

Kids Beating Cancer, Inc.

Financial Statements

As of July 31, 2015

KIDS BEATING CANCER, INC.

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Independent Auditors' Report

To the Board of Directors
Kids Beating Cancer, Inc.
Orlando, Florida

We have audited the accompanying financial statements of Kids Beating Cancer, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 Kids Beating Cancer, Inc. as of July 31, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP
July 20, 2016

KIDS BEATING CANCER, INC.

STATEMENT OF FINANCIAL POSITION

July 31, 2015

ASSETS

Current Assets

Cash	\$ 185,643
Prepaid expenses	22,379
Inventory	<u>28,500</u>
Total Current Assets	<u>236,522</u>

Fixed Assets

Office furniture and equipment (net of accumulated depreciation of \$42,435)	<u>4,602</u>
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TOTAL ASSETS \$ 241,124

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 15,285
Unearned revenue	<u>23,346</u>
Total Current Liabilities	<u>38,631</u>

Net Assets

Unrestricted	202,493
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total Net Assets	<u>202,493</u>

TOTAL LIABILITIES AND NET ASSETS \$ 241,124

The accompanying notes are an integral part of these financial statements.

KIDS BEATING CANCER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2015

Unrestricted Net Assets

Revenues

Private grants	\$ 128,951
Contributions	479,369
Special events, net of expenses of \$257,557	112,963
Interest income	364
Net assets released from restrictions	-
Total Unrestricted Revenues	<u>721,647</u>

Expenses

Program Services

Children's support programs	285,102
Community outreach and education	163,963
Transplant center programs	269,202
Total Program Services	<u>718,267</u>

Support Services

General and administration	39,700
Fundraising	18,847
Total Support Services	<u>58,547</u>

Total Expenses 776,814

Increase (Decrease) in Unrestricted Net Assets (55,167)

Temporarily Restricted Net Assets

Restricted donations	-
Net Assets Released from Restrictions	-
Increase in Restricted Net Assets	<u>-</u>

Total Increase in Net Assets (55,167)

Net Assets at Beginning of Year 257,660

Net Assets at End of Year \$ 202,493

The accompanying notes are an integral part of these financial statements.

KIDS BEATING CANCER, INC.

STATEMENT OF CASH FLOWS

For the Year Ended July 31, 2015

Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ (55,167)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	2,486
Change in assets and liabilities:	
(Increase) decrease in unconditional promises to give	9,733
(Increase) decrease in prepaid expenses	(13,719)
(Increase) decrease in inventory	-
Increase (decrease) in accounts payable and accrued expenses	(6,447)
Increase (decrease) in unearned revenue	13,346
	<u> </u>
Net Cash Provided by (Used by) Operating Activities	<u>(49,768)</u>
Cash Flows from Investing Activities	
Purchase of equipment	<u>(1,747)</u>
	<u> </u>
Net Cash Used in Investing Activities	<u>(1,747)</u>
Cash Flows from Financing Activities	
	<u> </u>
Net Cash Used in Financing Activities	<u>-</u>
	<u> </u>
Net Increase (decrease) in Cash	(51,515)
Cash at Beginning of Year	<u>237,158</u>
Cash at End of Year	<u><u>\$ 185,643</u></u>
Cash paid during the year for:	
Interest	\$ 1,065
Income taxes	-

The accompanying notes are an integral part of these financial statements.

KIDS BEATING CANCER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Kids Beating Cancer, Inc., (KBC) is a nonprofit, nonstock Florida Corporation formed in 1992. Kids Beating Cancer is advancing cures through the science of cutting edge treatment at the Kids Beating Cancer Pediatric Transplant Center while providing resources and support for children with cancer, leukemia, and related life-threatening diseases throughout the treatment process.

Kids Beating Cancer pays for the transplant testing and donor identification, costs never covered by Medicaid and only partially covered by insurance. By removing these financial barriers any child can have access to bone marrow and stem cell transplantation, at the Kids Beating Cancer Pediatric Transplant Center, the best—and only hope for a cure.

Some of the program services of Kids Beating Cancer, Inc. are as follows:

PEDIATRIC TRANSPLANT CENTER:

In 2011, in recognition of a one million dollar pledge to fund the unmet costs related to marrow or stem cell transplantation, Florida Hospital for Children, named the newly established and only Central Florida transplant center, the Kids Beating Cancer Pediatric Transplant Center. Through KBC's advocacy and support, Central Florida and beyond now has a place dedicated to the healing of children diagnosed with leukemia, cancer and 80 other malignant and non-malignant life threatening diseases.

KIDS BEATING CANCER PEDIATRIC TRANSPLANT CENTER PROGRAMS:

FUND THE MATCH Removes the financial barriers to care by KBC paying for the cost for a child's pre-transplant work up, a cost of \$10,000 to \$50,000 that is never covered by Medicaid. "Fund the Match", allows any child access to a cure!

