



CPAs SERVING CLIENTS SINCE 1947

AMERICAN CHILDHOOD CANCER ORGANIZATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
AUGUST 31, 2016 AND 2015

MATTHEWS, CARTER & BOYCE  
RESPECT. CONFIDENCE. TRUST.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

**TABLE OF CONTENTS**

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3-4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8-14



**MATTHEWS, CARTER & BOYCE**  
CPAs • ADVISORS

## Independent Auditors' Report

Board of Directors  
American Childhood Cancer Organization  
Beltsville, Maryland

We have audited the accompanying financial statements of the American Childhood Cancer Organization (ACCO), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

### *Auditors' 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 auditors' 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 auditors consider 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 American Childhood Cancer Organization as of August 31, 2016 and 2015, 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.

Fairfax, Virginia  
December 7, 2016

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENTS OF FINANCIAL POSITION**

**AUGUST 31, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 512,062	\$ 310,377
Accounts receivable	7,285	110,438
Investments	362,683	365,430
Inventory	23,969	22,054
Prepaid expenses, net	<u>219,095</u>	<u>229,731</u>
Total Current Assets	<u>\$ 1,125,094</u>	<u>\$ 1,038,030</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	\$ 47,515	\$ 35,014
Less accumulated depreciation	<u>(21,744)</u>	<u>(17,335)</u>
Net Property and Equipment	<u>\$ 25,771</u>	<u>\$ 17,679</u>
<b>OTHER ASSETS</b>		
Intangible assets, net of accumulated amortization of \$2,959 and \$2,959, respectively	\$ 22,144	\$ 22,144
Deposits	<u>6,604</u>	<u>1,250</u>
Total Other Assets	<u>\$ 28,748</u>	<u>\$ 23,394</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,179,613</u></u>	<u><u>\$ 1,079,103</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 12,081</u>	<u>\$ 17,988</u>
<b>NET ASSETS</b>		
Unrestricted net assets	\$ 713,756	\$ 668,579
Temporarily restricted net assets	<u>453,776</u>	<u>392,536</u>
Total Net Assets	<u><u>\$ 1,167,532</u></u>	<u><u>\$ 1,061,115</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,179,613</u></u>	<u><u>\$ 1,079,103</u></u>

See notes to the financial statements.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grant revenue	\$ 40,000	\$ 36,400	\$ 76,400	\$ -	\$ 81,750	\$ 81,750
Contributions	279,959	47,500	327,459	274,237	20,000	294,237
Event/Program revenue	385,060	96,280	481,340	377,467	41,970	419,437
Publication and merchandise sales	39,467	-	39,467	35,886	-	35,886
Other revenue	9,569	5,204	14,773	11,658	29,091	40,749
Net assets released from restriction due to satisfaction of program or time restrictions	124,144	(124,144)	-	178,549	(178,549)	-
Total Revenue and Support	\$ 878,199	\$ 61,240	\$ 939,439	\$ 877,797	\$ (5,738)	\$ 872,059
<b>INVESTMENT ACTIVITY</b>						
Interest and dividend income	\$ 394	\$ -	\$ 394	\$ 296	\$ -	\$ 296
Realized gain on investments	143,623	-	143,623	57,716	-	57,716
Unrealized loss on investments	(130,987)	-	(130,987)	(51,529)	-	(51,529)
Total Investment Activity	\$ 13,030	\$ -	\$ 13,030	\$ 6,483	\$ -	\$ 6,483
Total Revenue, Support and Investment Activity	\$ 891,229	\$ 61,240	\$ 952,469	\$ 884,280	\$ (5,738)	\$ 878,542

See notes to the financial statements.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONCLUDED)**

