

Colon Cancer Alliance, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2015 and 2014

Colon Cancer Alliance, Inc.

Financial Statements
June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colon Cancer Alliance, Inc.

We have audited the accompanying financial statements of the Colon Cancer Alliance (“the Alliance”), which comprise the statements of financial position as of June 30, 2015 and 2014, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 18-19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is written in a cursive, slightly stylized font. The word "Rogers" is written in a larger, more prominent script, followed by "& Company" and "PLLC" in a smaller, more uniform script.

Vienna, Virginia
February 16, 2016

Colon Cancer Alliance, Inc.

Statements of Financial Position
June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash | \$ 517,190 | \$ 254,914 |
| Contributions receivable, net | 99,359 | 211,398 |
| Charitable remainder trust receivable | 430,883 | 2,155,883 |
| Other receivables | 58,867 | 36,884 |
| Prepaid expenses and deposits | 215,718 | 174,303 |
| Investments | 4,359,700 | 3,437,388 |
| Property and equipment, net | <u>65,571</u> | <u>32,005</u> |
| Total assets | <u>\$ 5,747,288</u> | <u>\$ 6,302,775</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 45,680 | \$ 8,550 |
| Accrued expenses | 339,934 | 341,827 |
| Deferred rent | <u>20,062</u> | <u>7,679</u> |
| Total liabilities | <u>405,676</u> | <u>358,056</u> |
| Net Assets | | |
| Unrestricted | 4,017,368 | 2,920,608 |
| Temporarily restricted | <u>1,324,244</u> | <u>3,024,111</u> |
| Total net assets | <u>5,341,612</u> | <u>5,944,719</u> |
| Total liabilities and net assets | <u>\$ 5,747,288</u> | <u>\$ 6,302,775</u> |

See accompanying notes.

Colon Cancer Alliance, Inc.

Statement of Activities
For the Year Ended June 30, 2015

| | Unrestricted | Temporarily Restricted | Total |
|--|---------------------|---------------------------|---------------------|
| Revenue and Support | | | |
| Grants and contributions | \$ 3,088,010 | \$ 938,717 | \$ 4,026,727 |
| Merchandise income | 183,929 | - | 183,929 |
| Change in value of charitable remainder trust | (150,145) | - | (150,145) |
| Investment income | 775 | - | 775 |
| Conference registration fees | 4,367 | - | 4,367 |
| Released from restrictions | 2,638,584 | (2,638,584) | - |
| | <u>5,765,520</u> | <u>(1,699,867)</u> | <u>4,065,653</u> |
| Expenses | | | |
| Program services: | | | |
| Prevention | 2,532,518 | - | 2,532,518 |
| Patient support | 782,454 | - | 782,454 |
| Community outreach | 376,623 | - | 376,623 |
| Research | 55,303 | - | 55,303 |
| | <u>3,746,898</u> | <u>-</u> | <u>3,746,898</u> |
| Total program services | | | |
| Supporting services: | | | |
| General and administrative | 227,465 | - | 227,465 |
| Fundraising | 694,397 | - | 694,397 |
| | <u>921,862</u> | <u>-</u> | <u>921,862</u> |
| Total supporting services | | | |
| Total expenses | <u>4,668,760</u> | <u>-</u> | <u>4,668,760</u> |
| Change in Net Assets | 1,096,760 | (1,699,867) | (603,107) |
| Net Assets, beginning of year | <u>2,920,608</u> | <u>3,024,111</u> | <u>5,944,719</u> |
| Net Assets, end of year | <u>\$ 4,017,368</u> | <u>\$ 1,324,244</u> | <u>\$ 5,341,612</u> |

See accompanying notes.

Colon Cancer Alliance, Inc.

