,185	 187,480
Cash and cash equivalents, beginning of year	475,405	287,925
Cash and cash equivalents, end of year	<u>\$ 658,590</u>	<u>\$ 475,405</u>

See Accountant's Report & Notes to financial Statements



# HEADstrong Foundation

Notes to Financial Statements

December 31, 2016 & 2015

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## **Note 1      Nature of Operations**

The HEADstrong Foundation (the "Foundation") is a non-profit Pennsylvania corporation established in memory of Nicholas "HEAD" Colleluori to promote blood cancer awareness, support research efforts and provide quality of life service programs to those affected by the disease. The Foundation receives substantially all their revenue from individual donations, awareness events and the sale of branded awareness apparel.

## **Note 2      Summary of Significant Accounting Policies**

### **Basis of Presentation**

The basic financial statements are prepared using the accrual basis of accounting.

### **Classification of Net Assets**

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

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. The Foundation does not have any permanently restricted net assets.

### **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.

# HEADstrong Foundation

Notes to Financial Statements  
December 31, 2016 & 2015

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## **Note 2    Summary of Significant Accounting Policies (Continued)**

### **Revenue Recognition**

Contributions are recognized when received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support.

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 as unrestricted net assets and reported in the statements of activities as released from restrictions.

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.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

### **Property and Equipment**

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. HEADstrong Foundation considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

### **Income Taxes**

HEADstrong Foundation is a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the state code.

# HEADstrong Foundation

## Notes to Financial Statements

December 31, 2016 & 2015

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### Note 3 Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 80,000	\$ 10,000
Buildings	876,072	223,433
<u>Transportation equipment</u>	<u>13,234</u>	<u>13,837</u>
	973,306	247,270
Accumulated depreciation	<u>40,120</u>	<u>31,997</u>
Total	\$ 929,186	\$ 222,789
	=====	=====

### Note 4 Concentrations

The Foundation maintains its cash balances at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of \$250,000 are not insured. The uninsured balance at December 31, 2016 and 2015 was \$158,590 and \$0, respectively.