

**COLON CANCER ALLIANCE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2001**

**COLON CANCER ALLIANCE, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
Report of Independent Certified Public Accountants .....	1
Statement of Financial Position .....	2
Statement of Activity .....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-7

**G  
P  
R****GRUBER PALUMBERI RAFFAELE, P.C.**

---

CERTIFIED PUBLIC ACCOUNTANTS  
386 PARK AVENUE SOUTH NEW YORK, NY 10016  
TELEPHONE: (212) 532-8261  
FAX: (212) 532-9707

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
Colon Cancer Alliance, Inc.  
New York, NY

We have audited the accompanying statement of financial position of Colon Cancer Alliance, Inc. as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on the 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 audits 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 Colon Cancer Alliance, Inc. as of December 31, 2001 and the related statement of activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Gruber Palumbieri Raffaele, P.C.*

New York, NY  
December 17, 2002

**COLON CANCER ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2001**

**ASSETS**

## Current Assets:

Cash	\$ 237,801	
Accounts receivable	<u>4,590</u>	

Total current assets:		242,391
-----------------------	--	---------

## Fixed Assets:

Computer equipment, net (Note 2)		<u>1,032</u>
----------------------------------	--	--------------

TOTAL ASSETS		<u>\$ 243,423</u>
--------------	--	-------------------

**LIABILITIES AND NET ASSETS**

## Current liabilities:

Accounts payable	\$ 9,130	
Accrued expense	<u>4,100</u>	

Total current liabilities		13,230
---------------------------	--	--------

## Net assets:

Unrestricted	180,837	
Temporary restricted	<u>49,356</u>	

Total net assets		<u>230,193</u>
------------------	--	----------------

TOTAL LIABILITIES AND NET ASSETS		<u>\$ 243,423</u>
----------------------------------	--	-------------------

See accountant's report and notes to financial statements.

**COLON CANCER ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Unrestricted	Temporarily	Temporarily	<u>TOTAL</u>
		Restricted	Restricted	
	<u>General</u>	<u>Membership</u>	<u>Connection</u>	
	<u>Fund</u>	<u>Conference</u>	<u>Campaign</u>	
<b>ORDINARY INCOME</b>				
Grants	20,037	-	30,000	\$50,037
Corporate partnership dues	-	-	-	-
Contributions	49,623	-	65,264	114,887
Merchandise income	-	-	-	-
Miscellaneous income	1,169	-	-	1,169
Total income	<u>70,829</u>	<u>-</u>	<u>95,264</u>	<u>166,093</u>
<b>PROGRAM EXPENSES</b>				
Accounting fees	3,751	-	-	3,751
Connections campaign expertise	-	-	16,833	16,833
Payroll	3,550	-	2,700	6,250
Payroll taxes	703	-	-	703
Consulting fees	24,663	-	39,243	63,906
Equipment rental	-	-	-	-
Merchandise expense	64	-	4,788	4,852
Postage and delivery	1,056	-	10,212	11,268
Printing and reproduction	-	-	1,052	1,052
Program expenses	-	-	1,437	1,437
Website expenses	2,480	-	-	2,480
Inaugural expenses	4,969	-	-	4,969
Repairs	326	-	-	326
Teleconferencing	1,273	-	2,643	3,916
Travel	5,095	571	19,614	25,280
Total program expenses	<u>48,132</u>	<u>571</u>	<u>98,522</u>	<u>147,225</u>
<b>GENERAL EXPENSES</b>				
Advocacy	1,000	-	-	1,000
Media	-	-	-	-
Rent	-	-	470	470
Automobile expense	-	-	-	-
Bank and credit card charges	1,139	-	-	1,139
Licenses and permits	550	-	-	550
Telephone expenses	1,817	-	3,085	4,902
Office supplies	241	-	5,824	6,065
Depreciation expense	344	-	-	344
Miscellaneous expenses	806	-	-	806
Total general expenses	<u>5,897</u>	<u>-</u>	<u>9,379</u>	<u>15,276</u>
Total expenses	54,029	571	107,901	162,501
Net income (loss) from operations	16,800	(571)	(12,637)	3,592
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	1,070	-	-	1,070
Program cancellation-(Note 5)	(65,264)	-	-	(65,264)
Total other income (expense)	<u>(64,194)</u>	<u>-</u>	<u>-</u>	<u>(64,194)</u>
Change in net assets	<u>(47,394)</u>	<u>(571)</u>	<u>(12,637)</u>	<u>(60,602)</u>
Net assets as of beginning of period	<u>183,696</u>	<u>822</u>	<u>106,277</u>	<u>290,795</u>
Net assets as of end of period	<u>136,302</u>	<u>251</u>	<u>93,640</u>	<u>230,193</u>

See accountant's report and notes to financial statements

3

**COLON CANCER ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

Cash flows used by operating activities:

Decrease in net assets \$ (60,602)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation 344  
Decrease in accounts receivable 93,906  
Decrease in accounts payable & accrued expenses 8,887

Total adjustments 103,137

Net cash provided by operating activities 42,535

Cash and cash equivalents, beginning of year 195,266

Cash and cash equivalents, end of year \$ 237,801

See accountant's report and notes to financial statements.

**COLON CANCER ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES**

**History and Organization:**

Colon Cancer Alliance, Inc. (the "organization") was incorporated on March 18, 1999. The Corporation is a non profit organization organized and operated exclusively for charitable and educational purposes. It provides materials about colorectal cancer.

**Financial Statement Presentation:**

The financial statements of Colon Cancer Alliance, Inc. have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

The organization follows SFAS No 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets.

The classification of an organization's assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets - permanently restricted, temporarily restricted and unrestricted - be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

**Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the organizations limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

**Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statements of unrestricted revenue, expenses and other changes in unrestricted net assets.

**Unrestricted** - The part of net assets that is neither permanently not temporarily restricted by donor-imposed stipulations.

**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 at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**COLON CANCER ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2001**

**Contributions:**

Contributions received in one year for use in the subsequent year, if applicable, are deferred in the year of receipt and reflected in income in the subsequent year to which they have been designated by the respective donors. Non-cash contributions are recorded at their fair market value at the date of donation and are included in offerings.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents:**

All highly liquid investments with a maturity of three months or less at date of purchase are carried at fair value and are considered to be cash equivalents.

**NOTE 2 – EQUIPMENT**

Depreciation is computed on individual assets by the double declining method at rates adequate to amortize the cost of applicable assets over their useful lives. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and the resulting gain or losses are reflected in income, except on assets traded. Expenditures for normal maintenance and repairs are expensed, while major renewals are capitalized.

Equipment are summarized as follows:

Office Equipment	1,720
Less: Accumulated depreciation	<u>(688)</u>
Plant and equipment, net	<u>1,032</u>

**NOTE 3 - INCOME TAX STATUS**

The organization is a not for profit corporation exempt from taxation under Section 501(c)(3) of the internal revenue code (the code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. As such, no provision for income taxes has been reflected in the financial statement.

**NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**COLON CANCER ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**NOTE 5- PROGRAM CANCELLATION**

Funds that were pledged by donors in the year 2000 and reflected in the accounts receivable in that year, were written-off in year 2001 because the donors were unable to fulfill their pledge.