

Colon Cancer Alliance, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2011 and 2010

Colon Cancer Alliance, Inc.

Financial Statements
June 30, 2011 and 2010

Contents

Independent Auditors' Report.....	1
<i>Audited Financial Statements</i>	
Statements of Financial Position.....	2
Statements of Activities.....	3-4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-12
<i>Supplemental Information</i>	
Schedules of Functional Expenses.....	13-14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colon Cancer Alliance, Inc.

We have audited the accompanying statements of financial position of the Colon Cancer Alliance, Inc. as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years 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 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 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Colon Cancer Alliance, Inc. taken as a whole. The schedules of functional expenses for the years ended June 30, 2011 and 2010 are presented for purposes of additional analysis and are 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 audits 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.



Vienna, Virginia
October 17, 2011

Colon Cancer Alliance, Inc.

Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Cash	\$ 1,744,152	\$ 504,001
Contributions receivable	60,000	70,000
Beneficial interest in remainder trust	6,170,963	-
Other receivables	72	943
Prepaid expenses and deposits	64,756	54,122
Property and equipment, net	32,850	4,691
Total assets	<u>\$ 8,072,793</u>	<u>\$ 633,757</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 10,701	\$ 16,722
Accrued expenses	240,578	78,271
Deferred rent	3,623	-
Total liabilities	<u>254,902</u>	<u>94,993</u>
Net Assets		
Unrestricted	1,295,397	468,154
Temporarily restricted	6,522,494	70,610
Total net assets	<u>7,817,891</u>	<u>538,764</u>
Total liabilities and net assets	<u>\$ 8,072,793</u>	<u>\$ 633,757</u>

See accompanying notes.

Colon Cancer Alliance, Inc.

Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 3,641,249	\$ 7,049,809	\$ 10,691,058
Merchandise income	22,369	-	22,369
Investment income	839	-	839
Conference registration fees	3,920	-	3,920
Released from restrictions	597,925	(597,925)	-
Total revenue and support	4,266,302	6,451,884	10,718,186
Expenses			
Program services:			
Connection Campaign	162,460	-	162,460
Awareness	1,096,083	-	1,096,083
Conferences	305,424	-	305,424
Education	1,370,650	-	1,370,650
Chapters	63,953	-	63,953
Total program services	2,998,570	-	2,998,570
Supporting services:			
General and administrative	107,157	-	107,157
Fundraising	333,332	-	333,332
Total supporting services	440,489	-	440,489
Total expenses	3,439,059	-	3,439,059
Change in Net Assets	827,243	6,451,884	7,279,127
Net Assets, beginning of year	468,154	70,610	538,764
Net Assets, end of year	\$ 1,295,397	\$ 6,522,494	\$ 7,817,891

See accompanying notes.

Colon Cancer Alliance, Inc.

Statement of Activities
For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 997,028	\$ 793,200	\$ 1,790,228
Merchandise income	6,092	-	6,092
Investment income	749	-	749
Released from restrictions	824,154	(824,154)	-
	<u>1,828,023</u>	<u>(30,954)</u>	<u>1,797,069</u>
Total revenue and support			
Expenses			
Program services:			
Connection Campaign	158,269	-	158,269
Awareness	747,758	-	747,758
Conferences	192,634	-	192,634
Education	193,574	-	193,574
Chapters	151,233	-	151,233
	<u>1,443,468</u>	<u>-</u>	<u>1,443,468</u>
Total program services			
Supporting services:			
General and administrative	120,054	-	120,054
Fundraising	240,939	-	240,939
	<u>360,993</u>	<u>-</u>	<u>360,993</u>
Total supporting services			
Total expenses	<u>1,804,461</u>	<u>-</u>	<u>1,804,461</u>
Change in Net Assets	23,562	(30,954)	(7,392)
Net Assets, beginning of year	<u>444,592</u>	<u>101,564</u>	<u>546,156</u>
Net Assets, end of year	<u>\$ 468,154</u>	<u>\$ 70,610</u>	<u>\$ 538,764</u>

See accompanying notes.

