

**Colon Cancer Alliance, Inc.**

Financial Statements  
and Independent Auditors' Report

June 30, 2007

**Colon Cancer Alliance, Inc.**

Financial Statements  
June 30, 2007

**Contents**

Report of Independent Auditors.....	1
<i>Audited Financial Statements</i>	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-8
<i>Supplemental Information</i>	
Schedule of Functional Expenses.....	9

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Colon Cancer Alliance, Inc.

We have audited the accompanying statement of financial position of Colon Cancer Alliance, Inc. as of June 30, 2007, and the related statements of activities and cash flows for the six months then ended. These financial statements are the responsibility of Colon Cancer Alliance, Inc.'s management. Our responsibility is to express an opinion on these 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 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 Colon Cancer Alliance, Inc. at June 30, 2007, and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Colon Cancer Alliance, Inc. taken as a whole. The schedule of functional expenses for the six months ended June 30, 2007 is presented for purposes of additional analysis and is not a required part of the financial statements of Colon Cancer Alliance, Inc. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia  
July 8, 2008

**Colon Cancer Alliance, Inc.**

Statement of Financial Position  
June 30, 2007

<b>Assets</b>	
Cash	\$ 760,197
Contributions receivable	21,015
Other receivable	5,351
Prepaid expenses and deposits	6,285
Property and equipment, net	<u>5,701</u>
Total assets	<u>\$ 798,549</u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable	\$ 10,265
Accrued expenses	<u>18,839</u>
Total liabilities	<u>29,104</u>
<b>Net Assets</b>	
Unrestricted	301,082
Temporarily restricted	<u>468,363</u>
Total net assets	<u>769,445</u>
Total liabilities and net assets	<u>\$ 798,549</u>

*See accompanying notes.*

## Colon Cancer Alliance, Inc.

### Statement of Activities For the Six Months Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 54,483	\$ 251,093	\$ 305,576
Corporation partnership dues	17,500	-	17,500
Merchandise income	4,358	-	4,358
Interest income	1,690	-	1,690
Net assets released from restrictions	390,096	(390,096)	-
Total revenue and support	468,127	(139,003)	329,124
<b>Expenses</b>			
Program services:			
Connection Campaign	251,580	-	251,580
Awareness/Education Fund	92,526	-	92,526
Conferences	49,550	-	49,550
Total program services	393,656	-	393,656
Supporting services:			
General and administrative	66,268	-	66,268
Fundraising	42,331	-	42,331
Total supporting services	108,599	-	108,599
Total expenses	502,255	-	502,255
<b>Changes in Net Assets</b>	(34,128)	(139,003)	(173,131)
<b>Net Assets, beginning of year</b>	335,210	607,366	942,576
<b>Net Assets, end of year</b>	\$ 301,082	\$ 468,363	\$ 769,445

See accompanying notes.

**Colon Cancer Alliance, Inc.**

Statement of Cash Flows  
For the Six Months Ended June 30, 2007

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ (173,131)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,022
Change in operating assets and liabilities:	
(Increase) decrease in:	
Contributions receivable	16,455
Other receivable	(5,351)
Prepaid expenses and deposits	(6,285)
Increase (decrease) in:	
Accounts payable	(11,953)
Accrued expenses	<u>(52,802)</u>
Net cash used in operating activities	<u>(232,045)</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	<u>(2,162)</u>
Net cash used in investing activities	<u>(2,162)</u>
<b>Net Decrease in Cash</b>	(234,207)
<b>Cash, beginning of year</b>	<u>994,404</u>
<b>Cash, end of year</b>	<u><u>\$ 760,197</u></u>

## **Colon Cancer Alliance, Inc.**

### Notes to Financial Statements

June 30, 2007

#### **1. Nature of Operations**

Colon Cancer Alliance, Inc. (the Alliance) was incorporated on March 18, 1999 as a 501(c)(3) exempt corporation under the laws of the state of Delaware. The Alliance is a national patient advocacy organization dedicated to increasing rates of screening and survivorship from colorectal cancer through patient support, education, research and advocacy.

#### **2. Summary of Significant Accounting Policies**

##### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

##### Contributions Receivable

Contributions receivable consists of amounts promised from donors. The entire amount of contributions receivable is expected to be collected within one year and is recorded at net realizable value at June 30, 2007. No allowance for doubtful accounts is recorded as the management believes that all receivables are fully collectible.