Statement of Activities
For the Year Ended June 30, 2014

| | Unrestricted | Temporarily Restricted | Total |
|--------------------------------------|---------------------|---------------------------|---------------------|
| Revenue and Support | | | |
| Grants and contributions | \$ 2,919,549 | \$ 903,402 | \$ 3,822,951 |
| Merchandise income | 150,811 | - | 150,811 |
| Investment income | 379,704 | - | 379,704 |
| Conference registration fees | 2,926 | - | 2,926 |
| Released from restrictions | 586,510 | (586,510) | - |
| | <u>4,039,500</u> | <u>316,892</u> | <u>4,356,392</u> |
| Expenses | | | |
| Program services: | | | |
| Prevention | 2,467,337 | - | 2,467,337 |
| Patient support | 862,741 | - | 862,741 |
| Community outreach | 288,969 | - | 288,969 |
| Research | 71,176 | - | 71,176 |
| | <u>3,690,223</u> | <u>-</u> | <u>3,690,223</u> |
| Total program services | | | |
| Supporting services: | | | |
| General and administrative | 249,989 | - | 249,989 |
| Fundraising | 454,438 | - | 454,438 |
| | <u>704,427</u> | <u>-</u> | <u>704,427</u> |
| Total supporting services | | | |
| Total expenses | <u>4,394,650</u> | <u>-</u> | <u>4,394,650</u> |
| Change in Net Assets | (355,150) | 316,892 | (38,258) |
| Net Assets, beginning of year | <u>3,275,758</u> | <u>2,707,219</u> | <u>5,982,977</u> |
| Net Assets, end of year | <u>\$ 2,920,608</u> | <u>\$ 3,024,111</u> | <u>\$ 5,944,719</u> |

See accompanying notes.

Colon Cancer Alliance, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

| | 2015 | 2014 |
|---|--------------|-------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (603,107) | \$ (38,258) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 26,225 | 18,705 |
| Net realized and unrealized loss (gain) | 88,039 | (277,539) |
| Change in discount on contributions receivable | (544) | 1,269 |
| Change in value of charitable remainder trust | 150,145 | - |
| Change in operating assets and liabilities: | | |
| Decrease (increase) in contributions receivable | 112,583 | (207,667) |
| Decrease in charitable remainder trust receivable | 1,574,855 | - |
| Increase in other receivables | (21,983) | (13,370) |
| Increase in prepaid expenses and deposits | (41,415) | (48,689) |
| Increase (decrease) in accounts payable | 37,130 | (10,412) |
| Decrease in accrued expenses | (1,893) | (61,337) |
| Increase in deferred rent | 12,383 | 2,824 |
| | 1,332,418 | (634,474) |
| Net cash provided by (used in) operating activities | | |
| Cash Flows from Investing Activities | | |
| Sales of investments | 870,396 | 987,240 |
| Purchases of investments | (1,880,747) | (964,626) |
| Purchases of property and equipment | (59,791) | (21,166) |
| | (1,070,142) | 1,448 |
| Net cash (used in) provided by investing activities | | |
| Net Increase (Decrease) in Cash | 262,276 | (633,026) |
| Cash, beginning of year | 254,914 | 887,940 |
| Cash, end of year | \$ 517,190 | \$ 254,914 |

See accompanying notes.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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 and Presentation

The Alliance’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Alliance’s operations.
- *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.

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.

Contributions Receivable

Contributions receivable are recorded at net realizable value and consist of amounts promised from donors. Amounts are recorded net of a present value discount. No allowance for doubtful accounts is recorded as management believes that all contributions receivable are fully collectible.

Charitable Remainder Trust Receivable

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.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Other Receivables

Other receivables consist primarily of amounts to be received from sales of merchandise and inflatable walk-through colons. The entire amount of other receivables is expected to be collected within one year and is recorded at net realizable value at June 30, 2015 and 2014. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Investments

Investments are stated at fair value. All realized and unrealized gains and losses are included in investment income in the accompanying statements of activities.

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 three 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.

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 statements of activities as net assets released from restrictions.

