

CHILDREN'S CANCER RESEARCH FUND

FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2015

# CHILDREN'S CANCER RESEARCH FUND

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Children's Cancer Research Fund  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of Children's Cancer Research Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statement of activities, functional expenses 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.

### 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 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 Children's Cancer Research Fund 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.

*Olsen Thielen & Co., Ltd.*

St. Paul, Minnesota  
September 29, 2015

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# CHILDREN'S CANCER RESEARCH FUND

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

ASSETS		
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$3,721,042	\$2,213,028
Pledges Receivable	607,439	677,168
Accrued Interest	7,340	15,445
Prepaid Expenses	270,302	206,685
Total Current Assets	<u>4,606,123</u>	<u>3,112,326</u>
PROPERTY AND EQUIPMENT:	679,203	647,693
Less Accumulated Depreciation	<u>622,618</u>	<u>555,807</u>
Net Property and Equipment	<u>56,585</u>	<u>91,886</u>
INVESTMENTS	<u>1,962,800</u>	<u>4,826,441</u>
OTHER LONG-TERM ASSETS:		
Pledges Receivable, Net	<u>278,858</u>	<u>480,403</u>
<b>TOTAL ASSETS</b>	<b><u>\$6,904,366</u></b>	<b><u>\$8,511,056</u></b>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 419,875	\$ 98,216
Accrued Payroll and Related	247,139	215,492
Other Accrued Liabilities	41,687	40,126
Unearned Event Revenue	108,307	207,851
Grants Payable	1,882,540	3,827,876
Total Current Liabilities	<u>2,699,548</u>	<u>4,389,561</u>
LONG-TERM LIABILITIES		
Grants Payable, Net	<u>317,423</u>	<u>284,409</u>
NET ASSETS:		
Unrestricted:		
Operating	1,091,935	931,406
Board Designated	<u>2,572,915</u>	<u>2,729,441</u>
Total Unrestricted	<u>3,664,850</u>	<u>3,660,847</u>
Temporarily Restricted	<u>222,545</u>	<u>176,239</u>
Total Net Assets	<u>3,887,395</u>	<u>3,837,086</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$6,904,366</u></b>	<b><u>\$8,511,056</u></b>

*The accompanying notes are an integral part of the financial statements.*

# CHILDREN'S CANCER RESEARCH FUND

## STATEMENT OF ACTIVITIES YEARS ENDED JUNE 30, 2015 AND 2014

	2015			Total
	Unrestricted		Temporarily Restricted	
	Operating	Board Designated		
<b>SUPPORT AND REVENUE:</b>				
General Contributions	\$3,126,328	\$ –	\$ 1,160,594	\$4,286,922
Events	3,473,894	–	1,032,693	4,506,587
Direct Expenses	(304,145)	–	–	(304,145)
Donated Goods and Services	994,052	–	–	994,052
Cause Marketing	93,296	–	2,615	95,911
Investment Income	–	161,420	–	161,420
Other	85,005	–	–	85,005
Board Designated Appropriation	300,000	(300,000)	–	–
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	<u>2,149,596</u>	<u>–</u>	<u>(2,149,596)</u>	<u>–</u>
Total Support and Revenue	<u>9,918,026</u>	<u>(138,580)</u>	<u>46,306</u>	<u>9,825,752</u>
<b>EXPENSES:</b>				
Program Services:				
Research	2,773,958	467,946	–	3,241,904
Education & Awareness	3,321,895	–	–	3,321,895
Patient & Family Services	632,129	–	–	632,129
Total Program Expenses	<u>6,727,982</u>	<u>467,946</u>	<u>–</u>	<u>7,195,928</u>
Supporting Services:				
Fundraising	2,156,154	–	–	2,156,154
Management and General	423,361	–	–	423,361
Total Support Expenses	<u>2,579,515</u>	<u>–</u>	<u>–</u>	<u>2,579,515</u>
Total Expenses	<u>9,307,497</u>	<u>467,946</u>	<u>–</u>	<u>9,775,443</u>
TRANSFER OF NET ASSETS	<u>(450,000)</u>	<u>450,000</u>	<u>–</u>	<u>–</u>
CHANGE IN NET ASSETS	160,529	(156,526)	46,306	50,309
NET ASSETS at Beginning of Year	<u>931,406</u>	<u>2,729,441</u>	<u>176,239</u>	<u>3,837,086</u>
NET ASSETS at End of Year	<u>\$1,091,935</u>	<u>\$2,572,915</u>	<u>\$ 222,545</u>	<u>\$3,887,395</u>