**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES</b>						
Program services:						
Advocacy	\$ 233,097	\$ -	\$ 233,097	\$ 178,231	\$ -	\$ 178,231
Awareness	279,458	-	279,458	283,340	-	283,340
Information/Resource	260,126	-	260,126	190,769	-	190,769
Other	19,670	-	19,670	82,286	-	82,286
Total Program Services	<u>\$ 792,351</u>	<u>\$ -</u>	<u>\$ 792,351</u>	<u>\$ 734,626</u>	<u>\$ -</u>	<u>\$ 734,626</u>
Supporting services:						
Fundraising	\$ 22,685	\$ -	\$ 22,685	\$ 12,786	\$ -	\$ 12,786
Management and administrative	31,016	-	31,016	55,535	-	55,535
Total Supporting Services	<u>\$ 53,701</u>	<u>\$ -</u>	<u>\$ 53,701</u>	<u>\$ 68,321</u>	<u>\$ -</u>	<u>\$ 68,321</u>
Total Expenses	<u>\$ 846,052</u>	<u>\$ -</u>	<u>\$ 846,052</u>	<u>\$ 802,947</u>	<u>\$ -</u>	<u>\$ 802,947</u>
<b>CHANGE IN NET ASSETS</b>	\$ 45,177	\$ 61,240	\$ 106,417	\$ 81,333	\$ (5,738)	\$ 75,595
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>668,579</u>	<u>392,536</u>	<u>1,061,115</u>	<u>587,246</u>	<u>398,274</u>	<u>985,520</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 713,756</u></u>	<u><u>\$ 453,776</u></u>	<u><u>\$ 1,167,532</u></u>	<u><u>\$ 668,579</u></u>	<u><u>\$ 392,536</u></u>	<u><u>\$ 1,061,115</u></u>

See notes to the financial statements.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 106,417	\$ 75,595
Adjustments to reconcile change in net assets to net cash - operating activities:		
Depreciation expense	\$ 4,409	\$ 4,004
Amortization expense	-	32
Provision for obsolete prepaid expenses	380	5,260
Realized and unrealized gain on investments	(12,636)	(6,026)
Change in assets and liabilities		
(Increase) Decrease in Assets:		
Accounts receivable	103,153	(110,438)
Inventory	(1,915)	10,975
Prepaid expenses	10,256	10,980
Deposits	(5,354)	-
Increase (Decrease) in Liabilities:		
Accounts payable and accrued expenses	(5,907)	(10,422)
	<u>\$ 92,386</u>	<u>\$ (95,635)</u>
Total Adjustments		
	<u>\$ 198,803</u>	<u>\$ (20,040)</u>
Net Cash - Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchases of property and equipment	\$ (12,501)	\$ (20,192)
Proceeds from sale of investments	15,637	-
Investment earnings re-invested	(254)	(316)
	<u>\$ 2,882</u>	<u>\$ (20,508)</u>
Net Cash - Investing Activities		
<b>NET CHANGE IN CASH</b>	\$ 201,685	\$ (40,548)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>310,377</u>	<u>350,925</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 512,062</u>	<u>\$ 310,377</u>

There were no non-cash investing or financing activities during the years ended August 31, 2016 or 2015.

See notes to the financial statements.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2016**

	Program Services				Supporting Services				Total Expenses
	Advocacy	Awareness	Information/ Resource	Other Programs	Total Program Services	Fundraising	Management and Administrative	Total Supporting Services	
Salaries and payroll taxes	\$ -	\$ 61,138	\$ 72,933	\$ 15,264	\$ 149,335	\$ -	\$ 2,863	\$ 2,863	\$ 152,198
Accounting and bookkeeping	7,377	10,155	6,420	1,246	25,198	-	1,260	1,260	26,458
Advertising and public relations	750	29,570	-	-	30,320	3,286	-	3,286	33,606
Bank charges	216	297	383	36	932	-	38	38	970
Publications and merchandise	487	4,040	90,797	-	95,324	-	-	-	95,324
Consulting	84,328	65,724	3,860	-	153,912	12,959	2,138	15,097	169,009
Depreciation and amortization	-	-	-	-	-	-	4,409	4,409	4,409
Dues and subscriptions	307	29,375	2,445	64	32,191	6,440	64	6,504	38,695
Insurance	496	752	1,356	180	2,784	-	182	182	2,966
Legal fees	61,589	-	-	77	61,666	-	525	525	62,191
Meetings and conferences	56,104	52,018	6,124	2,111	116,357	-	225	225	116,582
Miscellaneous	-	-	-	-	-	-	-	-	-
Office supplies	3,734	8,857	28,293	631	41,515	-	16,025	16,025	57,540
Postage and delivery	224	9,073	6,217	-	15,514	-	274	274	15,788
Rent and storage	-	-	39,838	61	39,899	-	1,021	1,021	40,920
Telephone	4,937	2,259	1,087	-	8,283	-	1,735	1,735	10,018
Travel	12,548	6,200	373	-	19,121	-	257	257	19,378
<b>Total Expenses</b>	<b>\$ 233,097</b>	<b>\$ 279,458</b>	<b>\$ 260,126</b>	<b>\$ 19,670</b>	<b>\$ 792,351</b>	<b>\$ 22,685</b>	<b>\$ 31,016</b>	<b>\$ 53,701</b>	<b>\$ 846,052</b>

See notes to the financial statements.



