

**Consolidated Financial Statements and
Independent Auditor's Report**

**THE HOPE CHEST FOR BREAST
CANCER FOUNDATION AND
SUBSIDIARY**

December 31, 2018 and 2017

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Independent Auditors' Report

To the Board of Directors

The Hope Chest for Breast Cancer Foundation and Subsidiary

Wayzata, Minnesota

We have audited the accompanying consolidated financial statements of The Hope Chest for Breast Cancer Foundation and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Hope Chest for Breast Cancer Foundation and Subsidiary 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.

Report on Summarized Comparative Information

We have previously audited the The Hope Chest for Breast Cancer Foundation and Subsidiary's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Copeland Buhl & Company PLLP

COPELAND BUHL & COMPANY PLLP

August 29, 2019

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(With Comparative Totals for 2017)

<u>ASSETS</u>	2018					2017
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	Operating	Board Designated	Total			
Current Assets:						
Cash	\$ 181,764	\$ -	\$ 181,764	\$ 46,345	\$ 228,109	\$ 382,377
Accounts receivable	2,824	-	2,824	-	2,824	-
Investments	-	261,582	261,582	-	261,582	324,566
Inventory	-	-	-	-	-	20,928
Prepaid expenses	4,741	-	4,741	-	4,741	9,531
Due from related party	7,487	-	7,487	-	7,487	8,636
Total Current Assets	196,816	261,582	458,398	46,345	504,743	746,038
Equipment and Improvements, Net	119,767	-	119,767	-	119,767	181,787
Other Assets	1,789	-	1,789	-	1,789	-
TOTAL ASSETS	\$ 318,372	\$ 261,582	\$ 579,954	\$ 46,345	\$ 626,299	\$ 927,825
<u>LIABILITIES AND NET ASSETS</u>						
Current Liabilities:						
Accounts payable	\$ 1,969	\$ -	\$ 1,969	\$ -	\$ 1,969	\$ 26,621
Accrued expenses	12,512	-	12,512	-	12,512	33,938
Total Current Liabilities	14,481	-	14,481	-	14,481	60,559
Net Assets	303,891	261,582	565,473	46,345	611,818	867,266
TOTAL LIABILITIES AND NET ASSETS	\$ 318,372	\$ 261,582	\$ 579,954	\$ 46,345	\$ 626,299	\$ 927,825

See notes to consolidated financial statements.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	2018					2017
	Without Donor Restrictions			With Donor Restrictions		Total
	Operating	Board Designated	Total	Restrictions	Total	
Revenues and Support:						
Revenue from sales of donated items	\$ 856,856	\$ -	\$ 856,856	\$ -	\$ 856,856	\$ 1,010,013
Special events	125,117	-	125,117	-	125,117	173,315
Other donations	138,031	-	138,031	40,000	178,031	131,332
Net assets released from restrictions	96,219	(49,525)	46,694	(46,694)	-	-
Total Revenues and Support	1,216,223	(49,525)	1,166,698	(6,694)	1,160,004	1,314,660
Expenses:						
Costs of selling donated items	917,082	-	917,082	-	917,082	879,463
Program services	332,729	-	332,729	-	332,729	210,968
Management and general	55,930	-	55,930	-	55,930	41,964
Fundraising	98,737	-	98,737	-	98,737	117,582
Total Expenses	1,404,478	-	1,404,478	-	1,404,478	1,249,977
Other Income (Expense):						
Investment income (loss)	-	(13,459)	(13,459)	-	(13,459)	57,880
Miscellaneous income	2,485	-	2,485	-	2,485	1,910
Total Other Income (Expense)	2,485	(13,459)	(10,974)	-	(10,974)	59,790
Change in Net Assets	(185,770)	(62,984)	(248,754)	(6,694)	(255,448)	124,473
Net Assets - Beginning of Year	489,661	324,566	814,227	53,039	867,266	742,793
Net Assets - End of Year	\$ 303,891	\$ 261,582	\$ 565,473	\$ 46,345	\$ 611,818	\$ 867,266

See notes to consolidated financial statements.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and related expenses	\$ 101,087	\$ 30,679	\$ 45,524	\$ 177,290
Grant program expense	140,719	-	-	140,719
Depreciation	36,817	1,147	1,492	39,456
Professional fees	11,619	10,623	5,503	27,745
Fundraising	-	-	27,629	27,629
Outside labor	14,803	6,168	3,700	24,671
Office expense	9,814	3,156	4,105	17,075
Rent	8,914	2,867	3,729	15,510
Advertising	5,685	-	5,685	11,370
Insurance	1,989	640	832	3,461
Telephone	1,218	392	510	2,120
Miscellaneous	64	258	28	350
	<u>64</u>	<u>258</u>	<u>28</u>	<u>350</u>
Total	<u>\$ 332,729</u>	<u>\$ 55,930</u>	<u>\$ 98,737</u>	<u>\$ 487,396</u>