*The accompanying notes are an integral part of the financial statements.*

## CHILDREN'S CANCER RESEARCH FUND

### STATEMENT OF ACTIVITIES (Continued) YEARS ENDED JUNE 30, 2015 AND 2014

	2014			Total
	Unrestricted		Temporarily Restricted	
	Operating	Board Designated		
<b>SUPPORT AND REVENUE:</b>				
General Contributions	\$3,372,609	\$ —	\$ 740,411	\$4,113,020
Events	2,125,165	—	1,035,871	3,161,036
Direct Expenses	(438,524)	—	—	(438,524)
Donated Goods and Services	838,024	—	—	838,024
Cause Marketing	19,192	—	112,734	131,926
Investment Income	—	958,447	—	958,447
Other	116,939	—	—	116,939
Board Designated Appropriation	300,000	(300,000)	—	—
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	1,712,777	—	(1,712,777)	—
Total Support and Revenue	<u>8,046,182</u>	<u>658,447</u>	<u>176,239</u>	<u>8,880,868</u>
<b>EXPENSES:</b>				
Program Services:				
Research	2,630,969	500,917	—	3,131,886
Education & Awareness	2,585,972	—	—	2,585,972
Patient & Family Services	513,609	—	—	513,609
Total Program Expenses	<u>5,730,550</u>	<u>500,917</u>	<u>—</u>	<u>6,231,467</u>
Supporting Services:				
Fundraising	1,739,860	—	—	1,739,860
Management and General	389,227	—	—	389,227
Total Support Expenses	<u>2,129,087</u>	<u>—</u>	<u>—</u>	<u>2,129,087</u>
Total Expenses	<u>7,859,637</u>	<u>500,917</u>	<u>—</u>	<u>8,360,554</u>
TRANSFER OF NET ASSETS	<u>(125,000)</u>	<u>125,000</u>	<u>—</u>	<u>—</u>
CHANGE IN NET ASSETS	61,545	282,530	176,239	520,314
NET ASSETS at Beginning of Year	<u>869,861</u>	<u>2,446,911</u>	<u>—</u>	<u>3,316,772</u>
NET ASSETS at End of Year	<u>\$ 931,406</u>	<u>\$ 2,729,441</u>	<u>\$ 176,239</u>	<u>\$3,837,086</u>

*The accompanying notes are an integral part of the financial statements.*

## CHILDREN'S CANCER RESEARCH FUND

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2015

	2015					
	Program Services			Supporting Services		Total
	Research	Education & Awareness	Patient & Family Services	Fund-raising	Management and General	
Salaries, Wages and Payroll Taxes	\$ -	\$ 634,362	\$ 60,509	\$ 610,696	\$ 260,998	\$1,566,565
Employee Benefits	-	73,837	7,043	71,083	30,379	182,342
Professional Development	-	18,397	4,401	19,848	5,387	48,033
Professional Services	-	371,244	15,886	353,505	43,837	784,472
Printing and Postage:						
Office Printing and Postage	-	36,585	3,961	4,505	6,929	51,980
Direct Mail	-	423,804	-	540,788	-	964,592
Advertising:						
In-Kind Advertising	-	994,052	-	-	-	994,052
Other Advertising	-	190,997	-	191,021	-	382,018
Supplies and Equipment	-	8,901	22,300	40,928	893	73,022
Venue and Entertainment	-	53,474	18,677	25,534	1,702	99,387
Fees, Licenses and Permits	-	19,134	74	170,617	6,007	195,832
Insurance	-	-	-	-	15,452	15,452
Travel and Lodging	-	38,158	8,072	7,195	4,036	57,461
Facilities and Administration	-	58,675	5,754	56,501	23,978	144,908
Research and Program Grants	3,241,904	326,329	480,292	-	-	4,048,525
Information Technology	-	46,892	2,579	37,888	12,632	99,991
Depreciation	-	27,054	2,581	26,045	11,131	66,811
<b>Total Expenses</b>	<b><u>\$3,241,904</u></b>	<b><u>\$ 3,321,895</u></b>	<b><u>\$ 632,129</u></b>	<b><u>\$2,156,154</u></b>	<b><u>\$ 423,361</u></b>	<b><u>\$9,775,443</u></b>

