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THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2016 AND 2015

MATTHEWS, CARTER & BOYCE  
RESPECT. CONFIDENCE. TRUST.

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**

**TABLE OF CONTENTS**

**JUNE 30, 2016 AND 2015**

	Page
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-13



**MATTHEWS, CARTER & BOYCE**  
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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The Children's Cause for Cancer Advocacy, Inc.  
Washington, DC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Children's Cause for Cancer Advocacy, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

### **Auditors' 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 audits 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 principles 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 The Children's Cause for Cancer Advocacy, Inc. as of June 30, 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.

A handwritten signature in cursive script, likely reading "Matthew Carter and Co. CPA".

Fairfax, VA  
November 30, 2016

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,350,161	\$ 1,214,961
Contributions and grants receivable, current portion	31,568	25,000
Prepaid expense	<u>972</u>	<u>1,900</u>
Total Current Assets	<u>\$ 1,382,701</u>	<u>\$ 1,241,861</u>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	\$ 18,488	\$ 18,488
Accumulated depreciation	<u>(18,488)</u>	<u>(18,323)</u>
Net Property and Equipment	\$ -	\$ 165
Contributions and grants receivable, net of current portion	25,000	50,000
Security deposits	<u>1,900</u>	<u>1,900</u>
Total Non-Current Assets	<u>\$ 26,900</u>	<u>\$ 52,065</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,409,601</u></u>	<u><u>\$ 1,293,926</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 18,184	\$ 18,972
Accrued vacation	7,055	3,308
Deferred revenue	<u>2,400</u>	<u>3,365</u>
Total Current Liabilities	<u>\$ 27,639</u>	<u>\$ 25,645</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 1,212,152	\$ 1,140,046
Temporarily restricted	<u>169,810</u>	<u>128,235</u>
Total Net Assets	<u>\$ 1,381,962</u>	<u>\$ 1,268,281</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,409,601</u></u>	<u><u>\$ 1,293,926</u></u>

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

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Contributions and grants	\$ 777,258	\$ 52,256	\$ 829,514
Interest and dividends	640	-	640
Net assets released from restrictions	10,681	(10,681)	-
	<u>\$ 788,579</u>	<u>\$ 41,575</u>	<u>\$ 830,154</u>
<b>EXPENSES</b>			
Program services	\$ 323,425	\$ -	\$ 323,425
Management and general	237,010	-	237,010
Fundraising	21,038	-	21,038
	<u>\$ 581,473</u>	<u>\$ -</u>	<u>\$ 581,473</u>
<b>NON-RECURRING CHARGES</b>			
Litigation settlement cost	135,000	-	135,000
<b>TOTAL EXPENSES AND NON-RECURRING CHARGES</b>	<u>\$ 716,473</u>	<u>\$ -</u>	<u>\$ 716,473</u>
<b>CHANGE IN NET ASSETS</b>	\$ 72,106	\$ 41,575	\$ 113,681
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,140,046</u>	<u>128,235</u>	<u>1,268,281</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,212,152</u></u>	<u><u>\$ 169,810</u></u>	<u><u>\$ 1,381,962</u></u>

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

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions and grants	\$ 623,114	\$ 111,500	\$ 734,614
Interest and dividends	437	-	437
Net assets released from restrictions	<u>15,355</u>	<u>(15,355)</u>	<u>-</u>
Total Revenue	<u>\$ 638,906</u>	<u>\$ 96,145</u>	<u>\$ 735,051</u>
<b>EXPENSES</b>			
Program services	\$ 250,722	\$ -	\$ 250,722
Management and general	121,324	-	121,324
Fundraising	<u>13,402</u>	<u>-</u>	<u>13,402</u>
Total Expenses	<u>\$ 385,448</u>	<u>\$ -</u>	<u>\$ 385,448</u>
<b>CHANGE IN NET ASSETS</b>	\$ 253,458	\$ 96,145	\$ 349,603
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>886,588</u>	<u>32,090</u>	<u>918,678</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,140,046</u></u>	<u><u>\$ 128,235</u></u>	<u><u>\$ 1,268,281</u></u>

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

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 113,681	\$ 349,603
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	165	660
Change in:		
Contributions and grants receivable	18,432	(70,000)
Other receivables	-	1,744
Prepaid expense	928	(1,900)
Security deposits	-	(1,900)
Accounts payable	(788)	14,268
Accrued vacation	3,747	(2,851)
Deferred revenue	(965)	(2,185)
	<u>\$ 135,200</u>	<u>\$ 287,439</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ 135,200	\$ 287,439
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,214,961</u>	<u>927,522</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,350,161</u></u>	<u><u>\$ 1,214,961</u></u>

There were no non-cash investing or financing activities for the years ended June 30, 2016 or 2015.

