

***THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION***

***FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION***

***WITH***

***INDEPENDENT AUDITORS' REPORTS***

***AUGUST 31, 2009***

**OSBORNE, PARSONS & ROSACKER, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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OSBORNE, PARSONS & ROSACKER, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

720 NORTH TEJON STREET  
COLORADO SPRINGS, COLORADO 80903-1012

GREGORY P. PARSONS, CPA – PARTNER  
JEFFREY S. ROSACKER, CPA – PARTNER

TELEPHONE (719) 636-2321  
FAX (719) 636-2517  
EMAIL info@springscpa.com

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The Candlelighters Childhood Cancer Foundation  
Kensington, MD

We have audited the accompanying statement of financial position of The Candlelighters Childhood Cancer Foundation (a non-profit corporation), as of August 31, 2009, and the related statements of activities 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 these financial statements based on our audit. The prior-year summarized comparative information has been derived from The Candlelighters Childhood Cancer Foundation's August 31, 2008, financial statements and, in our report dated February 24, 2009, we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 The Candlelighters Childhood Cancer Foundation at August 31, 2009, 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.



Colorado Springs, Colorado  
February 8, 2010

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2009**  
**With Comparative Totals for 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
Cash	\$ 261,593	\$ 271,301
Investments	161,741	15,962
Pledge receivable	6,000	-
Inventory	17,489	18,582
Prepaid expenses	239,444	265,006
Deposit	1,554	1,554
Furniture and equipment - net	5,238	4,870
Intangible assets - net	6,700	10,530
Total assets	\$ 699,759	\$ 587,805

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 18,890	\$ 1,668
Accrued liabilities	624	624
Total liabilities	19,514	2,292

**Net assets**

Unrestricted	403,076	365,873
Unrestricted, board designated	20,000	-
Total unrestricted	423,076	365,873
Temporarily restricted	257,169	219,640
Total net assets	680,245	585,513
Total liabilities and net assets	\$ 699,759	\$ 587,805

See notes to financial statements

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2009**  
**With Comparative Totals for 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009</u>	<u>2008</u>
<b>Public support and revenue</b>				
<b>Support</b>				
Contributions	\$ 269,469	\$ 72,953	\$ 342,422	\$ 179,705
Gala Income	-	-	-	248,409
Gala Expense	-	-	-	(103,587)
Net Gala	-	-	-	144,822
<b>Revenue</b>				
Printed material revenue	13,529	-	13,529	8,990
Product sales revenue	31,344	-	31,344	42,124
Investment income	29,830	-	29,830	2,468
Other (expense) income	(106)	-	(106)	3,010
	<u>344,066</u>	<u>72,953</u>	<u>417,019</u>	<u>381,119</u>
<b>Net assets released from restrictions</b>				
Program	35,424	(35,424)	-	-
Total net assets released	<u>35,424</u>	<u>(35,424)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>379,490</u>	<u>37,529</u>	<u>417,019</u>	<u>381,119</u>
<b>Expense</b>				
<b>Program</b>				
Books and informational materials	112,947	-	112,947	114,727
Advocacy	84,185	-	84,185	83,569
Awareness	38,072	-	38,072	27,483
Research	21,537	-	21,537	-
Affiliate support	19,553	-	19,553	40,632
Total program	<u>276,294</u>	<u>-</u>	<u>276,294</u>	<u>266,411</u>
<b>Support</b>				
Fundraising	12,663	-	12,663	13,073
Management and general	33,330	-	33,330	34,775
Total support	<u>45,993</u>	<u>-</u>	<u>45,993</u>	<u>47,848</u>
Total expense	<u>322,287</u>	<u>-</u>	<u>322,287</u>	<u>314,259</u>
<b>Change in net assets</b>	57,203	37,529	94,732	66,860
<b>Beginning net assets</b>	<u>365,873</u>	<u>219,640</u>	<u>585,513</u>	<u>518,653</u>
<b>Ending net assets</b>	<u>\$ 423,076</u>	<u>\$ 257,169</u>	<u>\$ 680,245</u>	<u>\$ 585,513</u>