Colon Cancer Alliance, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ 7,279,127	\$ (7,392)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,665	10,110
Change in operating assets and liabilities:		
Decrease (increase) in contributions receivable	10,000	(70,000)
Increase in beneficial interest in remainder trust	(6,170,963)	-
Decrease in other receivables	871	9,157
Increase in prepaid expenses and deposits	(10,634)	(31,928)
Decrease in accounts payable	(6,021)	(34,666)
Increase in accrued expenses	162,307	55,623
Increase in deferred rent	3,623	-
	1,272,975	(69,096)
Cash Flows from Investing Activities		
Purchases of property and equipment	(32,824)	(4,617)
	(32,824)	(4,617)
Net Increase (Decrease) in Cash	1,240,151	(73,713)
Cash, beginning of year	504,001	577,714
Cash, end of year	\$ 1,744,152	\$ 504,001

See accompanying notes.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

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, 2011 and 2010. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Beneficial Interest in Remainder

The Alliance has received certain contributions under a split-interest agreement, which is a charitable remainder trust. Irrevocable split-interest agreements are recorded as revenue when the trust agreements are executed. Revenue from the split-interest agreements is based on the fair value of the expected cash flows to be received by the Alliance.

Property and Equipment

Property and equipment acquisitions 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.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

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 \$1,295,397 and \$468,154 in unrestricted net assets at June 30, 2011 and 2010, respectively.
- *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 \$6,522,494 and \$70,610 in temporarily restricted net assets at June 30, 2011 and 2010, respectively.

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 all other sources is recognized when earned.

Advertising Expenses

The Alliance expenses advertising costs as incurred. The Alliance spent \$30,408 and \$32,407 on advertising during the years ended June 30, 2011 and 2010, respectively, and received \$1,130,851 in donated media and outreach services, which has been included in advertising expenses for the year ended June 30, 2011.

Fair Value Measurements

The Alliance follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard 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 liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and level 3 is based on unobservable inputs.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

In addition, the Alliance follows ASC 825-10, *Financial Instruments*, which allows entities the irrevocable option to carry most financial assets and liabilities at fair value that are not currently required to be measured at fair value. At adoption, the effect of the first re-measurement to fair value is recorded as a cumulative effect adjustment to the opening balance of unrestricted net assets. The Alliance did not elect to measure any additional eligible financial assets or liabilities at fair value. Accordingly, adoption of this standard had no impact on the Alliance's results of operations or financial position.

Effective July 1, 2010, the Alliance adopted Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Assets Value per Share (or its Equivalent)*, which amended the existing guidance in ASC 820. This guidance permits, as a practical expedient, the fair value of investments that do not have a quoted market price to be estimated using net asset value (NAV) per share or its equivalent. At June 30, 2011, the Alliance did not have any investments requiring to be valued using NAV.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services 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.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Alliance to significant concentrations of credit risk consist of cash accounts. The Alliance maintains cash deposits with various financial institutions that exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Alliance has not experienced any losses on its cash to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

4. Fair Value Measurements

Fair value of assets measured on a recurring basis is as follows at June 30, 2011:

	Total fair value	Level 1	Level 2	Level 3
Beneficial interest in remainder trust	\$ 6,170,963	\$ -	\$ -	\$ 6,170,963

There were no assets or liabilities measured at fair value at June 30, 2010.

The fair value of the charitable remainder trusts is based on the Alliance's beneficial interest in charitable remainder trusts receivable, as the interest is being held by a third party trustee. The fair value is measured upon the estimated net present value of amounts to be received. The expected future cash inflows from the trusts are based on the fair value of the investments, future expected investment returns, and proceeds from future sales of properties. The value of this asset is based on unobservable inputs and the Alliance's own assumptions and therefore classified as Level 3. There were no level 1 or level 2 assets at June 30, 2011.

The following table is a rollforward of the fair value measurements using unobservable inputs (Level 3) at June 30, 2011:

Beginning balance	\$ -
Value of beneficial interest in remainder trust	<u>6,170,963</u>
Ending balance	<u>\$ 6,170,963</u>

5. Property and Equipment

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

	2011	2010
Computer equipment	\$ 62,675	\$ 29,851
Less: accumulated depreciation	<u>(29,825)</u>	<u>(25,160)</u>
Property and equipment, net	<u>\$ 32,850</u>	<u>\$ 4,691</u>

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

6. Lease

Upon expiration of its former office space lease, the Alliance relocated its headquarters under a new lease commencing in December 2010 and extending through November 2013. The new lease calls for fixed annual rental increases. Under accounting principles generally accepted in the United States of America, all fixed rental increases and lease incentives are recognized on a straight-line basis ratably over the term of the lease. The difference between this expense and the required lease payments are reflected as deferred rent in the accompany statements of financial position.

Additionally, the Alliance operates under various storage, small equipment, and similar leases, all of which are on a month to month basis. Rent expense for the years ended June 30, 2011 and 2010 was \$64,656 and \$69,533, respectively, under all leases.