*The accompanying notes are an integral part of the financial statements.*



## CHILDREN'S CANCER RESEARCH FUND

### STATEMENT OF FUNCTIONAL EXPENSES (Continued) YEAR ENDED JUNE 30, 2014

	2014					
	Program Services			Supporting Services		
	Research	Education & Awareness	Patient & Family Services	Fund-raising	Management and General	Total
Salaries, Wages and Payroll Taxes	\$ -	\$ 582,385	\$ 64,872	\$ 628,867	\$ 235,241	\$1,511,365
Employee Benefits	-	74,106	8,255	80,021	29,933	192,315
Professional Development	-	5,082	4,619	5,272	1,314	16,287
Professional Services	-	157,053	-	192,694	30,910	380,657
Printing and Postage:						
Office Printing and Postage	-	46,838	4,915	21,654	5,741	79,148
Direct Mail	-	360,508	-	470,691	-	831,199
Advertising:						
In-Kind Advertising	-	838,024	-	-	-	838,024
Other Advertising	-	4,896	-	4,945	-	9,841
Supplies and Equipment	-	7,316	15,879	7,708	1,402	32,305
Venue and Entertainment	-	18,334	14,237	14,218	1,030	47,819
Fees, Licenses and Permits	-	25,612	147	143,716	6,075	175,550
Insurance	-	-	-	-	14,272	14,272
Travel and Lodging	-	5,578	3,015	5,463	5,507	19,563
Facilities and Administration	-	52,969	6,169	57,166	21,236	137,540
Research and Program Grants	3,131,886	305,596	384,228	-	-	3,821,710
Information Technology	-	39,155	309	39,935	11,313	90,712
Depreciation	-	62,520	6,964	67,510	25,253	162,247
<b>Total Expenses</b>	<b><u>\$3,131,886</u></b>	<b><u>\$2,585,972</u></b>	<b><u>\$513,609</u></b>	<b><u>\$1,739,860</u></b>	<b><u>\$389,227</u></b>	<b><u>\$8,360,554</u></b>

*The accompanying notes are an integral part of the financial statements.*

## CHILDREN'S CANCER RESEARCH FUND

### STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 50,309	\$ 520,314
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	66,811	162,247
Investment Gains	(72,238)	(836,025)
Long-Term Grants Payable	33,014	(2,182,686)
Long-Term Pledges Receivable	201,545	261,780
Changes in Assets and Liabilities:		
Pledges Receivable	69,729	82,132
Accrued Interest	8,105	(5,783)
Prepaid Expenses	(63,617)	(20,290)
Accounts Payable	321,659	31,377
Accrued Payroll	31,647	107,175
Other Accrued Liabilities	1,561	(6,018)
Unearned Event Revenue	(99,544)	(26,977)
Grants Payable	<u>(1,945,336)</u>	<u>1,963,903</u>
Net Cash Provided By (Used In) Operating Activities	<u>(1,396,355)</u>	<u>51,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(31,510)	(68,012)
Purchases of Investments	(297,285)	(744,297)
Proceeds from Sale of Investments	<u>3,233,164</u>	<u>1,467,025</u>
Net Cash Provided By Investing Activities	<u>2,904,369</u>	<u>654,716</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,508,014	705,865
CASH AND CASH EQUIVALENTS at Beginning of Year	<u>2,213,028</u>	<u>1,507,163</u>
CASH AND CASH EQUIVALENTS at End of Year	<u>\$ 3,721,042</u>	<u>\$ 2,213,028</u>