See notes to financial statements

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2009**  
**With Comparative Totals for 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 94,732	\$ 66,860
Reconciliation of change in net assets to cash (used) provided by operations		
Non-cash items		
Depreciation and amortization	5,108	5,578
Unrealized (gains) loss on investments	(27,765)	1,741
Donated stock	(117,194)	-
Loss on disposal of assets	950	-
Changes in assets and liabilities		
Pledge receivable	(6,000)	-
Inventory	1,093	3,813
Prepaid expenses	25,562	23,633
Accounts payable	17,222	883
Accrued liabilities	-	(2,339)
Cash (used) provided by operating activities	(6,292)	100,169
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,596)	-
Purchase of investments	(820)	-
Cash used by investing activities	(3,416)	-
<b>Change in cash</b>	(9,708)	100,169
<b>Beginning cash</b>	271,301	171,132
<b>Ending cash</b>	\$ 261,593	\$ 271,301

See notes to financial statements

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Organization** - The Candlelighters Childhood Cancer Foundation (Foundation) is a nonprofit organization dedicated to support cancer research, increase public awareness and provide information and support to children and adolescents with cancer and their families throughout the world.

The Foundation's programs include the following:

**Books and informational materials** – Largest publisher and distributor of up-to-date childhood cancer books in the country for children and adolescents with cancer, their families and caregivers. Distributor of a bi-annual newsletter focused on current childhood cancer 'news,' research initiatives, and original articles focused on the late-effects of current childhood cancer treatment. Most utilized website about childhood cancer in the country with an average of 3.2 million 'hits' annually.

**Advocacy** – Represents the grassroots voice of the families of children treated for cancer to advocate with community treatment centers, government agencies and foundations for increased pediatric cancer funding, research and supportive psychosocial care.

**Awareness** – Founder and host of the nation's largest childhood cancer awareness event. '*Light up the Holidays with Hope*' brings families together from across the country to light the *National Childhood Cancer Awareness Tree* that is displayed in Washington DC. Candlelighters' was the founding organization of the gold ribbon symbol for childhood cancer. As such, this tree which is decorated solely with thousands of gold ribbons builds awareness of our nation's littlest cancer patients.

**Research** – Support cutting-edge molecular research initiatives to further the molecular understanding of pediatric cancers, and advance the development of new types of targeted drugs leading to increased overall cure rates, in conjunction with a decrease of long term late-effects of current cancer therapies.

**Affiliate support** – The Foundation fosters support and development of the local affiliate organizations across the US.

The Foundation is supported solely through grants and contributions, many received from individuals across the United States as a result of the personal benefits received from Foundation during their child's diagnosis and treatment.

**Income Tax Status** - The Candlelighters Childhood Cancer Foundation is exempt, under Section 501(c)(3) of the Internal Revenue Code, from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose and certain other income. The Foundation is qualified to receive tax deductible contributions.

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – continued**

**Accounting and Basis of Presentation** - Financial position and activities are reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net asset classifications are described as follows:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations or become unrestricted at the date specified by donor.

Permanently Restricted Net Assets - subject to donor imposed stipulations that they be retained and invested permanently by the Foundation. The Foundation has no permanently restricted net assets.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Cash** - Cash consists of cash in interest and non-interest bearing depository accounts. Investments with original maturities of three months or less when purchased are considered to be cash.

**Inventory** - Inventory is valued at the lower of cost (first in, first out) or market.

**Investments** - Investments in equity securities with readily determinable fair value and all investments in debt securities are reported at fair value in the statement of financial position. Interest, dividends, and realized and unrealized gains and losses, are reflected net of investment expense as investment income in the statement of activity.

**Furniture and equipment** - Furniture and equipment are recorded at cost. Depreciation is computed using accelerated methods over the estimated useful lives of the assets. Assets having a cost of \$500 or more and having an estimated useful life greater than one year are capitalized.

