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THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2018 AND 2017

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

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MATTHEWS, CARTER & BOYCE
CPAs • ADVISORS

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, 2018 and 2017, 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, 2018 and 2017, 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, appearing to read "Matthew J. L. and Co.", positioned to the right of the opinion text.

Fairfax, VA
January 16, 2019

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 433,300	\$ 398,173
Contributions and grants receivable	29,409	57,404
Prepaid expense	<u>13,073</u>	<u>9,988</u>
Total Current Assets	<u>\$ 475,782</u>	<u>\$ 465,565</u>
NON-CURRENT ASSETS		
Property and equipment	\$ 5,226	\$ 18,488
Accumulated depreciation	<u>(3,041)</u>	<u>(18,488)</u>
Net Property and Equipment	\$ 2,185	\$ -
Investments	1,143,039	1,049,493
Security deposits	<u>2,855</u>	<u>1,900</u>
Total Non-Current Assets	<u>\$ 1,148,079</u>	<u>\$ 1,051,393</u>
TOTAL ASSETS	<u><u>\$ 1,623,861</u></u>	<u><u>\$ 1,516,958</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 22,116	\$ 16,004
Accrued vacation	12,423	3,385
Deferred revenue	<u>21,812</u>	<u>6,250</u>
Total Current Liabilities	<u>\$ 56,351</u>	<u>\$ 25,639</u>
NET ASSETS		
Unrestricted	\$ 1,311,337	\$ 1,283,228
Temporarily restricted	<u>256,173</u>	<u>208,091</u>
Total Net Assets	<u>\$ 1,567,510</u>	<u>\$ 1,491,319</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,623,861</u></u>	<u><u>\$ 1,516,958</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions and grants	\$ 622,638	\$ 77,500	\$ 700,138
Interest and dividends	29,917	-	29,917
Realized and unrealized gains on investments, net	63,239	-	63,239
Net assets released from restrictions	29,418	(29,418)	-
	<u>\$ 745,212</u>	<u>\$ 48,082</u>	<u>\$ 793,294</u>
Total Revenue			
EXPENSES			
Program services	\$ 538,581	\$ -	\$ 538,581
Management and general	54,280	-	54,280
Fundraising	124,242	-	124,242
	<u>\$ 717,103</u>	<u>\$ -</u>	<u>\$ 717,103</u>
Total Expenses			
CHANGE IN NET ASSETS	\$ 28,109	\$ 48,082	\$ 76,191
NET ASSETS, BEGINNING OF YEAR	<u>1,283,228</u>	<u>208,091</u>	<u>1,491,319</u>
NET ASSETS, END OF YEAR	<u>\$ 1,311,337</u>	<u>\$ 256,173</u>	<u>\$ 1,567,510</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions and grants	\$ 516,942	\$ 50,000	\$ 566,942
Interest and dividends	7,976	-	7,976
Realized and unrealized gains on investments, net	42,708	-	42,708
Net assets released from restrictions	11,719	(11,719)	-
	<u>\$ 579,345</u>	<u>\$ 38,281</u>	<u>\$ 617,626</u>
Total Revenue			
EXPENSES			
Program services	\$ 433,206	\$ -	\$ 433,206
Management and general	42,649	-	42,649
Fundraising	32,414	-	32,414
	<u>\$ 508,269</u>	<u>\$ -</u>	<u>\$ 508,269</u>
Total Expenses			
CHANGE IN NET ASSETS	\$ 71,076	\$ 38,281	\$ 109,357
NET ASSETS, BEGINNING OF YEAR	<u>1,212,152</u>	<u>169,810</u>	<u>1,381,962</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,283,228</u></u>	<u><u>\$ 208,091</u></u>	<u><u>\$ 1,491,319</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 76,191	\$ 109,357
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	746	-
Realized and unrealized gains on investments, net	(63,239)	(42,708)
Change in:		
Contributions and grants receivable	27,995	(836)
Prepaid expense	(3,085)	(9,016)
Security deposits	(955)	-
Accounts payable	6,112	(2,180)
Accrued vacation	9,038	(3,670)
Deferred revenue	15,562	3,850
	<u>\$ 68,365</u>	<u>\$ 54,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	\$ (2,931)	\$ -
Purchase of investments	(30,307)	(1,006,785)
	<u>\$ (33,238)</u>	<u>\$ (1,006,785)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>\$ 35,127</u>	<u>\$ (951,988)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>398,173</u>	<u>1,350,161</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 433,300</u></u>	<u><u>\$ 398,173</u></u>

There were no non-cash investing or financing activities for the years ended June 30, 2018 or 2017.