*The accompanying notes are an integral part of the financial statements.*

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Children's Cancer Research Fund (the Organization) is dedicated to finding a cure for childhood cancer by providing funds to the University of Minnesota for research and training relating to the prevention, treatment and cure of childhood cancer. The Organization also educates the public about childhood cancer and supports quality-of-life programs for pediatric cancer patients and their families.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

##### Unrestricted Net Assets

Operating: Resources over which the Board of Directors has discretionary control.

Board Designated: Designated amounts represent those net assets which the Board has set aside to fund specific operational activities and to assure the long-term financial health of the Organization. The Board Designated fund is comprised of Operating Reserves and Program Services Support. The Operating Reserve provides a funding mechanism to provide a consistent source of operating support in the operating budget and serves as a reserve to cover budget shortfalls. The Program Services Support provides a mechanism to maintain assets related to grants awarded that will be distributed in future years and to respond to Program Service funding opportunities that advance the mission of the Organization.

Temporarily Restricted Net Assets - Resources received with donor stipulations that limit 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.

The Organization has no permanently restricted net assets.

#### Accounting Estimates

The presentation 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through September 29, 2015, the date the financial statements were available to be issued. Except as discussed below in Note 12, there were no subsequent events that required recognition or disclosure in the financial statements.

#### Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

#### Pledges Receivable

Pledges receivable consists of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue.

#### Allowance for Pledges Receivable Losses

Pledges receivable are assessed individually for collectability based on the surrounding facts and circumstances and past history.

The Organization monitors the credit quality of its pledges receivable balance. Pledges are reviewed periodically and collectability of pledge balances is assessed. Losses in prior years have been insignificant. The Organization has recorded \$15,000 and \$0 as an allowance for uncollectible pledges at June 30, 2015 and 2014.

#### Property Equipment and Depreciation

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method at rates based on the estimated service lives of the various assets as follows:

Furniture	7 Years
Office and Computer Equipment	3-5 Years
Software	3 Years

Depreciation expense was \$66,811 and \$162,247 for the years ended June 30, 2015 and 2014.

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities

#### **Grants Payable**

Unconditional grants are recorded as expense when approved by management. Grants that are subject to conditions are recorded when the conditions have been substantially met. Grants payable are stated at fair value by discounting payments due in more than one year. Grants payable cancelled in a subsequent year are recorded in the year of cancellation.

#### **Revenue Recognition and Deferred Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Event revenue is recognized as revenue when the event occurs. Deferred Revenue consists of event revenue received in advance of the event.

#### **Donated Services**

The Organization recognizes revenue and expenses for donated space in the form of publications and digital media for education media outreach. The donated space is valued at fair market value based on rates provided by the ad agency and various publications.

#### **Functional Allocation of Expense**

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

#### **Income Taxes**

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, the statements do not include a provision for income taxes but is subject to income tax on net unrelated business income.

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes (Continued)

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

The Organization's federal tax returns are open to examination for tax years 2012 through 2014.

#### Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Organization had a credit risk concentration as a result of depositing \$35,000 of funds in excess of Federal Deposit Insurance (FDIC) coverage of \$250,000.

#### Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest Level input that is significant to the valuation.

The Organization holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Organization's investment securities were determined based on inputs as presented in Note 2.