The Alliance receives donations in the form of free advertising and similar services that would otherwise be purchased in the normal course of business. Total in-kind donations were \$146,021 and \$48,007 for the years ended June 30, 2015 and 2014, respectively, and were valued based on comparable market rates. These amounts are reflected in grants and contributions in the accompanying statements of activities.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Merchandise sales consist of sales of various products offered on the organization's website aimed at promoting and spreading awareness for colon cancer, as well as sales of inflatable walk-through colons, meant to be an educational tool featuring the various stages of disease.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

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

Subsequent Events

In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through February 16, 2016, the date the financial statements were available to be issued.

Subsequent to year end, on November 24, 2015, the Board resolved to merge the Christine Sapienza Colon Cancer Foundation into the Alliance, effective January 1, 2016. The Alliance will be the surviving organization under Delaware Incorporation Law. As part of the merger, the Alliance will change its year end from June 30th to December 31st.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Alliance to significant concentrations of credit risk consist of cash and investments. The Alliance maintains cash deposits and investments with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Alliance has not experienced any credit losses on its cash and investments 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, 2015 and 2014

4. Investments and Fair Value Measurement

Investment income consists of the following for the years ended June 30:

| | <u>2015</u> | <u>2014</u> |
|---|-----------------|-------------------|
| Dividends and interest | \$ 88,814 | \$ 102,165 |
| Net realized and unrealized (loss) gain | <u>(88,039)</u> | <u>277,539</u> |
| Total investment income | <u>\$ 775</u> | <u>\$ 379,704</u> |

The Alliance follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three 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 quote market prices, and Level 3 is based on unobservable inputs. The Alliance recognizes transfers between levels in the fair value hierarchy as of the end of the reporting period in which the event or change in circumstances occurred.

In general, and where applicable, the Alliance uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The fair value of the beneficial interest in the charitable remainder trust is based on the Alliance's interest in funds 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 is therefore classified as Level 3. There were no Level 2 assets at June 30, 2015 and 2014.

Colon Cancer Alliance, Inc.

Notes to Financial Statements June 30, 2015 and 2014

4. Investments and Fair Value Measurements (continued)

The following table presents the Alliance's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|--------------|---------|------------|--------------|
| Money market funds | \$ 114,665 | \$ - | \$ - | \$ 114,665 |
| Fixed income: | | | | |
| World bond | 131,192 | - | - | 131,192 |
| Corporate bond | 103,219 | - | - | 103,219 |
| Intermediate-term bond | 167,352 | - | - | 167,352 |
| Emerging markets | 184,787 | - | - | 184,787 |
| High-yield bond | 209,297 | - | - | 209,297 |
| Long government | 19,427 | - | - | 19,427 |
| Bank loan | 30,299 | - | - | 30,299 |
| Multi-sector | 84,081 | - | - | 84,081 |
| Equity funds: | | | | |
| Domestic | 636,100 | - | - | 636,100 |
| International | 1,021,702 | - | - | 1,021,702 |
| Common stocks: | | | | |
| Consumer discretionary | 152,362 | - | - | 152,362 |
| Consumer staples | 110,468 | - | - | 110,468 |
| Energy | 88,453 | - | - | 88,453 |
| Financials | 63,269 | - | - | 63,269 |
| Health care | 48,874 | - | - | 48,874 |
| Industrials | 140,497 | - | - | 140,497 |
| Information technology | 99,673 | - | - | 99,673 |
| Materials | 57,094 | - | - | 57,094 |
| Telecommunications | 17,440 | - | - | 17,440 |
| Utilities | 36,911 | - | - | 36,911 |
| International | 21,143 | - | - | 21,143 |
| Other: | | | | |
| Complimentary strategies | 458,789 | - | - | 458,789 |
| Real assets | 362,606 | - | - | 362,606 |
| Total investments | 4,359,700 | - | - | 4,359,700 |
| Charitable remainder trust receivable | - | - | 430,883 | 430,883 |
| Total assets at fair value | \$ 4,359,700 | \$ - | \$ 430,883 | \$ 4,790,583 |

Colon Cancer Alliance, Inc.

