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AMERICAN CHILDHOOD CANCER ORGANIZATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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MATTHEWS, CARTER & BOYCE
CPAs • ADVISORS

Matthews, Carter and Boyce

AMERICAN CHILDHOOD CANCER ORGANIZATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 829,843
Accounts receivable	55,880
Investments	587,210
Inventory	297,436
Prepaid expenses	7,624

Total Current Assets \$ 1,777,993

PROPERTY AND EQUIPMENT

Furniture and equipment	\$ 50,981
Less accumulated depreciation	(35,023)

Net Property and Equipment \$ 15,958

OTHER ASSETS

Intangible assets, net of accumulated amortization of \$2,959	\$ 33,601
Deposits	6,604

Total Other Assets \$ 40,205

TOTAL ASSETS

\$ 1,834,156

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 37,098
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NET ASSETS

Net assets without donor restrictions	\$ 1,330,002
Net assets with donor restrictions	467,056

Total Net Assets \$ 1,797,058

TOTAL LIABILITIES AND NET ASSETS

\$ 1,834,156

AMERICAN CHILDHOOD CANCER ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grant revenue	\$ -	\$ 125,000	\$ 125,000
Contributions	341,554	250,000	591,554
Event/Program revenue	386,107	169,039	555,146
Publication and merchandise sales	7,568	-	7,568
Other revenue	21,220	-	21,220
Net assets released from restriction due to satisfaction of program or time restrictions	673,884	(673,884)	-
Total Revenue and Support	<u>\$ 1,430,333</u>	<u>\$ (129,845)</u>	<u>\$ 1,300,488</u>
INVESTMENT ACTIVITY			
Investment activity, net	(25,958)	-	(25,958)
Total Investment Activity	<u>\$ (25,958)</u>	<u>\$ -</u>	<u>\$ (25,958)</u>
Total Revenue, Support and Investment Activity	<u>\$ 1,404,375</u>	<u>\$ (129,845)</u>	<u>\$ 1,274,530</u>
EXPENSES			
Program services:			
Advocacy	\$ 472,845	\$ -	\$ 472,845
Awareness	229,592	-	229,592
Information/Resource	364,984	-	364,984
Other	301,426	-	301,426
Total Program Services	<u>\$ 1,368,847</u>	<u>\$ -</u>	<u>\$ 1,368,847</u>
Supporting services:			
Fundraising	\$ 28,272	\$ -	\$ 28,272
Management and administrative	168,368	-	168,368
Total Supporting Services	<u>\$ 196,640</u>	<u>\$ -</u>	<u>\$ 196,640</u>
Total Expenses	<u>\$ 1,565,487</u>	<u>\$ -</u>	<u>\$ 1,565,487</u>
CHANGE IN NET ASSETS	\$ (161,112)	\$ (129,845)	\$ (290,957)
NET ASSETS, BEGINNING OF YEAR	<u>1,491,114</u>	<u>596,901</u>	<u>2,088,015</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,330,002</u></u>	<u><u>\$ 467,056</u></u>	<u><u>\$ 1,797,058</u></u>

See notes to the financial statements

AMERICAN CHILDHOOD CANCER ORGANIZATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Advocacy	Awareness	Information/ Resource	Other		Fundraising	Management and Administrative	Total Supporting Services	
Salaries, benefits and payroll taxes	\$ 92,468	\$ 77,914	\$ 86,064	\$ 44,811	\$ 301,257	\$ 10,225	\$ 10,225	\$ 20,450	\$ 321,707
Accounting and bookkeeping	-	-	-	-	-	-	50,572	50,572	50,572
Advertising and public relations	1,044	22,032	47,333	-	70,409	-	658	658	71,067
Alliance expenses	161,160	-	-	1,115	162,275	-	-	-	162,275
Bank charges	292	803	-	840	1,935	1,643	75	1,718	3,653
Publications and merchandise	918	233	75,840	22,774	99,765	-	1,057	1,057	100,822
Consulting	170,868	35,510	112,227	-	318,605	12,000	-	12,000	330,605
Depreciation and amortization	-	-	-	-	-	-	3,217	3,217	3,217
Dues and subscriptions	32,357	9,287	10,534	4,099	56,277	-	5,577	5,577	61,854
Insurance	-	-	973	-	973	-	5,228	5,228	6,201
Legal fees	-	-	-	26,255	26,255	-	-	-	26,255
Meetings and conferences	3,249	51,620	-	181,906	236,775	-	491	491	237,266
Miscellaneous	-	35	-	153	188	-	1,193	1,193	1,381
Office supplies	330	12,325	19,230	985	32,870	4,404	15,202	19,606	52,476
Postage and delivery	-	242	9,871	13,824	23,937	-	1,381	1,381	25,318
Rent and storage	-	-	-	-	-	-	57,378	57,378	57,378
Travel	10,159	19,591	2,912	4,664	37,326	-	300	300	37,626
Utilities	-	-	-	-	-	-	15,814	15,814	15,814
Total Expenses	<u>\$ 472,845</u>	<u>\$ 229,592</u>	<u>\$ 364,984</u>	<u>\$ 301,426</u>	<u>\$ 1,368,847</u>	<u>\$ 28,272</u>	<u>\$ 168,368</u>	<u>\$ 196,640</u>	<u>\$ 1,565,487</u>