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, 2018

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 264,895	\$ 45,051	\$ 107,615	\$ 417,561
Business meetings and travel	15,757	429	-	16,186
Cost of programs and events	31,540	-	-	31,540
Depreciation	478	81	187	746
Leonard M. Rosen Award	11,289	-	-	11,289
Dues and subscriptions	14,928	-	-	14,928
Hotel and catering	39,998	-	-	39,998
Insurance	933	158	361	1,452
Office expenses	16,035	3,017	7,810	26,862
Professional fees	131,739	3,665	3,901	139,305
Rent	10,989	1,879	4,368	17,236
	<u>538,581</u>	<u>54,280</u>	<u>124,242</u>	<u>717,103</u>
Total	<u>\$ 538,581</u>	<u>\$ 54,280</u>	<u>\$ 124,242</u>	<u>\$ 717,103</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, 2017

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 219,149	\$ 33,715	\$ 28,096	\$ 280,960
Business meetings and travel	6,111	1,226	-	7,337
Cost of programs and events	10,264	-	-	10,264
Depreciation	-	-	-	-
Leonard M. Rosen Award	10,000	-	-	10,000
Dues and subscriptions	16,952	78	65	17,095
Hotel and catering	34,064	-	-	34,064
Insurance	-	542	-	542
Office expenses	13,961	3,020	893	17,874
Professional fees	109,587	2,050	1,678	113,315
Rent	13,118	2,018	1,682	16,818
	<u>\$ 433,206</u>	<u>\$ 42,649</u>	<u>\$ 32,414</u>	<u>\$ 508,269</u>
Total	<u>\$ 433,206</u>	<u>\$ 42,649</u>	<u>\$ 32,414</u>	<u>\$ 508,269</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, 2018 AND 2017

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 that 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, Kids Action Network, 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.

Leonard M. Rosen Memorial Research Award. A tribute and financial award presented annually to an individual who has made an outstanding contribution to childhood cancer policy and advocacy. Examples of areas of work include outcomes research, healthcare quality, delivery and cost, economics of drug development, improved access to therapeutic agents. The Award honors Leonard Rosen's many years of service on the Children's Cause for Cancer Advocacy board of Directors, as chairman and founding member.

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018 or 2017.

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018 and 2017 the Organization held no such investments.

Investments

Investments are recorded in the accompanying financial statements at fair value and consist of mutual funds. The Organization reviews and evaluates values provided by its investment managers and agrees with the valuation methods and assumptions they use in determining the fair value.

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, 2018 or 2017. 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, 2018 AND 2017

Note 2. In-Kind Contributions

During the years ended June 30, 2018 and 2017, the Organization received approximately \$4,395 and \$10,900 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.

Note 3. Investments

In accordance with FASB ASC 820, *Fair Value Measurements*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statements of financial position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market.
- Level 2 – Inputs to the valuation methodology are inputs other than quoted prices that are observable for the assets.
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

All the investment assets recorded in the statements of financial position are Level 1 assets. The Organization's investments are maintained in a brokerage account and are comprised of mutual funds as of June 30, 2018 and 2017 as follows:

	2018	
	Cost	Market
Stock funds	\$ 573,553	\$ 684,951
Bond funds	465,834	458,088
Total	<u>\$ 1,039,387</u>	<u>\$ 1,143,039</u>
	2017	
	Cost	Market
Stock funds	\$ 554,660	\$ 594,675
Bond funds	452,575	454,818
Total	<u>\$ 1,007,235</u>	<u>\$ 1,049,493</u>

Note 4. Temporarily Restricted Net Assets

As of June 30, 2018 and 2017, the Organization had temporarily restricted net assets for the following purposes:

	2018	\$ 2017
Kids Action Network	\$ 13,329	25,000
Patient Focused Drug Development	71,855	-
Rosen Research Award	134,561	145,850
Scientific Research – VPOD	14,723	15,536
Survivorship	<u>21,705</u>	<u>21,705</u>
Total	<u>\$ 256,173</u>	<u>\$ 208,091</u>

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4. Temporarily Restricted Net Assets (Concluded)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Kids Action Network	\$ 11,671	\$ -
Patient Focused Drug Development	5,645	-
Rosen Research Award	11,289	10,000
Scientific Research – VPOD	813	1,199
Survivorship	-	<u>520</u>
Total	<u>\$ 29,418</u>	<u>\$ 11,719</u>

Note 5. Retirement Plan

The Organization sponsors a SIMPLE IRA plan. Employer contributions for the years ended June 30, 2018 and 2017 were \$7,353 and \$3,300, respectively.

Note 6. Commitments

In October 2015, the Organization signed a sublease agreement for office space through October 2016. The monthly base fee for the sublease was \$1,250. In October 2016, the Organization renewed the sub-lease for one year at a monthly base fee of \$1,312. When the sublease expired, the Organization continued to lease the space on a month-to-month basis until the Organization entered into a one-year office service agreement for new office accommodations and moved in December 2017. The monthly base fee for the current sublease is \$1,428 and the lease ends on November 30, 2018.

Note 7. Concentrations

Revenue:

For the years ended June 30, 2018 and 2017, 66% and 86%, 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 foundations and individuals supportive of our mission.

Financial Risk:

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investment accounts. The Organization maintains these cash and investment accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash or investments to date in relation to FDIC and SIPC insurance limits. Management believes that the risk of any credit loss is minimal.

THE CHILDREN'S CAUSE FOR CANCER ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8. Subsequent Events

The Organization has evaluated events through January 16, 2019, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2018 that would have a material impact on the Organization's results of operations or financial position and would require recognition or disclosure in the financial statements.