MY ROOM The transplant process is lengthy from the familiarity and comfort of home, and children become very homesick. Themed hospital rooms put a child's distinct fingerprint on the place they will be calling home for many months.

MEALS FOR FAMILIES KBC meal vouchers are given daily to families of children in the Kids Beating Cancer Pediatric Transplant Center, so parents don't have to worry if they have cash in order to eat.

OUTREACH AND EDUCATION:

KBC is a trusted resource for the community and beyond on bone marrow transplantation and cellular therapy. Through outreach and education, KBC is a leader in raising awareness on the process of and the need for pediatric transplantation.

KIDS BEATING CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2014

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
Continued:

Program services-continued:

CHILDREN’S SUPPORT SERVICES:

In order to remove the burdens placed on families, KBC’s “Karing 4 Kids” program enhances and inspires children and their families from diagnosis to survivorship with fun activities, family parties, toys, and KBC’s trademark Teddy Bear, “Bunky.”

Basis of Accounting - The accompanying financial statements are prepared on the accrual basis of accounting.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity at purchase of three months or less to be cash equivalents.

Inventory – Inventory is stated at the lower of cost or market, and consists of medical supplies and toys.

Fixed Assets - Fixed assets are recorded at cost or, if donated, at the fair market value on the date of receipt. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets. Depreciation expense for the year ended July 31, 2015 was \$201.

Income Taxes - The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The Association’s income tax returns are subject to review and examination by federal authorities. The Association is not aware of any activities that would jeopardize its tax exempt status. The tax returns for the fiscal years ended from 2011 to 2013 are open to examination by federal authorities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

KIDS BEATING CANCER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2015

NOTE 2 - CONTRIBUTED MATERIALS, FACILITIES AND SERVICES

Significant services and materials were donated to the Organization by various individuals and organizations. Donated services and materials totaled \$449,175. Additionally, other donated services were received in 2015 but were not recognized in the financial statements because they did not meet the criteria for recognition under Generally Accepted Accounting Principles. A substantial number of volunteers and companies, however, have donated their time, space, materials, and staff in the organization's fundraising campaigns, office space, printing and postage, transplant and recruitment center programs, and marrow and stem cell recruitment drives, as well the salary of the executive director.

NOTE 3 – CONTRIBUTIONS

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

Promise To Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets

KIDS BEATING CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2015

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization’s cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 at each institution. Occasionally, the Organization’s cash balances may exceed the insured amount.

NOTE 5 – MANAGEMENT’S EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 20, 2016, the date the financial statements were available to be issued.

NOTE 6 – COMMITMENT

In 2011 Kids Beating Cancer pledged to contribute \$1,000,000 between 2012 and 2017 to Florida Hospital for Children Pediatric Transplant program to fund the medical and hospital expenses not covered by insurance, Medicaid, or any other means for children diagnosed with one of 72 different life threatening diseases in need of a marrow or stem cell transplant as the best and only hope for a cure. This funding is restricted to medical expenses only, removing the \$10,000-\$50,000 financial barriers to care per patient, allowing access to treatment without delays, offering the best hope for a positive outcome for children transplanted at the Kids Beating Cancer Pediatric Transplant Center. The contribution is expected to be paid over a period of five years, with equal payments of \$200,000 per calendar year. In March, 2014, an additional \$500,000 was pledged, with \$100,000 to be used to provide a pediatric transplant meal voucher program, and the remaining \$400,000 to be used to support the highest need. During the fiscal year ended July 31, 2015 a contribution of \$100,000 was made to the program.

Contributions payable by the Organization over the next five calendar years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 200,000
2016	200,000
2017	200,000
2018	200,000
2019	200,000
Thereafter	-
	<u>\$1,000,000</u>

KIDS BEATING CANCER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended July 31, 2015

	Program Services			Supporting Services			Total
	Children's Support Programs	Community Outreach & Education	Transplant Center Programs	General & Administration	Fund Raising	Total	
Salaries and benefits	\$ 29,881	-	\$ 76,054	\$ 5,816	\$ 2,916	\$ 8,732	\$ 114,667
Program expenses	252,607	160,088	185,032	-	-	-	597,727
Rent	-	-	-	8,333	4,168	12,500	12,500
Insurance	-	-	-	1,846	923	2,769	2,769
Office expenses	2,160	3,875	6,366	11,254	5,628	16,882	29,283
Professional fees	-	-	-	3,800	1,900	5,700	5,700
Meetings and Leadership	-	-	1,750	5,870	2,936	8,806	10,556
Taxes and licenses	-	-	-	41	20	61	61
Depreciation	454	-	-	2,032	-	2,032	2,486
Interest expense	-	-	-	710	355	1,065	1,065
Fundraising	-	-	-	-	-	-	-
Total	\$ 285,102	\$ 163,963	\$ 269,202	\$ 39,700	\$ 18,847	\$ 58,547	\$ 776,814

See Independent Auditors' Report