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



**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 128,204	\$ 28,504	\$ 16,436	\$ 173,144
Business meetings and travel	13,932	382	432	14,746
Contract labor	-	-	-	-
Cost of programs and events	17,039	-	-	17,039
Depreciation	-	165	-	165
Dues and subscriptions	6,163	119	66	6,348
Hotel and catering	30,554	-	-	30,554
Insurance	1,501	231	193	1,925
Office expenses	10,275	4,391	1,851	16,517
Professional fees	101,499	201,024	232	302,755
Rent	14,258	2,194	1,828	18,280
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 323,425</u>	<u>\$ 237,010</u>	<u>\$ 21,038</u>	<u>\$ 581,473</u>

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

**THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 76,546	\$ 46,828	\$ 5,676	\$ 129,050
Business meetings and travel	4,782	253	75	5,110
Contract labor	16,181	7,574	1,201	24,956
Cost of programs and events	16,122	300	88	16,510
Depreciation	483	149	28	660
Dues and subscriptions	793	176	-	969
Hotel and catering	33,683	-	-	33,683
Insurance	639	1,407	47	2,093
Office expenses	16,273	3,954	973	21,200
Professional fees	66,770	57,604	3,945	128,319
Rent	18,450	3,079	1,369	22,898
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u><u>\$ 250,722</u></u>	<u><u>\$ 121,324</u></u>	<u><u>\$ 13,402</u></u>	<u><u>\$ 385,448</u></u>

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

# THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### Note 1. Organization and Summary of Significant Accounting Policies

#### Organization

The Children's Cause for Cancer Advocacy, Inc. (the Organization), formerly the Children's Cause, is a nonprofit organization incorporated on April 8, 1999, under the laws of the State of New York. The Organization works to ensure the needs and perspectives of children with cancer and survivors are integrated into the highest deliberations on health care and cancer policy at the federal level.

The Organization's major programs include:

Advocacy Training: The Organization's advocate training program, Champions for Childhood Cancer, educates and trains childhood cancer leaders and parents as advocates to advance policies benefitting children with cancer, survivors and their families. This program utilizes expert speakers and rigorous workshops to give participants the knowledge and tools they need to be effective advocate leaders in their own communities.

Education: The Organization's educational activities focus on communicating the impact of federal health policy on childhood cancer and survivorship care. Through monthly email bulletins, frequent blog postings, an active social media presence and a multi-media website, the Organization educates the community about recent news, research and legislation – and the potential impact on the lives of childhood cancer patients and survivors.

Childhood Cancer Action Day: This is an annual coalition event that brings together pediatric patients, young adult survivors and families for a day of mobilizing against childhood cancer on Capitol Hill. A training workshop prepares the advocates for their Congressional meetings by reviewing the legislative and appropriations process, current policy issues and effective messaging strategies.

Public Policy: The Organization's public policy program includes analyzing legislation, submitting official comments on regulatory affairs, producing briefing papers and presenting to government agencies, policy makers, coalitions and stakeholders. These programs provide critical information on the impact of federal policy on children with cancer and survivors. The purpose is to facilitate the development and approval of more effective and less toxic therapies for children with cancer, ensure high-quality care for childhood cancer survivors, and monitor the implementation of health care reform to ensure it meets the unique needs of patients and survivors. The Organization is an active participant in three large national cancer coalitions and provides expert analysis and input to frame the coalitions' positions and activities.

Grassroots Advocacy: This program engages the Organization's online network of several thousand grassroots advocates through periodic action alerts. These alerts provide advocates with the framework and knowledge to send targeted, personal letters to their Members of Congress.

# THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

#### **Basis of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, the Organization is required to report information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and when contributions are made, which may be when cash is received, unconditional promises are made or ownership of other assets is transferred to the Organization. Expenses are reported when costs are incurred. Net assets represent the cumulative balance of the operations of the Organization from its inception.

#### **Revenue Recognition**

The Organization accounts for contributions in accordance with the requirements of ASC 958-605, *Accounting for Contributions Received and Contributions Made*. Under the guidelines of ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor, including pledges, is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Organization reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of restrictions when the assets are placed in service.

#### **Contributions, Accounts Receivable and Allowance for Doubtful Accounts**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Accounts and contributions receivable are recorded at the lower of cost or fair value. The risk of loss on the receivables is the balance due at the time of default. All receivables are unsecured. The Organization uses the allowance method to determine uncollectible contributions and other receivables. The allowance is based upon prior years' experience, management's analysis of specific promises made and other historical factors that pertain to the receivables. There was no allowance for doubtful accounts as of June 30, 2016 or 2015.

# THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### Note 1. Organization and Summary of Significant Accounting Policies (Concluded)

#### Property and Equipment

Property and equipment held by the Organization consist of furniture, equipment and software, and are recorded at cost. The Organization capitalizes expenditures for property and equipment in excess of \$1,000. Donated equipment, if any, is reflected in the accompanying financial statements at its estimated value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations using the straight-line method over estimated useful lives of three years.

#### Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid short term debt instruments whose maturity dates do not extend past three months from the original date of purchase to be cash equivalents. As of June 30, 2016 and 2015 the Organization held no such investments.

#### Functional Allocation of Expenditures

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program and the supporting services. Other allocable costs have been allocated to program services and to support services based upon management's best estimates.

#### Income Taxes

The Organization has been determined to be exempt from federal income tax pursuant to the provisions of the Internal Revenue Code Section 501(c)(3). The Organization is required to pay taxes on its net unrelated business income. There was no unrelated business taxable income during the years ended June 30, 2016 or 2015. Accordingly, no provision for income tax is made in the accompanying financial statements.

The Organization has adopted FASB ASC 740, *Income Taxes*. FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. The Organization has analyzed its tax positions and has concluded that no liability should be recorded related to any uncertain tax positions. The Organization is not aware of any tax positions which it believes will change materially in the next twelve months. If this position changes, the Organization will assess the impact of any such matters on its financial position and results of operations.

The Organization files its informational tax returns for Federal, Maryland and New York reporting purposes. The Organization is currently not under audit by any income tax jurisdiction.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

# THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### Note 2. In-Kind Contributions

During the years ended June 30, 2016 and 2015, the Organization received approximately \$11,250 and \$25,913 of in-kind donations, respectively. These donations were primarily related to fundraising/educational forums and are included in contributions in the statements of activities and changes in net assets.

During the years ended June 30, 2016 and 2015, the Organization received \$186,781 and \$48,256, respectively, for pro bono legal services. These amounts have been included in the financial statements under contribution revenue since the donated services received by the Organization meet the requirements for recording such donated services as detailed by FASB ASC 958-605.

### Note 3. Contributions and grants receivable

As of June 30, 2016 and 2015, the Organization had contributions and grants receivable as follows:

	2016	2015
Amount due in one year	\$ 31,568	\$ 25,000
Amount due in two years	25,000	50,000
Total	<u>\$ 56,568</u>	<u>\$ 75,000</u>

### Note 4. Temporarily Restricted Net Assets

As of June 30, 2016 and 2015, the Organization had temporarily restricted net assets for the following purposes:

	2016	2015
Rosen Research Award	\$ 130,850	\$ 111,500
Scientific Research – VPOD	16,735	16,735
Time-restrictions	22,225	-
Total	<u>\$ 169,810</u>	<u>\$ 128,235</u>

### Note 5. Retirement Plan

The Organization sponsors a SIMPLE IRA plan. Employer contributions for the years ended June 30, 2016 and 2015 were \$0 and \$1,250, respectively.

# THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016 AND 2015**

### **Note 6. Commitments**

The Organization had a sublease agreement with the National Association of Social Workers, Inc. (NASW), through December 31, 2013. The monthly base fee for the sublease was \$1,746. Under this agreement, the Organization reimbursed NASW for expenses such as photocopies and printing. The lease was then amended to a month-to-month basis through October 30, 2014 for a monthly base fee of \$1,890.

In October 2014, the Organization relocated its office and signed a 6-month sub-lease agreement, which was then renewed through October 2015. The monthly base fee during the term of this sub-lease was \$1,900. Additional fees for telephone and internet usage will be invoiced on a monthly basis.

In October 2015, the Organization reduced the amount of leased office space and signed a new lease agreement through October 2016. The monthly base fee for the sublease is \$1,250. Additional fees of \$150 for telephone and internet will be invoiced on a monthly basis. The Organization has the option to renew in October 2016 at an annual 5% increase in the base rent. The lease also contains a termination clause whereby the lease can be terminated upon 45 days written notice by either party.

### **Note 7. Concentrations**

#### Cash:

The Organization maintains its cash account at a single financial institution. The balance may from time to time exceed the Federal Deposit Insurance Corporation (FDIC) insured limits.

#### Revenue:

For the years ended June 30, 2016 and 2015, 58% and 74%, respectively, of total revenue was raised from a single major event.

#### Credit Risk:

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, foundations and individuals supportive of our mission.

### **Note 8. Litigation Settlement Costs**

The Organization settled a legal action brought by a former employee alleging various claims related to employment. Under the settlement, the Organization incurred settlement costs in the amount of \$135,000.

### **Note 9. Presentation of Prior Year Financial Statements**

Certain amounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform to the presentation of the current year financial statements.

### **Note 10. Subsequent Events**

The Organization has evaluated events through November 30, 2016, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2016 that would have a material impact on the Organization's results of operations or financial position.