Notes to Financial Statements June 30, 2015 and 2014

4. Investments and Fair Value Measurements (continued)

The following table presents the Alliance's fair value hierarchy for those assets measured on a recurring basis as of June 30, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|--------------|---------|--------------|--------------|
| Money market funds | \$ 86,191 | \$ - | \$ - | \$ 86,191 |
| Fixed income: | | | | |
| Government bonds | 361,743 | - | - | 361,743 |
| Government-backed securities | 151,289 | - | - | 151,289 |
| Bond funds: | | | | |
| Short-term bond | 96,171 | - | - | 96,171 |
| Corporate bond | 70,363 | - | - | 70,363 |
| Intermediate-term bond | 76,607 | - | - | 76,607 |
| Multi-sector bond | 474,440 | - | - | 474,440 |
| Short-term bond | 201,102 | - | - | 201,102 |
| Equity funds: | | | | |
| Commodities broad basket | 12,439 | - | - | 12,439 |
| Commodities energy | 34,524 | - | - | 34,524 |
| Communications | 8,092 | - | - | 8,092 |
| Consumer cyclical | 51,815 | - | - | 51,815 |
| Diversified emerging markets | 32,680 | - | - | 32,680 |
| Equity energy | 45,345 | - | - | 45,345 |
| Europe stock | 47,813 | - | - | 47,813 |
| Financial | 50,430 | - | - | 50,430 |
| Foreign large blend | 35,605 | - | - | 35,605 |
| Health | 39,965 | - | - | 39,965 |
| Industrials | 44,654 | - | - | 44,654 |
| Mid-cap blend | 203,341 | - | - | 203,341 |
| Miscellaneous regions | 104,878 | - | - | 104,878 |
| Natural resources | 20,501 | - | - | 20,501 |
| World stock | 26,344 | - | - | 26,344 |
| Small blend | 138,095 | - | - | 138,095 |
| Technology | 109,099 | - | - | 109,099 |
| Common stocks: | | | | |
| Basic materials | 146,396 | - | - | 146,396 |
| Consumer goods | 172,997 | - | - | 172,997 |
| Financial | 48,210 | - | - | 48,210 |
| Healthcare | 82,660 | - | - | 82,660 |
| Industrial equipment wholesale | 16,528 | - | - | 16,528 |
| Industrial goods | 92,001 | - | - | 92,001 |
| Large core | 24,955 | - | - | 24,955 |
| Services | 136,477 | - | - | 136,477 |
| Technology | 116,004 | - | - | 116,004 |
| Utilities | 77,634 | - | - | 77,634 |
| Total investments | 3,437,388 | - | - | 3,437,388 |
| Charitable remainder trust receivable | - | - | 2,155,883 | 2,155,883 |
| Total assets at fair value | \$ 3,437,388 | \$ - | \$ 2,155,883 | \$ 5,593,271 |

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

4. Investments and Fair Value Measurements (continued)

Level 3 Gains and Losses

A summary of changes in the Alliance's Level 3 assets for the year ended June 30, 2015 is as follows:

| | | |
|--------------------------------------|----|----------------|
| Balance, beginning of year | \$ | 2,155,883 |
| Cash distribution | | (450,000) |
| Distribution from sale of properties | | (1,125,355) |
| Net loss on sale of trust properties | | (149,645) |
| | | <hr/> |
| Balance, end of year | \$ | <u>430,883</u> |

There were no changes in the value of the Alliance's Level 3 assets or other activity within this fair value class during the year ended June 30, 2014.

Quantitative Information about Level 3 Fair Value Measurements

The fair value of the beneficial interest in the charitable remainder trust is based on the Alliance's interest in funds 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.