**Public support and revenue** - Public support is generally recorded as revenue at time of receipt. Promises to give (pledges receivable) are recognized as revenue in the period made if they are unconditional promises. Conditional promises are recorded when the conditions are met. Gifts of securities and donated services are recorded at fair value at the time of the gift.

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – continued**

Gifts of cash and other assets are reported as restricted support if received with donor stipulations limiting the use of the 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.

**Donated services** - Donated services are reported at fair market value if the services received create or enhance a nonfinancial asset or require specialized skills that would typically need to be purchased if not provided by donation. Donated services meeting the above criteria are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

**Advertising** - Advertising costs are expensed as incurred and totaled \$6,995 for the year.

**Shipping and freight** - Shipping and freight charges are expensed as incurred.

**Reclassification** - Certain prior year amounts have been reclassified to conform with current year presentation.

**NOTE 1 – COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principals. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended August 31, 2008, from which the summarized information was derived.

**NOTE 2 – PLEDGE RECEIVABLE**

Pledge receivable consists of a pledge to support a research conference.

**NOTE 3 – INVENTORY**

At August 31, 2009, inventory consisted of:

Internet store inventory:	
Beads	\$ 11,216
Magnets	933
Charms	824
Lapel Pins	2,746
Cards	1,770
Total internet store inventory	<u>\$ 17,489</u>

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – PREPAID EXPENSES**

Prepaid expenses consist primarily of the direct cost of publications produced by the Foundation for distribution to interested parties.

**NOTE 5 – INVESTMENTS**

Investments are presented on the financial statements at fair value and consist of:

	<u>Cost</u>	<u>Unrealized gain</u>	<u>Fair value</u>
Equity securities	<u>\$ 133,976</u>	<u>\$ 27,765</u>	<u>\$ 161,741</u>
Investment income consists of:			
Interest and dividends		\$ 2,065	
Unrealized and realized gain		<u>27,765</u>	
		<u>\$ 29,830</u>	

**NOTE 6 – FURNITURE, EQUIPMENT, AND INTANGIBLE ASSETS**

Furniture, equipment and intangible assets summary:

	<u>Cost</u>	<u>Accumulated depreciation/ amortization</u>	<u>Net book value</u>
Furniture and equipment	<u>\$ 14,833</u>	<u>\$ (9,595)</u>	<u>\$ 5,238</u>
Intangible assets	<u>\$ 20,150</u>	<u>\$ (13,450)</u>	<u>\$ 6,700</u>

Depreciation and amortization expense for the year ended August 31, 2009, was \$5,108.

Intangible assets consist of trademark costs amortized using the straight-line method over 10 years and video production costs amortized using the straight-line method over five years.

**NOTE 7 – BOARD DESIGNATED FUNDS**

The Organization has designated \$20,000 toward the publication of a new book on Diffuse Intrinsic Pontine Glioma (DIPG).

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Summary of activity in temporarily restricted net assets:

<u>Description</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Satisfied</u>	<u>Ending balance</u>
Publications	\$ 43,895	\$ 15,000	\$ (18,895)	\$ 40,000
Research	7,423	-	-	7,423
Research (GALA)	144,822	7,953	(13,529)	139,246
Affiliate coordinator salary	23,500	-	(3,000)	20,500
Video Project	-	50,000	-	50,000
	<u>\$ 219,640</u>	<u>\$ 72,953</u>	<u>\$ (35,424)</u>	<u>\$ 257,169</u>

**NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES**

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

**NOTE 10 – CONTRIBUTED SERVICES**

During the year ended August 31, 2009, the Foundation received \$1,000 in contributed legal services.

**NOTE 11 – RENT EXPENSE**

The Foundation rents office space on a monthly basis. Rent expense for the office space for the year ended August 31, 2009 was \$19,978.

The Foundation also rents a storage unit on an annual basis. Rent expense for the storage unit was \$1,677.

Rent in the amount of \$1,714 for use of facilities for events was also paid during the year.