**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2015**

	Program Services				Supporting Services				Total Expenses
	Advocacy	Awareness	Information/ Resource	Other Programs	Total Program Services	Fundraising	Management and Administrative	Total Supporting Services	
Salaries and payroll taxes	\$ -	\$ 54,557	\$ 36,797	\$ 36,739	\$ 128,093	\$ -	\$ 4,688	\$ 4,688	\$ 132,781
Accounting and bookkeeping	-	-	-	-	-	-	22,627	22,627	22,627
Advertising and public relations	-	9,428	-	-	9,428	6,245	-	6,245	15,673
Bank charges	-	810	1,314	-	2,124	-	338	338	2,462
Publications and merchandise	1,243	3,035	97,380	-	101,658	-	-	-	101,658
Consulting	60,812	69,961	17,707	5,488	153,968	4,851	-	4,851	158,819
Depreciation and amortization	-	-	-	-	-	-	4,036	4,036	4,036
Dues and subscriptions	5,533	8,464	-	-	13,997	-	3,570	3,570	17,567
Insurance	-	-	-	-	-	-	7,668	7,668	7,668
Legal fees	-	68,481	-	150	68,631	-	-	-	68,631
Meetings and conferences	78,694	55,194	2,068	23,032	158,988	-	51	51	159,039
Miscellaneous	-	1,746	-	11,635	13,381	-	-	-	13,381
Office supplies	506	5,458	1,497	1,700	9,161	-	7,220	7,220	16,381
Postage and delivery	3	162	2,327	340	2,832	-	304	304	3,136
Rent and storage	-	100	28,632	-	28,732	1,690	3,380	5,070	33,802
Telephone	3,606	195	590	-	4,391	-	1,469	1,469	5,860
Travel	27,834	5,749	2,457	3,202	39,242	-	184	184	39,426
<b>Total Expenses</b>	<b>\$ 178,231</b>	<b>\$ 283,340</b>	<b>\$ 190,769</b>	<b>\$ 82,286</b>	<b>\$ 734,626</b>	<b>\$ 12,786</b>	<b>\$ 55,535</b>	<b>\$ 68,321</b>	<b>\$ 802,947</b>

See notes to the financial statements.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

### Note 1. Organization and Programs

#### Organization

American Childhood Cancer Organization (ACCO), formerly known as Candlelighters Childhood Cancer 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 United States.

Effective August 12, 2015 ACCO formed a wholly owned subsidiary, ACCO Inland Northwest, LLC. There was no activity for this subsidiary during the years ended August 31, 2016 and August 31, 2015.

#### Program information

ACCO's programs include the following:

Books and informational materials – ACCO publishes and distributes up-to-date childhood cancer books for children and adolescents with cancer, their families and caregivers. ACCO's website is the premier website for childhood cancer organizations and received more than 326,500 visits in 2016 and 321,000 in 2015. Additionally, through social media, ACCO connected more than 126,000 individual family members, childhood cancer survivors, and supporters.

Advocacy – ACCO represents the grassroots voice of the families of the 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 – ACCO is the founder and host of numerous nationwide childhood cancer awareness events including: 'Light up the Holidays with Hope' representing thousands of children diagnosed with cancer on the National Childhood Cancer Awareness Tree; Light it Up Gold – the gold lighting in September of government buildings, bridges and monuments; Go Gold for Kids with Cancer and International Childhood Cancer Day. ACCO was the founding organization of the gold ribbon symbol for childhood cancer. As such, these initiatives which involve the gold ribbon symbol build awareness of our nation's littlest cancer patients.

ACCO is also founder of the awareness program known as 'PJammin'® (<http://www.acco.org/PJammin.aspx>) in which healthy children and adults in schools and work place employment across the country wear their pajamas to school/work on a designated day to bring awareness of the tens of thousands of children on active cancer treatment in the country. Building on the gold ribbon symbol for childhood cancer, ACCO is the founder of "Go Gold for Kids with Cancer."®

Learning resources – ACCO is a publisher and distributor of free childhood cancer learning resources in the country. These comprehensive materials educate and empower children with cancer and their families with information that assists them in their understanding of the childhood cancer journey and with the many difficult treatment decisions they must make. More than 31,600 individual resources were distributed in fiscal year 2016 without charge to children with cancer and their families across the U.S.