##### Property and Equipment

Property and equipment with a cost greater than \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Property and equipment are stated at cost less accumulated depreciation which is computed using the straight-line method over the assets' estimated useful lives, which range from five to seven years. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses. Expenditures for maintenance and repairs are charged to expenses as incurred.

Prior to January 1, 2007, depreciation was computed using the double-declining balance method. Effective January 1, 2007, the Alliance changed its depreciation method to the straight-line method for new purchases. The accumulated depreciation previously reported under the double-declining balance method does not differ significantly from that which would have resulted from the straight-line method. Accordingly, no amounts have been restated.

## Colon Cancer Alliance, Inc.

Notes to Financial Statements  
June 30, 2007

### 2. Summary of Significant Accounting Policies (continued)

#### Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Alliance's operations. There was \$301,082 in unrestricted net assets at June 30, 2007.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Alliance or the passage of time. There was \$468,363 in temporarily restricted net assets at June 30, 2007.

#### Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of donated assets. 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 statement of activities as net assets released from restrictions.

Revenue from corporate partnership dues is recognized over the applicable partnership period. Dues and other revenues received which are applicable to future years are recorded as deferred revenue. There was no deferred revenue at June 30, 2007.

Revenue from all other sources is recognized when earned.

#### Functional Allocation of Expenses

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

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## Colon Cancer Alliance, Inc.

Notes to Financial Statements  
June 30, 2007

### 3. Concentration of Credit Risk

The Alliance maintains cash deposits with a major bank which from time to time may exceed federally insured limits. Management periodically assesses the financial condition of the institution and believes that the risk of any loss is minimal.

### 4. Property and Equipment

The Alliance held the following property and equipment at June 30, 2007:

Office equipment	\$ 12,646
Less: Accumulated depreciation	<u>(6,945)</u>
Property and equipment, net	<u>\$ 5,701</u>

### 5. Commitments

The Alliance leases office space in Washington, DC and Florida under non-cancellable operating leases expiring in January 2008. Subsequent to year end, the Alliance renewed its Washington, DC lease, which increased the monthly payments and extended the lease term until July 31, 2009. Total rent expense for the six months ended June 30, 2007 was \$27,031. Future minimum lease payments on all leases are as follows for the years ending June 30:

2008	\$ 35,811
2009	14,160
2010	<u>1,180</u>
Total future minimum payments	<u>\$ 51,151</u>

### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Alliance. These net assets are then released and reclassified to unrestricted support where they are expended.

Temporarily restricted net assets were restricted as follows at June 30, 2007:

Connection Campaign	\$ 158,441
Conferences	<u>309,922</u>
Total temporarily restricted net assets	<u>\$ 468,363</u>

## **Colon Cancer Alliance, Inc.**

Notes to Financial Statements  
June 30, 2007

### **7. Income Taxes**

The Alliance is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the six months ended June 30, 2007, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. In addition, the Alliance qualifies as a public charity within the meaning of IRC Section 509(a)(1). Contributions to the Alliance are deductible as provided in IRC Section 170(b)(1)(A)(vi).

**SUPPLEMENTAL INFORMATION**

---

**Colon Cancer Alliance, Inc.**

Schedule of Functional Expenses  
For the Six Months Ended June 30, 2007

	Program Services				Supporting Services		
	Connection Campaign	Awareness/ Education Fund	Conferences	Total Program Services	General & Administrative	Fundraising	Total Expenses
Salaries and benefits	\$ 125,073	\$ 8,773	\$ 17,173	\$ 151,019	\$ 79,706	\$ 2,193	\$ 232,918
Professional services	21,997	186	812	22,995	19,904	750	43,649
Program materials	20,725	40,953	279	61,957	3,774	-	65,731
Bad debt expense	20,000	-	-	20,000	-	-	20,000
Printing and reproduction	11,173	475	50	11,698	767	2,440	14,905
Travel and meeting	20,485	916	3,554	24,955	22,757	502	48,214
Office expense	9,019	10	783	9,812	51,073	63	60,948
Postage and delivery	5,102	1,926	113	7,141	1,057	4,240	12,438
Media	100	-	-	100	1,993	-	2,093
Bank and credit card fees	48	-	-	48	1,311	-	1,359
Indirect cost allocation	17,858	39,287	26,786	83,931	(116,074)	32,143	-
<b>Total Expenses</b>	<b>\$ 251,580</b>	<b>\$ 92,526</b>	<b>\$ 49,550</b>	<b>\$ 393,656</b>	<b>\$ 66,268</b>	<b>\$ 42,331</b>	<b>\$ 502,255</b>