There were no changes in valuation techniques noted for 2015 and 2014.

Sensitivity of Fair Value Measurements and Changes in Significant Observable Inputs for Level 3 Instruments

The significant unobservable inputs used in the fair value measurement of the Alliance's Level 3 investments are subject to market risks resulting from changes in the market value of its investments.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

5. Contributions Receivable

Contributions were receivable as follows as of June 30:

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|------------------|-------------------|
| Receivable in less than one year | \$ 100,084 | \$ 179,333 |
| Receivable in one to five years | - | 33,334 |
| Total | 100,084 | 212,667 |
| Less: discount | <u>(725)</u> | <u>(1,269)</u> |
| Contributions receivable, net | <u>\$ 99,359</u> | <u>\$ 211,398</u> |

6. Property and Equipment

Property and equipment consists of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|------------------|------------------|
| Furniture and equipment | \$ 149,523 | \$ 92,527 |
| Less: accumulated depreciation | <u>(83,952)</u> | <u>(60,522)</u> |
| Property and equipment, net | <u>\$ 65,571</u> | <u>\$ 32,005</u> |

7. Charitable Remainder Trust Receivable

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, 50% of the remaining funds is to be distributed to the Alliance. During the years ended June 30, 2015 and 2014, \$1,575,355 and \$0, respectively, were received under the trust. An asset for the Alliance's remaining beneficial interest has been recognized at fair value in the accompanying statements of financial position in the amount of \$430,883 and \$2,155,883 at June 30, 2015 and 2014, respectively, as determined based on estimates provided by the trustee.

As a condition of the trust, 20% of the proceeds from the sale of one of the trust properties sold in June of 2012 must be held in an escrow account for four years. Aside from the \$179,789 held in escrow related to this sale, the remainder is expected to be received within a year. A discount on the long term portion of the receivable has not been recorded due to immateriality. All amounts are available for unrestricted purposes upon receipt.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

7. Charitable Remainder Trust Receivable (continued)

Subsequent to year end and prior to issuance of these financial statements, \$0 of the trust receivable had been collected by the Alliance.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets contain amounts that have 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 consist of the following at June 30:

| | 2015 | 2014 |
|---|--------------|--------------|
| Helpline | \$ 83,570 | \$ 165,470 |
| Website & Technology Initiative | 72,238 | 92,430 |
| My CCA Support | 103,496 | 91,480 |
| Stars Go Blue | 89,032 | 89,032 |
| Buddy Program | 79,884 | 78,473 |
| Patient Support | 50,408 | 65,000 |
| Annual Conference | 109,343 | 50,389 |
| Biomarkers | 150 | 25,110 |
| Blue Hope Awards | 28,603 | 23,547 |
| Research Under 50 | 32,564 | 22,275 |
| General Research | 31,589 | 14,100 |
| Minority Outreach | 72,438 | 10,000 |
| Voices | 700 | 9,974 |
| Never Too Young | 22,400 | 8,483 |
| Community Outreach Colon Tour | 42,035 | 3,090 |
| Partnerships | 1,500 | 1,500 |
| Fiesta Azul/Hispanic Outreach | 590 | 590 |
| National Colorectal Cancer | 21,005 | - |
| Blue Note Fund | 42,546 | - |
| Voices New York | 195 | - |
| Rising Star Fellow Awards | 8,575 | - |
| Time restricted | 431,383 | 2,273,168 |
| Total temporarily restricted net assets | \$ 1,324,244 | \$ 3,024,111 |

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

9. 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. During 2013, the Alliance signed amendments to this lease, which included acquiring additional office space and extending the terms through 2016. The new lease calls for fixed annual rental increases. During 2015, the Alliance entered into a sublease for additional office space with terms extending through 2023. 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 accompanying 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, 2015 and 2014 was \$190,452 and \$169,570, respectively, under all leases.