See notes to the financial statements

AMERICAN CHILDHOOD CANCER ORGANIZATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$ (290,957)</u>
Adjustments to reconcile change in net assets to net cash - operating activities:	
Depreciation expense	\$ 3,217
Net realized and unrealized loss (gain) on investments	80,775
Changes in assets and liabilities	
(Increase) Decrease in Assets:	
Accounts receivable	46,120
Inventory	(69,811)
Prepaid expenses	(242)
Increase (Decrease) in Liabilities:	
Accounts payable and accrued expenses	<u>18,227</u>
Total Adjustments	<u>\$ 78,286</u>
Net Cash - Operating Activities	<u>\$ (212,671)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for purchases of property and equipment	\$ (3,466)
Cash paid for purchases of intangible assets	(11,457)
Investment earnings re-invested	(54,817)
Purchase of investments	<u>(150,000)</u>
Net Cash - Investing Activities	<u>\$ (219,740)</u>

NET CHANGE IN CASH

\$ (432,411)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

1,262,254

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 829,843

There was no non-cash investing or financing activity during the year ended December 31, 2018.

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

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.

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. Additionally, through social media, ACCO connects 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 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 the year ended December 31, 2018 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

DECEMBER 31, 2018

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.

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 two classes of net assets: with donor restrictions and without donor restrictions.

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 support with donor restrictions or without donor restrictions 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 net assets with donor restrictions, 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, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ACCO reports gifts of equipment as support without donor restrictions 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 support with donor restrictions. 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 use without donor restrictions 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.

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions, grants, accounts receivable and allowance for doubtful accounts (concluded)

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 December 31, 2018. No interest is accrued on receivables.

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 indeterminate 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.

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 2. Summary of Significant Accounting Policies (Concluded)

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 year ended December 31, 2018. Accordingly, no provision for income tax is made in the accompanying financial statements.

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 under audit by any taxing jurisdiction.

Advertising

Advertising costs are expensed as incurred.

New accounting pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. Additionally, it increases the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expense to be reported by both their natural and functional classification in one location. ACCO adopted ASU 2016-14 for year ended December 31, 2018.

Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash and cash equivalents	\$ 829,843
Accounts receivable	55,880
Investments	<u>587,210</u>
Net	1,472,933
Less net assets with donor restrictions	<u>(467,056)</u>
	<u>\$ 1,005,877</u>

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 3. Liquidity and Availability (concluded)

ACCO will actively and regularly monitor cash projections within the next twelve months with the understanding that positive cash flow is desired. During the normal course of operations during the year ending December 31, 2019, ACCO expects to receive additional contributions which will be available to spend on general expenditures.

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.

All of the investment assets recorded in the Statement 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 December 31, 2018:

	Fair Value	Cost
Money market funds	\$ 9,325	\$ 9,325
Mutual funds:		
Ultrashort bond fund	13,125	12,875
Midcap growth fund	407,968	209,481
Equity securities	156,792	152,259
	<u>\$ 587,210</u>	<u>\$ 383,940</u>

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for use for the following purposes as of December 31, 2018:

Research (GALA)	\$	134,246
Awareness		106,574
Database		109,906
International		108,330
Survey		<u>8,000</u>
Total	\$	<u>467,056</u>

Net assets were released from donor restrictions by incurring expenses satisfying donor restriction purposes or by occurrence of other events specified by donors. The following is a summary of assets released from restriction during the year ended December 31, 2018:

Publications	\$	15,000
Awareness		297,630
Database		234,783
International		106,670
CCI		18,931
Affiliates/Fiscal Sponsorships		<u>870</u>
Total	\$	<u>673,884</u>

Note 6. Leasing Arrangements

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 projected 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.

ACCO entered into a lease for a copier at the rate of \$202 per month beginning September 2016. This lease has a sixty-month term and expires August 2021.

AMERICAN CHILDHOOD CANCER ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

Note 6. Leasing Arrangements (concluded)

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

2019	\$	44,713
2020		45,768
2021		<u>19,874</u>
Total	\$	<u>110,355</u>

Note 7. Non-cash Transactions

During the year ended December 31, 2018, ACCO received pro bono legal services for trademark work and other services valued at \$26,100 included as contribution revenue and legal expenses on the statement of activities and changes in net assets.

Note 8. Concentrations

During the year ended December 31, 2018, one contributor accounted for 35% of the grant revenue and another accounted for 10% of the grant revenue.

Note 9. Subsequent Events

ACCO has evaluated events through December 31, 2019, the date the financial statements were available to be issued, and determined there was no event occurring subsequent to December 31, 2018, that requires recognition or disclosure in the financial statements.