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles have established a framework for measuring fair value using three different levels of inputs. The levels are described as follows:

**Level 1 inputs:** Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2 inputs:** Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in an active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

**Level 3 inputs:** Level 3 inputs are unobservable (e.g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The following is the major category of assets measured at a fair value on a recurring basis during the year ended August 31, 2009:

<b>2009</b>				
<b>Description</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments	\$ 161,741	\$ 161,741	\$ -	\$ -

***ADDITIONAL INFORMATION***

**OSBORNE, PARSONS & ROSACKER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

720 NORTH TEJON STREET  
COLORADO SPRINGS, COLORADO 80903-1012

GREGORY P. PARSONS, CPA – PARTNER  
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TELEPHONE (719) 636-2321  
FAX (719) 636-2517  
EMAIL [info@springscpa.com](mailto:info@springscpa.com)

**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

Board of Directors  
The Candlelighters Childhood Cancer Foundation  
Kensington, MD

Our report on our audit of the basic financial statements of The Candlelighters Childhood Cancer Foundation for 2009 appears on page 1. Our audit was performed for the purpose of forming an opinion on the basic financial statements of The Candlelighters Childhood Cancer Foundation taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected 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.



Colorado Springs, Colorado  
February 8, 2010

**THE CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**YEAR ENDED AUGUST 31, 2009**  
**With Comparative Totals for 2008**

	<b>Program Services</b>			
	<b>Books and informational materials</b>	<b>Advocacy</b>	<b>Awareness</b>	<b>Research</b>
Professional services and contract labor	\$ 16,553	\$ 16,553	\$ 12,414	\$ 8,276
Payroll expense	-	38,600	-	-
Payroll tax expense	-	3,002	-	-
Printing and reproduction	9,462	-	-	-
Office supplies and expense	4,666	691	-	-
Printed materials and inventory distributed	51,351	9,240	4,945	-
Postage and delivery	17,246	1,266	157	-
Business insurance and taxes	-	-	-	-
Rent	11,217	3,038	4,674	-
Telephone	-	3,309	-	-
Depreciation and amortization	2,452	664	1,022	-
Dues and subscriptions	-	3,000	3,580	-
Travel	-	3,098	-	-
Tree event expenses	-	662	10,416	-
Conference	-	1,062	452	13,261
Grants and sponsorships	-	-	412	-
Advertising	-	-	-	-
<b>Total 2009</b>	<b>\$ 112,947</b>	<b>\$ 84,185</b>	<b>\$ 38,072</b>	<b>\$ 21,537</b>
<b>Total 2008</b>	<b>\$ 114,727</b>	<b>\$ 83,569</b>	<b>\$ 27,483</b>	<b>\$ -</b>

<u>Affiliate support</u>	<u>Total program</u>	<u>Supporting Services</u>		<u>Totals</u>	
		<u>Fund-raising</u>	<u>Management and general</u>	<u>2009</u>	<u>2008</u>
\$ 19,553	\$ 73,349	\$ 4,138	\$ 17,433	\$ 94,920	\$ 114,214
-	38,600	-	1,400	40,000	36,911
-	3,002	-	109	3,111	2,923
-	9,462	-	-	9,462	10,300
-	5,357	676	2,582	8,615	14,991
-	65,536	-	-	65,536	43,179
-	18,669	-	-	18,669	27,904
-	-	-	6,244	6,244	4,770
-	18,929	701	3,739	23,369	22,348
-	3,309	-	-	3,309	3,289
-	4,138	153	817	5,108	5,577
-	6,580	-	-	6,580	4,500
-	3,098	-	906	4,004	6,323
-	11,078	-	-	11,078	11,430
-	14,775	-	-	14,775	-
-	412	-	100	512	-
-	-	6,995	-	6,995	5,600
<u>\$ 19,553</u>	<u>\$ 276,294</u>	<u>\$ 12,663</u>	<u>\$ 33,330</u>	<u>\$ 322,287</u>	
<u>\$ 40,632</u>	<u>\$ 266,411</u>	<u>\$ 13,073</u>	<u>\$ 34,775</u>		<u>\$ 314,259</u>