Research – ACCO supports 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.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

### Note 1. **Organization and Programs (Concluded)**

ACCO also conducts psychological research that looks at the impact of the childhood cancer diagnosis on the family (finances, employment, time spent caring for the child) as well as the impact on the cancer patient (access to care, access to clinical trials, long term survivorship physical, cognitive and emotional impairment).

Affiliate Support – ACCO fosters support and development of local affiliate organizations across the United States through the maintenance of trademarks, logos, resources, awareness items, store, website, and patient and family referrals.

ACCO is supported primarily through grants and contributions. Many of the contributions received come from the families of children who have personally benefitted from the support services that ACCO offers.

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

#### **Basis of presentation**

Financial statement presentation adheres to the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, ACCO is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### **Revenue recognition**

ACCO accounts for contributions in accordance with the requirements of FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. Under the guidelines of FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor, including pledges, is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. 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.

ACCO reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained, ACCO reports expirations of restrictions when the assets are placed in service.

#### **Contributions, grants, accounts receivable and allowance for doubtful accounts**

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions and grants are recognized as revenue in the period the pledge is received. Conditional contributions and grants are recognized when the conditions on which they depend are substantially met.

Accounts receivable are recorded at the lower of cost or fair value. The risk of loss on the receivables is the balance due at the time of default. All receivables are unsecured. ACCO uses the allowance method to record uncollectible contributions and other receivables. The allowance is based upon experience, management's analysis of specific promises made, and other historical factors that pertain to the receivables. There was no allowance deemed necessary as of August 31, 2016 or 2015. No interest is accrued on receivables.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

### Note 2. Summary of Significant Accounting Policies (Continued)

#### **Cash equivalents**

For purposes of the statement of cash flows, ACCO considers all highly liquid short term debt instruments whose maturity dates do not extend past three months from the date of purchase, and money market funds not held in a brokerage account, to be cash equivalents.

#### **Inventory**

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

#### **Investments**

Investments are recorded at fair market value. Unrealized gains and losses are included in the change in net assets.

#### **Furniture and equipment**

Furniture and equipment are recorded at cost. Depreciation is computed using the straight line method over useful lives that range from three to seven years. Assets having a cost greater than \$500 and a useful life greater than one year are capitalized.

#### **Intangibles**

Intangible assets consist of \$2,959 of trademark costs amortized using the straight line method over an estimated useful life of five to ten years and are fully amortized. Intangible assets also include name research, trademark legal costs and patent costs of \$22,144 that are not amortized due to an indefinite useful life.

#### **Functional allocation of expenditures**

The costs of providing various programs and other activities of ACCO have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs and other allocable costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program.

#### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### **Fair value of financial instruments**

Items considered to be financial instruments (cash and accounts payable) are stated in the accompanying financial statements at amounts which approximate their fair value.

#### **Income taxes**

The Internal Revenue Service has determined that ACCO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. ACCO did not engage in activities which might give rise to income tax during the years ended August 31, 2016 or 2015. Accordingly, no provision for income tax is made in the accompanying financial statements.

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

### Note 2. Summary of Significant Accounting Policies (Concluded)

#### Income taxes (concluded)

ACCO has adopted FASB ASC 740, *Income Taxes*, which requires changes in recognition and measurement for uncertain tax positions. ACCO has analyzed its tax positions, and has concluded that it is not aware of any uncertain tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months. If this position changes, ACCO will assess the impact of any such matters on its financial position and results of operations.

ACCO files its information tax returns for Federal and various states' reporting purposes. ACCO is not currently under audit by any taxing jurisdiction.

### Note 3. Prepaid Expenses

Prepaid expenses were comprised of the following at August 31:

	<u>2016</u>	<u>2015</u>
Insurance	\$ 5,571	\$ 1,157
Program merchandise expenses	<u>213,524</u>	<u>228,574</u>
Total	<u>\$ 219,095</u>	<u>\$ 229,731</u>

### Note 4. Investments

ACCO adopted the provisions of FASB ASC 820, *Fair Value Measurement*. In accordance with FASB ASC 820, ACCO has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology that are quoted in an active market
- Level 2 – Inputs to the valuation methodology that are inputs other than quoted prices that are observable for the assets
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

**AMERICAN CHILDHOOD CANCER ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

**Note 4. Investments (Concluded)**

All of the investment assets recorded in the Statements of Financial Position are categorized based on the inputs to the valuation technique and are valued at quoted prices in active markets for identical assets, Level 1 assets.

