

**ASSOCIATION FOR THE SUPPORT
OF CHILDREN WITH CANCER**

FINANCIAL STATEMENTS

May 31, 2010

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows.....	5
Notes to Financial Statements	6-10



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Association for the Support of
Children with Cancer
Richmond, Virginia

We have audited the accompanying statement of financial position of the Association for the Support of Children with Cancer ("the Association") as of May 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Association's May 31, 2009 financial statements and, in our report dated February 12, 2010, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for the Support of Children with Cancer as of May 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Wells, Coleman & Company, L.L.P.

February 14, 2011

3800 PATTERSON AVENUE • RICHMOND, VIRGINIA 23221-2000

PHONE (804) 358-1150 • FAX (804) 358-7116

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF ACTIVITIES

**For the year ended May 31, 2010
(with comparative totals for the year ended May 31, 2009)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				<u>2010</u>	<u>2009</u>
Revenue, Gains, and Other Support					
Contributions	\$ 312,959	\$ 2,670	\$ -	\$ 315,629	\$ 159,930
Grants	3,750	50,000	-	53,750	126,770
Sale of merchandise	635	-	-	635	95
Revenue from fundraising special events, net of related expenses of \$125,377	307,207	-	-	307,207	215,152
Interest income	4,323	183	-	4,506	4,230
Realized and unrealized gains (losses) on investments	14,187	-	3,735	17,922	(8,938)
Other income	1,306	-	-	1,306	-
Net assets released from restrictions	<u>87,295</u>	<u>(87,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>731,662</u>	<u>(34,442)</u>	<u>3,735</u>	<u>700,955</u>	<u>497,239</u>
Expenses					
Program	253,363	-	-	253,363	289,434
Management	59,407	-	-	59,407	51,005
Fundraising	<u>31,659</u>	<u>-</u>	<u>-</u>	<u>31,659</u>	<u>34,817</u>
Total expenses	<u>344,429</u>	<u>-</u>	<u>-</u>	<u>344,429</u>	<u>375,256</u>
Change in net assets	387,233	(34,442)	3,735	356,526	121,983
Net Assets, beginning of year	<u>669,450</u>	<u>134,597</u>	<u>17,281</u>	<u>821,328</u>	<u>699,345</u>
Net Assets, end of year	<u>\$ 1,056,683</u>	<u>\$ 100,155</u>	<u>\$ 21,016</u>	<u>\$ 1,177,854</u>	<u>\$ 821,328</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended May 31, 2010
(with comparative totals for the year ended May 31, 2009)**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2010</u>	<u>2009</u>
Specific assistance to individuals	\$ 36,331	\$ -	\$ -	\$ 36,331	\$ 46,623
Salaries and wages					
Nurse practitioner	-	-	-	-	15,128
Chaplain	18,275	-	-	18,275	16,085
Clinic	718	-	-	718	-
Development director	4,670	4,670	14,010	23,350	23,209
Program coordinator	31,010	-	-	31,010	25,355
Executive director	15,320	11,491	11,490	38,301	37,504
Payroll associated expenses	4,221	-	495	4,716	4,645
Special events	54,398	-	810	55,208	60,637
Other	6,626	290	1,672	8,588	14,130
Printing	-	2,664	916	3,580	2,255
Accounting fees	-	25,879	-	25,879	22,850
Rent	34,415	-	-	34,415	21,718
Awards	694	-	-	694	1,149
Promotional materials	408	-	-	408	1,555
Community awareness	11,538	-	-	11,538	27,993
Website	6,798	-	2,266	9,064	15,429
Supplies	2,619	747	-	3,366	4,756
Meals	2,741	-	-	2,741	3,862
Newsletter	-	-	-	-	4,964
Postage and shipping	-	2,816	-	2,816	1,614
Bank fees	-	8,205	-	8,205	4,571
Cost of merchandise sold	177	-	-	177	-
Insurance	-	1,783	-	1,783	188
Gifts	-	-	-	-	179
Equipment rental and maintenance	-	377	-	377	438
Conferences, conventions, and meetings	2,137	-	-	2,137	3,634
Fees and licenses	-	485	-	485	415
Depreciation	20,267	-	-	20,267	14,331
Grant writing	-	-	-	-	39
	<u>\$ 253,363</u>	<u>\$ 59,407</u>	<u>\$ 31,659</u>	<u>\$ 344,429</u>	<u>\$ 375,256</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF CASH FLOWS

**For the year ended May 31, 2010
(with comparative totals for the year ended May 31, 2009)**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 356,526	\$ 121,983
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	20,266	14,331
Realized (gain) loss on investments	(4,021)	-
Unrealized (gain) loss on investments	(13,901)	8,938
Proceeds from redemption of certificates of deposit	-	246,535
Interest income reinvested in certificates of deposit	(176)	(311)
Investment income reinvested in marketable securities	(2,643)	-
 (Increase) decrease in operating assets		
Contributions receivable	(20,636)	37,035
Prepaid expenses	1,158	(4,066)
 Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	<u>1,693</u>	<u>(36,602)</u>
 Net cash and cash equivalents provided by operating activities	 <u>338,266</u>	 <u>387,843</u>
 Cash Flows from Investing Activities		
Proceeds from sale of marketable securities	99,656	-
Purchase of marketable securities	(142,280)	(150,000)
Purchase of equipment and software	(6,215)	(80,678)
 Net cash and cash equivalents used by investing activities	 <u>(48,839)</u>	 <u>(230,678)</u>
 Increase in cash and cash equivalents	 289,427	 157,165
 Cash and Cash Equivalents, beginning of year	 <u>519,982</u>	 <u>362,817</u>
 Cash and Cash Equivalents, end of year	 <u>\$ 809,409</u>	 <u>\$ 519,982</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS

May 31, 2010

1. Summary of Significant Accounting Policies

Nature of Organization: Association for the Support of Children with Cancer (“the Association”) is a not-for-profit organization that provides support through activities, supplies, and chaplain and nursing services to children stricken with cancer. The services of the Association are supported by individual, corporate, and community foundation contributions.