See notes to consolidated financial statements.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages and related expenses	\$ 91,937	\$ 22,061	\$ 66,640	\$ 180,638
Professional fees	58,547	5,960	21,182	85,689
Fundraising	30,332	-	5,567	35,899
Advertising	14,040	-	12,513	26,553
Office expense	8,774	2,105	6,360	17,239
Insurance	2,057	493	1,491	4,041
Rent	1,992	478	1,444	3,914
Depreciation	1,132	272	821	2,225
Telephone	1,031	248	748	2,027
Outside labor	440	106	318	864
Repairs and maintenance	352	85	255	692
Utilities	334	80	243	657
Miscellaneous	-	10,076	-	10,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 210,968</u></u>	<u><u>\$ 41,964</u></u>	<u><u>\$ 117,582</u></u>	<u><u>\$ 370,514</u></u>

See notes to consolidated financial statements.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (255,448)	\$ 124,473
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Interest and dividend income reinvested	(20,186)	(15,073)
Realized and unrealized losses (gains) on investments	33,645	(42,807)
Loss (gain) on sale of equipment	62,209	(6,964)
Gain on sale of other assets	(300)	-
Depreciation	52,270	24,339
Changes in assets and liabilities:		
Accounts receivable	(2,824)	28,750
Inventory	20,928	14,547
Prepaid expenses	4,790	(84)
Due from related party	1,149	23,423
Other assets	(1,789)	-
Accounts payable	(24,652)	(6,838)
Accrued expenses	(21,426)	(2,834)
	<u>(151,634)</u>	<u>140,932</u>
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities:		
Purchases of investments	(33,142)	(128,534)
Proceeds from sale of investments	82,667	145,488
Proceeds from sale of equipment	2,192	-
Proceeds from sale of other assets	300	-
Purchases of equipment	(54,651)	(18,954)
	<u>(2,634)</u>	<u>(2,000)</u>
Net Cash Used in Investing Activities		
Net Increase (Decrease) in Cash	(154,268)	138,932
Cash - Beginning of Year	<u>382,377</u>	<u>243,445</u>
Cash - End of Year	<u>\$ 228,109</u>	<u>\$ 382,377</u>

See notes to consolidated financial statements.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note A: Nature of Operations

The Hope Chest for Breast Cancer Foundation (Foundation) is a non-profit organization located in Orono, Minnesota. Its mission is to raise funds to provide the quickest access to help with the most urgent needs of financially distressed breast cancer patients and their families. Funds are raised through the sale of upscale women's clothing, and high-end furniture and decorative accessories donated by the general public, manufacturers and retail businesses. The donated items are sold in resale stores. Additional support is raised through fundraising events and solicitation of financial contributions from individuals, corporations, and foundations. Support is received in the form of cash and noncash donations.

Contributions of tangible items to the Foundation are sold through a retail store located in Orono, Minnesota which is operated by a corporation controlled by the Chief Executive Officer of the Foundation's Board of Directors (Note I). In addition to the Orono store, contributions were sold through the Hope Chest for Breast Cancer of Bloomington, LLC (Bloomington), a wholly owned subsidiary with two locations in Bloomington, Minnesota and Eden Prairie, Minnesota.

In 2018, the store locations in Bloomington and Eden Prairie were closed.

Note B: Summary of Significant Accounting Policies

Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions represent funds available to support the operations of the Foundation. The Board of Directors may designate the use of certain net assets without donor restrictions.

Net assets with donor restrictions have donor-imposed purpose or time restrictions or are donor restricted in perpetuity as endowment funds.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note B: Summary of Significant Accounting Policies (Continued)

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Basis of Consolidation

The consolidated financial statements include The Hope Chest for Breast Cancer Foundation and its wholly owned subsidiary, The Hope Chest for Breast Cancer Foundation of Bloomington, LLC. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

When preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances, net of any allowance for doubtful accounts. There was no allowance for uncollectible accounts as of December 31, 2018 and 2017. Management provides for probable uncollectible amounts through a charge to operations and a credit to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note B: Summary of Significant Accounting Policies (Continued)

Investments

Investments consist of mutual funds and unit investment trusts and are stated at quoted market value.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the securities may occur in the near term and that such changes could materially affect the amount reported.

Inventory

Inventory is valued at the estimated sales prices less reserve for discounts. The discount is estimated based on historical sales prices compared to their initial estimated fair market value.