Future minimum lease payments are as follows for the years ending June 30:

2012	\$	44,903
2013		46,027
2014		<u>19,375</u>
Total future minimum payments	\$	<u><u>110,305</u></u>

7. Charitable Remainder Trust

During fiscal year 2011, the Alliance was named as a beneficiary in a charitable remainder trust. After distribution of funds to primary beneficiaries and sales of certain properties, fifty percent of the remaining funds are to be distributed to the Alliance. During fiscal year 2011, \$1,000,000 was received under the trust. An asset for the Alliance's remaining beneficial interest has been recognized at fair value in the accompanying 2011 statement of financial position in the amount of \$6,170,963, as determined based on estimates provided by the trustee. As the remainder is expected to be received within one year, no discount has been recorded. All amounts are available for unrestricted purposes upon receipt.

8. 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.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

8. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets consist of the following at June 30:

	2011	2010
Connections Campaign	\$ 121,906	\$ -
Website & Technology Initiative	140,000	-
Buddy program	-	17,654
Helpline	28,431	3,766
My CRC Connections	-	17,369
Fiesta Azul/Hispanic Outreach	2,747	6,821
Undy 500	45,254	-
Education	13,193	-
Time restricted	6,170,963	25,000
Total temporarily restricted net assets	<u>\$ 6,522,494</u>	<u>\$ 70,610</u>

9. Contributed Services

From time to time, the Alliance receives donated services. These services, when material, are recognized at fair value at the time of receipt when they meet criteria for recognition under generally accepted accounting principles. During the years ended June 30, 2011 and 2010, the Alliance received donated services, which include accounting services and promotional services, valued at \$1,144,317 and \$14,756, respectively. The donated services are included in grants and contributions on the statements of activities.

10. 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 years ended June 30, 2011 and 2010, 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). The Alliance had no significant uncertain tax positions for the year ended June 30, 2011.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2011 and 2010

11. Subsequent Events

The Alliance did not have any subsequent events that, based on the facts and circumstances, required recording or disclosure in the financial statements for the year ended June 30, 2011. Events and transactions were evaluated through October 17, 2011, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

Colon Cancer Alliance, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2011

	Program Services					Supporting Services			
	Connection Campaign	Awareness	Conferences	Education	Chapters	Total Program	General and Administrative	Fundraising	Total
Personnel	\$ 94,434	\$ 262,153	\$ 65,439	\$ 137,180	\$ 33,050	\$ 592,256	\$ 147,063	\$ 174,450	\$ 913,769
Professional fees	8,164	174,543	41,449	23,741	2,389	250,286	90,746	8,518	349,550
Travel & entertainment	1,858	47,436	88,486	2,713	-	140,493	38,148	9,182	187,823
Operations	651	54,453	12,101	2,364	623	70,192	72,374	1,153	143,719
Facilities	8,080	15,154	11,863	1,621	-	36,718	140,403	5,423	182,544
Projects	625	406,752	52,144	1,131,793	10,660	1,601,974	15,566	44,114	1,661,654
G&A allocation	48,648	135,592	33,942	71,238	17,231	306,651	(397,143)	90,492	-
Total Expenses	\$ 162,460	\$ 1,096,083	\$ 305,424	\$ 1,370,650	\$ 63,953	\$ 2,998,570	\$ 107,157	\$ 333,332	\$ 3,439,059

Colon Cancer Alliance, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2010

	Program Services					Supporting Services			Total
	Connection Campaign	Awareness	Conferences	Education	Chapters	Total Program	General and Administrative	Fundraising	
Personnel	\$ 92,125	\$ 212,134	\$ 80,125	\$ 103,423	\$ 65,814	\$ 553,621	\$ 135,889	\$ 113,774	\$ 803,284
Professional fees	9,255	94,545	26,305	28,924	10,074	169,103	122,666	10,427	302,196
Travel & entertainment	606	31,932	12,807	3,666	17,672	66,683	22,032	31,539	120,254
Operations	483	103,953	1,393	1,010	3,577	110,416	48,604	9,729	168,749
Facilities	6,554	12,182	2,051	910	390	22,087	136,722	3,330	162,139
Projects	30	180,756	27,149	475	18,845	227,255	7,252	13,332	247,839
G&A allocation	49,216	112,256	42,804	55,166	34,861	294,303	(353,111)	58,808	-
Total Expenses	\$ 158,269	\$ 747,758	\$ 192,634	\$ 193,574	\$ 151,233	\$ 1,443,468	\$ 120,054	\$ 240,939	\$ 1,804,461