

COLON CANCER ALLIANCE, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED December 31, 2002**

GRUBER PALUMBERI RAFFAELE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COLON CANCER ALLIANCE, INC.

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Certified Public Accountants	1
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-6

**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. (a non profit organization) as of December 31, 2002, and the related statements of activities and changes in net assets 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, 2002 and the related statement of activities and changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

New York, NY
October 28, 2003

Gruber Palumberi Raffaele, P.C.

COLON CANCER ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2002

ASSETS

Current Assets:	
Cash	\$ 185,196
Contribution receivable	<u>36,105</u>
Total current assets:	\$ 221,301
Fixed Assets:	
Computer equipment, net (Note 2)	<u>688</u>

TOTAL ASSETS

\$ 221,989

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 6,768
Accrued expense	<u>4,400</u>
Total current liabilities	\$ 11,168
Net assets:	
Unrestricted	205,998
Temporarily restricted	<u>4,823</u>
Total net assets	<u>210,821</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 221,989

See accountant's report and notes to financial statements.

**COLON CANCER ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Unrestricted	Temporarily Restricted	Temporarily Restricted	TOTAL
	General Fund	Membership Conference Fund	Connection Campaign Fund	
ORDINARY INCOME				
Grants	-	-	\$116,415	\$116,415
Corporate partnership dues	\$55,000	-	-	55,000
Contributions	49,052	-	100	49,152
Merchandise income	16,501	-	-	16,501
Miscellaneous income	789	-	-	789
Total income	<u>121,342</u>	<u>-</u>	<u>116,515</u>	<u>237,857</u>
PROGRAM EXPENSES				
Accounting fees	5,321	-	-	5,321
Connections campaign expense	-	-	22,452	22,452
Payroll	22,850	-	23,924	46,774
Payroll taxes	2,075	-	1,830	3,905
Consulting fees	-	-	51,463	51,463
Merchandise expense	-	-	2,528	2,528
Postage and delivery	477	-	12,012	12,489
Program expenses	-	-	26,194	26,194
Website expenses	-	-	7,475	7,475
Insurance expenses	3,686	-	-	3,686
Marketing	-	-	20,241	20,241
Teleconferencing	1,037	-	1,013	2,050
Travel	7,586	251	26,613	34,450
Total program expenses	<u>43,032</u>	<u>251</u>	<u>195,745</u>	<u>239,028</u>
GENERAL EXPENSES				
Media	-	-	2,710	2,710
Rent	3,300	-	1,140	4,440
Bank and credit card charges	572	-	950	1,522
Licenses and permits	275	-	-	275
Telephone expenses	3,076	-	3,150	6,226
Office supplies	723	-	1,637	2,360
Depreciation expense	344	-	-	344
Miscellaneous expenses	1,242	-	1,242	2,484
Total general expenses	<u>9,532</u>	<u>-</u>	<u>9,587</u>	<u>19,119</u>
Total expenses	52,564	251	205,332	258,147
Net income (loss) from operations	68,778	(251)	(88,817)	(20,290)
OTHER INCOME (EXPENSE)				
Interest income	918	-	-	918
Total other income (expense)	<u>918</u>	<u>-</u>	<u>-</u>	<u>918</u>
Change in net assets	69,696	(251)	(88,817)	(19,372)
Net assets as of beginning of period	136,302	251	93,640	230,193
Net assets as of end of period	<u>\$205,998</u>	<u>-</u>	<u>\$4,823.00</u>	<u>\$210,821</u>

See accountant's report and notes to financial statements

COLON CANCER ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

Cash flows used by operating activities:	
Decrease in net assets	\$ <u>(19,372)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	\$ 344
Increase in contribution receivable	(36,105)
Decrease in accounts payable & accrued expenses	<u>2,528</u>
Total adjustments	<u>(33,233)</u>
Net cash used by operating activities	(52,605)
Cash and cash equivalents, beginning of year	<u>237,801</u>
Cash and cash equivalents, end of year	\$ <u>185,196</u>

See accountant's report and notes to financial statements.

COLON CANCER ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

History and Organization:

Colon Cancer Alliance, Inc. was incorporated on March 18, 1999. The Corporation is a non-profit entity, whose primary purpose is to provide education materials about colorectal cancer through its website.

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 is 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 nor 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, 2002

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>(1,032)</u>
Plant and equipment, net	<u>\$ 688</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.