Equipment and Improvements

Equipment is carried at cost if purchased, or fair market value at the date of the gift if received as contributions. Depreciation is computed by the straight-line method using estimated useful lives of 3 to 5 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Expenditures for maintenance and repairs are charged to operations when the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

Grants Payable to Other Nonprofit Organizations

The Foundation contributed \$63,000 and \$78,330 in 2018 and 2017, respectively, to hospital and clinic programs providing assistance to breast cancer patients and their families.

Deferred Rent

The Foundation's lease provided for \$55,000 of tenant improvement reimbursements, which were received in 2015. The reimbursement is amortized over the life of the lease and is included in deferred rent. The remaining deferral totaled \$22,541 at December 31, 2017 and was included in accrued expenses. In 2018, the lease agreement was terminated. There is no deferral remaining at December 31, 2018.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note B: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. If the donor restriction expires within the same year the donation is received it is considered an unrestricted net asset. There were \$46,345 and \$53,039 in net assets with donor restrictions at December 31, 2018 and 2017, respectively.

Contributed Services

Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Management and general expenses include \$2,914 and \$13,896 for 2018 and 2017, respectively, for contributed professional services. The Foundation also received \$2,727 and \$6,964 of contributed services in 2018 and 2017, respectively, for the development of a website, which is currently included in the software category of property and equipment.

In addition, a substantial number of unpaid volunteers made significant contributions of their time that do not meet the recognition criteria described above. Accordingly, the value of the donated time is not reflected in the consolidated financial statements.

Donated Material and Facilities

Donated materials are recorded at the estimated fair value when received and when such value can be objectively and accurately determined. The Foundation received donated materials for program purposes, management and general, and fundraising purposes totaling \$29,703 and \$73,032 for 2018 and 2017, respectively, which is recorded in both revenues and expenses.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note B: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Hope Chest for Breast Cancer Foundation and subsidiary is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal information returns are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations which generally is three years.

In 2016, the Bloomington store received notice from the Internal Revenue Service (IRS) that its tax exemption was revoked. The store has provided the IRS with information necessary to rectify the matter.

Functional Allocation of Expenses

The cost of providing various activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program expenses, management and general expenses, and fundraising expenses.

New Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated subsequent events through August 29, 2019, the date on which the consolidated financial statements were available to be issued.

Note C: Promises to Give

The Foundation had a conditional promise to give of \$25,000 at December 31, 2018, from an organization representing an intent to match support raised in 2019.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note D: Fair Value Measurements

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. There are no Level 2 or 3 investments at December 31, 2018 and 2017. All investments are considered Level 1.

Note E: Equipment and Improvements

Equipment and improvements consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Software and website in progress	\$ 167,654	\$ 147,542
Leasehold improvements	10,763	78,782
Computers	6,650	17,267
Office equipment	-	30,478
Vehicle	-	7,731
Total	<u>185,067</u>	<u>281,800</u>
Accumulated depreciation	<u>(65,300)</u>	<u>(100,013)</u>
Equipment and Improvements, net	<u><u>\$ 119,767</u></u>	<u><u>\$ 181,787</u></u>

On May 1, 2019, the Foundation abandoned software and website in progress, resulting in a loss of \$97,819, net of accumulated depreciation at the disposal date.

Note F: Net Assets

Board Designated

The Foundation has designated \$100,000 of unrestricted net assets as an operating reserve.

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note F: Net Assets (Continued)

With Donor Restrictions

Details of the net assets with donor restrictions are as follows:

	<u>Grant Writer</u>	<u>Merchandise Director</u>	<u>Communications/ Branding</u>	<u>Grants</u>	<u>Total</u>
December 31, 2016	\$ 23,971	\$ 37,285	\$ -	\$ -	\$ 61,256
Contributions	-	-	25,000	3,255	28,255
Utilization	-	(36,472)	-	-	(36,472)
December 31, 2017	23,971	813	25,000	3,255	53,039
Contributions	-	-	25,000	15,000	40,000
Utilization	(7,469)	(813)	(25,000)	(13,412)	(46,694)
December 31, 2018	<u>\$ 16,502</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 4,843</u>	<u>\$ 46,345</u>

Note G: Liquidity and Availability of Resources

The Foundation regularly monitors liquidity required to meet its operating needs and program disbursements, with the intent to operate a balanced budget throughout the year and modify expenditures as needed. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Foundation's financial assets as of December 31, 2018 and 2017, reduced by amounts that are not available to meet general expenditures due to donor restrictions. In the event the need arises to utilize the board-designated operating reserve referred to in Note F, the reserve could be drawn upon through board resolution. Details of the assets available for the Foundation's use are as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Cash	\$ 228,109	\$ 382,377
Investments	261,582	324,566
Other	2,824	-
	<u>492,515</u>	<u>706,943</u>
Funds with donor restrictions	<u>(46,345)</u>	<u>(53,039)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 446,170</u>	<u>\$ 653,904</u>