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

| | | |
|-------------------------------|----|------------------|
| 2016 | \$ | 324,795 |
| 2017 | | 180,830 |
| 2018 | | 173,892 |
| 2019 | | 178,241 |
| 2020 | | 182,708 |
| Thereafter | | <u>642,138</u> |
| Total future minimum payments | \$ | <u>1,682,604</u> |

10. Pension Plan

The Alliance has in place a 401(k) plan that covers all employees who may contribute any amount to the Plan up to the legal annual limit. The Alliance may make matching contributions for all persons who have completed at least 1,000 hours of service during the Plan year and who are employed by the Alliance on the last day for the Plan year. Employer matching contributions totaled \$32,655 and \$27,369 for the years ended June 30, 2015 and 2014, respectively. All contributions are immediately vested.

Colon Cancer Alliance, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

11. 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, 2015 and 2014, 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).

Management evaluated the Alliance's tax positions and has concluded that the Alliance has taken no uncertain tax positions that require either recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Colon Cancer Alliance, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2015

| | Program Services | | | | Supporting Services | | Total |
|--------------------------|---------------------|-------------------|--------------------|------------------|----------------------------|-------------------|---------------------|
| | Prevention | Patient Support | Community Outreach | Research | General and Administrative | Fundraising | |
| Personnel | \$ 700,366 | \$ 327,184 | \$ 90,737 | \$ - | \$ 682,117 | \$ 309,480 | \$ 2,109,884 |
| Professional fees | 65,090 | 19,819 | 201 | 50 | 174,234 | 20,461 | 279,855 |
| Travel and entertainment | 82,776 | 55,687 | 18,926 | - | 42,903 | 22,370 | 222,662 |
| Operations | 80,093 | 4,642 | 6,963 | 107 | 164,906 | 18,591 | 275,302 |
| Facilities | 7,063 | 13,306 | 2,422 | - | 397,460 | 546 | 420,797 |
| Projects | 682,156 | 86,057 | 147,099 | 55,146 | 44,646 | 25,193 | 1,040,297 |
| Partnership | 304,093 | - | 15,870 | - | - | - | 319,963 |
| G&A allocation | 610,881 | 275,759 | 94,405 | - | (1,278,801) | 297,756 | - |
| Total Expenses | \$ 2,532,518 | \$ 782,454 | \$ 376,623 | \$ 55,303 | \$ 227,465 | \$ 694,397 | \$ 4,668,760 |

Colon Cancer Alliance, Inc.

Schedule of Functional Expenses
For the Year Ended June 30, 2014

| | Program Services | | | | Supporting Services | | Total |
|--------------------------|---------------------|-------------------|--------------------|------------------|----------------------------|-------------------|---------------------|
| | Prevention | Patient Support | Community Outreach | Research | General and Administrative | Fundraising | |
| Personnel | \$ 795,542 | \$ 334,968 | \$ 90,263 | \$ 7,183 | \$ 421,735 | \$ 267,404 | \$ 1,917,095 |
| Professional fees | 152,499 | 48,112 | 15 | 475 | 151,103 | 2,115 | 354,319 |
| Travel and entertainment | 84,158 | 88,311 | 7,144 | 1,250 | 41,913 | 13,963 | 236,739 |
| Operations | 100,591 | 9,256 | 1,957 | 1,333 | 122,039 | 20,977 | 256,153 |
| Facilities | 2,472 | 14,172 | 619 | - | 319,391 | 211 | 336,865 |
| Projects | 586,374 | 184,221 | 139,474 | 56,993 | 11,590 | 3,078 | 981,730 |
| Partnership | 311,749 | - | - | - | - | - | 311,749 |
| G&A allocation | 433,952 | 183,701 | 49,497 | 3,942 | (817,782) | 146,690 | - |
| Total Expenses | \$ 2,467,337 | \$ 862,741 | \$ 288,969 | \$ 71,176 | \$ 249,989 | \$ 454,438 | \$ 4,394,650 |