Net Assets: The financial statements report amounts separately by class of net assets as follows:

- *Unrestricted* amounts are those currently available at the discretion of the Board for use in the Association’s operations.
- *Temporarily restricted* amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- *Permanently restricted* amounts are restricted by donors to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

Cash and Cash Equivalents: For purposes of the statement of cash flows, cash and cash equivalents are comprised of demand deposits and debt securities with a maturity at purchase of three months or less. Certificates of deposit are not included in cash and cash equivalents if initial maturities exceed three months.

Contributions Receivable: Contributions are recognized as revenue in the period in which the promise to give is made. Contributions receivable that have not been restricted by the donor and are expected to be collected within one year are recorded at the net realizable value and classified as current assets. Contributions receivable that have been restricted by the donor for the acquisition of long-term assets or other purposes are classified as noncurrent assets.

Investments: Investments are stated at fair value.

Property and Equipment: Property and equipment additions exceeding \$500 are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally three to five years.

Income Taxes: The Association is exempt from income taxes under IRC Section 501(c)(3) and, accordingly, the financial statements do not reflect a provision for income taxes.

Advertising: Advertising costs are expensed as incurred.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2010

1. Summary of Significant Accounting Policies - Continued

Donated Materials and Services: Donated materials and qualified services are included in contributions at fair market value as of the date of donation. A substantial number of unpaid volunteers have made significant contributions of their time in the Association's administrative and operating activities. The value of this donated time is not reflected in these financial statements, since it does not meet the standard for inclusion.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Prior Period Information: The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended May 31, 2009, from which the summarized information was derived.

Evaluation of Subsequent Events: Management has evaluated subsequent events through February 14, 2011, which is the date the financial statements were available to be issued.

2. Investments

The Association's investments are reported at fair value in the statement of financial position. Fair value and cumulative unrealized gains (losses) are as follows:

	<u>Fair Value</u> <u>May 31, 2010</u>	<u>Cost</u>	<u>Unrealized</u> <u>Gain (Loss)</u>
Short-term marketable securities	\$ 524	\$ 1,000	\$ (476)
Mutual funds	86,867	88,111	(1,244)
Bonds	142,567	138,042	4,525
Marketable securities	<u>832</u>	<u>710</u>	<u>122</u>
Total	<u>\$ 230,790</u>	<u>\$ 227,863</u>	<u>\$ 2,927</u>

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820-10-50, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the 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 Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. As of May 31, 2010, all of the Association's investments were valued based on Level 1 inputs.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2010

3. Leases

The Association leases office space under an operating lease agreement. Lease payments amounted to \$33,400 in 2010. Future minimum lease payments under the operating lease are as follows:

2011	\$	37,566
2012	\$	38,686
2013	\$	39,843
2014	\$	16,804
2015	\$	-

4. Employee Benefit Plans

The Association maintains a SIMPLE plan covering eligible employees. The Association's contributions to the Plan are determined by the Board of Directors. During 2010, the Association contributed approximately \$1,100 to the Plan. These contributions have been included with employee salaries on the statement of activities.

5. Concentrations

Financial instruments that potentially subject the Association to a concentration of credit risk consist principally of cash (in excess of FDIC insurance limits) and contributions receivable.

The Association receives the following approximate percentages of its total revenue and support from specific fundraising events:

Rainbow Gala	11%
ASK Walk	18%
Tad Dupriest Golf Tournament	16%

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2010

6. Temporarily and Permanently Restricted Net Assets

The Association has the following temporarily and permanently restricted net assets:

- a. Trip Pollard Camp Foundation Fund - established for camperships and Special Love programs
- b. Julie Suffredini Memorial Fund - established to meet the cash needs of volunteers in providing the annual Christmas party for the Pediatric Oncology patients of the Dalton Clinic of the Massey Cancer Center
- c. Nancy Jones Penny Tree Fund - the cash portion of the fund and the income are temporarily restricted and may be used to provide activities for children with cancer while the investments of the fund are permanently restricted
- d. Abbitt Fund - established for the purpose of supporting the Association Chaplain or Counselor
- e. Education Fund - established to provide educational assistance to survivors of childhood cancer
- f. Capacity Building Fund - established to fund database development and expansion of the development director's position
- g. Restricted Grants - the Association currently receives grants restricted for its Child Life, Family-to-Family, Living Well, and other programs which are recorded as temporarily restricted assets until spent

The following is a reconciliation of the temporarily restricted funds as of May 31, 2010:

	<u>Cash</u>	Certificate of <u>Deposit</u>	<u>Total</u>
Trip Pollard Camp Foundation Fund	\$ 9,736	\$ -	\$ 9,736
Julie Suffredini Memorial Fund	1,362	-	1,362
Abbitt Fund	-	17,680	17,680
Capacity Building Fund	592	-	592
Restricted Grants	<u>70,785</u>	<u>-</u>	<u>70,785</u>
	<u>\$ 82,475</u>	<u>\$ 17,680</u>	<u>\$ 100,155</u>

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2010

6. Temporarily and Permanently Restricted Net Assets - Continued

The following represents permanently restricted funds as of May 31, 2010:

Nancy Jones Penny Tree Fund

Investment principal	\$ 25,000
Accumulated unrealized loss	<u>(3,984)</u>
	<u>\$ 21,016</u>