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note H: Special Events

The Foundation conducts special events throughout the year. Details of the special events are as follows for years ended December 31:

	2018	2017
Revenues	\$ 211,349	\$ 290,239
Expenses	86,232	116,924
	\$ 125,117	\$ 173,315

Note I: Related Party Transactions and Balances

The Foundation has a management agreement with a corporation controlled by the Foundation's founder and member of the board of directors. The management agreement requires the corporation to purchase such items of clothing, furniture, household furnishings and accessories that are donated to the Foundation which meet specified standards. The corporation operates the retail store where the donated property is sold. The management agreement requires the management company to pay the Foundation an amount equal to the sales less reasonable compensation for services provided by the management company. The amount earned by the Foundation may not be less than 15% of all gross sales from the retail store. The amount earned by the Foundation was \$82,286 and \$99,361 in 2018 and 2017, respectively.

The due from related party balance represents amounts owed to the Foundation by the corporation. The balance at December 31, 2018 and 2017 was noninterest bearing and due on demand. The Foundation also has amounts owed to the corporation, which are included in accounts payable, and total \$19,196 at December 31, 2017. There was no accounts payable owed at December 31, 2018.

The Foundation has an agreement with a corporation controlled by a member of the board of directors to provide computer services to the Foundation. The amount paid to the corporation was \$22,545 and \$27,585 for 2018 and 2017, respectively. The Foundation owed \$740 to the corporation at December 31, 2017, which is included in accounts payable. There was no accounts payable owed at December 31, 2018.

The Foundation has an agreement with a corporation controlled by a member of the board of directors to provide marketing services to the Foundation. The amount paid to the corporation was \$46,840 for 2018. The member was not on the board in 2017.

SUPPLEMENTARY INFORMATION

Independent Auditors' Report on Supplementary Information

To the Board of Directors

The Hope Chest for Breast Cancer Foundation and Subsidiary

Wayzata, Minnesota

We have audited the consolidated financial statements of The Hope Chest for Breast Cancer Foundation and Subsidiary as of and for the years ended December 31, 2018 and 2017, and our report thereon dated August 29, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Copeland Buhl & Company PLLP

COPELAND BUHL & COMPANY PLLP

August 29, 2019

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

	<u>Foundation</u>	<u>Bloomington</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash	\$ 222,599	\$ 5,510	\$ -	\$ 228,109
Accounts receivable	2,824	-	-	2,824
Investments	261,582	-	-	261,582
Prepaid expenses	4,741	-	-	4,741
Due from related party	7,209	278	-	7,487
Other current assets	4,838	-	(4,838)	-
Total Current Assets	503,793	5,788	(4,838)	504,743
Equipment and Improvements, Net	119,767	-	-	119,767
Other Assets	1,789	-	-	1,789
TOTAL ASSETS	<u>\$ 625,349</u>	<u>\$ 5,788</u>	<u>\$ (4,838)</u>	<u>\$ 626,299</u>

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts payable	\$ 1,019	\$ 950	\$ -	\$ 1,969
Accrued expenses	12,512	-	-	12,512
Total Current Liabilities	13,531	950	-	14,481
Net Assets:				
Without donor restrictions	565,473	4,838	(4,838)	565,473
With donor restrictions	46,345	-	-	46,345
Total Net Assets	611,818	4,838	(4,838)	611,818
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 625,349</u>	<u>\$ 5,788</u>	<u>\$ (4,838)</u>	<u>\$ 626,299</u>

THE HOPE CHEST FOR BREAST CANCER
FOUNDATION AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Foundation</u>	<u>Bloomington</u>	<u>Eliminations</u>	<u>Total</u>
Revenues and Support:				
Revenue from sales of donated items	\$ 548,575	\$ 305,803	\$ 2,478	\$ 856,856
Special events	125,117	-	-	125,117
Other donations	180,509	-	(2,478)	178,031
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Support	854,201	305,803	-	1,160,004
Expenses:				
Costs of selling donated items	466,289	450,793	-	917,082
Program services	332,729	-	-	332,729
Management and general	55,930	-	-	55,930
Fundraising	98,737	-	-	98,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	953,685	450,793	-	1,404,478
Other Income (Expense):				
Investment loss	(13,459)	-	-	(13,459)
Miscellaneous income	2,485	-	-	2,485
Income from subsidiary	102,107	-	(102,107)	-
Gain (loss) from store closures	(247,097)	247,097	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Income (Expense)	(155,964)	247,097	(102,107)	(10,974)
Change in Net Assets	(255,448)	102,107	(102,107)	(255,448)
Net Assets - Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	867,266	(97,269)	97,269	867,266
Net Assets - End of Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 611,818	\$ 4,838	\$ (4,838)	\$ 611,818