ACCO reports investments in debt and equity securities at fair value, with gains and losses included in the statement of activities and changes in net assets.

Investments consisted of the following as of August 31:

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 7,476	\$ 7,476	\$ 7,346	\$ 7,346
Mutual funds	342,285	376,963	327,956	233,388
Equity securities	12,922	-	30,128	-
	\$ 362,683	\$ 384,439	\$ 365,430	\$ 240,734

Investment income at August 31, 2016 and 2015 includes interest and dividends of \$394 and \$296, unrealized losses of (\$130,987) and (\$51,529) and realized gains of \$143,623 and \$57,716, respectively.

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for use for the following purposes as of August 31:

	2016	2015
Research (GALA)	\$ 134,246	\$ 134,246
Publications	45,000	45,000
Development	175,650	116,750
Awareness	90,010	82,500
Finance management/software	-	4,304
Survey	8,000	8,000
Affiliates/Fiscal Sponsorships	870	1,736
Total	\$ 453,776	\$ 392,536

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

**AUGUST 31, 2016 AND 2015**

### **Note 5. Temporarily Restricted Net Assets (Concluded)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following is a summary of assets released from restriction during the year ended August 31:

	2016	2015
Staff positions	\$ -	\$ 59,690
Publications	-	8,138
Development	25,000	10,000
Awareness	92,341	54,967
Finance management/software	4,304	4,879
Affiliates/Fiscal Sponsorships	2,499	40,875
Total	\$ 124,144	\$ 178,549

### **Note 6. Leasing Arrangements**

In December 2010 ACCO entered into an operating lease for office space in Kensington, Maryland. The annual rent increased 3% each year over the previous year's rate. ACCO had the right upon 90 days notice to renew the lease for a minimum three year term. Rent for the additional term of 3 years was set at annual increases of 3% over the previous year's rate. ACCO also had the first right of refusal to adjoining office space if it became available during the lease term. The lease expired November 30, 2015. ACCO continued the lease on a month to month basis through June 2016.

ACCO entered into a lease addendum to lease storage space at the rate of \$327 per month beginning March 1, 2014. This lease was on a 90 day term and was terminated June 2016. The rent under this lease followed the increases as included in the original lease.

In April 2016 ACCO entered into an operating lease for office space in Beltsville, Maryland which lease term began June 2016. The lease expires May 31, 2021. The lease contains annual rent increases of 2.5% each year over the previous year's rate. ACCO must also pay its pro-rata share of all project common area maintenance costs and taxes. ACCO must also pay a monthly insurance charge and must maintain insurance policies on personal property, commercial liability and automobiles. ACCO is responsible for all utilities. ACCO has the right upon 90 days' notice to renew the lease for a minimum five year term. Rent for the additional term of 5 years will be set at annual increases of 2.5% over the previous year's rate.

Future minimum lease payments as of August 31 are as follows:

Year Ending August 31,	Rent
2017	\$ 39,872
2018	40,869
2019	41,891
2020	42,938
2021	32,804
Total	\$ 198,374

# AMERICAN CHILDHOOD CANCER ORGANIZATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

**Note 7. Non-cash Transactions**

During the years ended August 31, 2016 and 2015, ACCO received pro bono legal services for trademark work and other services valued at \$52,517 and \$68,481, respectively. During the year ended August 31, 2015, ACCO received consulting services valued at \$2,325.

**Note 8. Concentrations**

During the years ended August 31, 2016 and 2015, two contributors accounted for 100% of the grant revenue received during the each year.

**Note 9. Fiscal Sponsor Agreements**

ACCO has entered into fiscal sponsor agreements with various entities. During the years ended August 31, 2016 and 2015, ACCO received \$5,204 and \$29,091 of revenue for the sponsor organizations which is included in other income and ACCO incurred \$41,227 and \$44,685 in expenses on behalf of the sponsored organizations.

**Note 10. Subsequent Events**

ACCO has evaluated events through December 7, 2016, the date the financial statements were available to be issued, and determined there were no events occurring subsequent to August 31, 2016, which would have a material impact on ACCO's results of operations or financial position as of August 31, 2016.