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - INVESTMENTS

Investments are stated at fair value at June 30, 2015 and 2014 and consisted of the following:

	2015	2014
Money Market Funds	\$ 118,156	\$ 997,843
Marketable Equity Securities	1,404,576	3,267,901
Corporate Bonds, Maturity Date 2017 through 2030	492,009	1,348,373
Government Bond, Maturity Date 2028	54,077	53,674
Mortgaged-backed Securities	12,138	156,493
Total	\$2,080,956	\$5,824,284

Net investment income for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Interest and Dividend Income	\$ 112,303	\$ 145,653
Investment Gains	72,238	836,025
Investment Fees	(23,121)	(23,231)
Total	\$ 161,420	\$ 958,447

Investments accounts were held as follows at June 30:

	2015	2014
General Investment Account	\$2,056,956	\$4,372,540
Hageboeck Family/CCRF Account	-	1,428,028
Norma Ramsay Award of Excellence Account	24,000	23,716
	2,080,956	5,824,284
Money Market Reclassification to Cash Equivalents	(118,156)	(997,843)
Total	\$1,962,800	\$4,826,441

The following tables, as of June 30, 2015 and 2014, provide information by level for assets that are measured at fair value, on a recurring basis.

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
<b>2015:</b>				
Money Market Funds	\$ 118,156	\$ 118,156	\$ -	\$ -
Marketable Equity Securities	1,404,576	1,404,576	-	-
Corporate Bonds	492,009	-	492,009	-
Government Bond	54,077	-	54,077	-
Mortgaged-backed Securities	12,138	-	12,138	-
Totals	\$2,080,956	\$1,522,732	\$ 558,224	\$ -

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - INVESTMENTS (Continued)

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
2014:				
Money Market Funds	\$ 997,843	\$ 997,843	\$ -	\$ -
Marketable Equity Securities	3,267,901	3,267,901	-	-
Corporate Bonds	1,348,373	-	1,348,373	-
Government Bond	53,674	-	53,674	-
Mortgaged-backed Securities	156,493	-	156,493	-
Totals	<u>\$5,824,284</u>	<u>\$4,265,744</u>	<u>\$1,558,540</u>	<u>\$ -</u>

The fair value maturities of the corporate bonds as of June 30, 2015 are as follows: 0-5 years - \$185,860; 6-10 years - \$259,702; and over 10 years - \$46,447.

The fair value of the Organization's money market funds and marketable equity securities were determined based on Level 1 inputs.

The fair values of the Organization's corporate bonds, government bonds, and mortgaged-backed securities were determined based on Level 2 inputs and are estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its term, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs include the probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

The Organization holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material to the amounts reported in the statement of financial position.

### NOTE 3 - PLEDGES RECEIVABLE

Promises to give consisted of the following at June 30:

	2015	2014
Pledges Receivable	<u>\$ 886,297</u>	<u>\$ 1,157,571</u>

Pledges receivable are due as follows for the years ended June 30:

2016	\$ 607,439
2017	158,000
2018	100,044
2019	15,000
2020	30,000
	910,483
Less Discount at 5%	24,186
Total	<u>\$ 886,297</u>



# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment included the following as of June 30:

	<u>2015</u>	<u>2014</u>
Furniture	\$ 121,220	\$ 106,234
Office, Computer Equipment and Software	<u>557,983</u>	<u>541,459</u>
Total	<u>\$ 679,203</u>	<u>\$ 647,693</u>

### NOTE 5 - GRANTS PAYABLE

Grants payable are due as follows for the years ended June 30:

2016	\$ 1,882,540
2017	262,744
2018	<u>74,078</u>
	2,219,362
Less Discount at 5%	<u>19,399</u>
Total	<u>\$ 2,199,963</u>

### NOTE 6 - NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Temporarily Restricted:		
Restricted Donations	<u>\$ 222,545</u>	<u>\$ 176,239</u>

Temporarily restricted net assets of \$2,149,596 and \$1,712,777 were released from restrictions in 2015 and 2014 due to satisfaction of program restrictions.

Board Designated net assets at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Board Designated:		
Operating Reserve	\$ 1,712,370	\$ 1,720,000
Program Services Support	<u>860,545</u>	<u>1,009,441</u>
Total Board Designated	<u>\$ 2,572,915</u>	<u>\$ 2,729,441</u>

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 - LINE OF CREDIT

The Organization has a revolving credit loan agreement with a bank which enables the Organization to borrow up to \$500,000 at the one month ICE Benchmark Administration (ICE) LIBOR rate plus 3%. The line of credit is secured by all business assets of the Organization. The agreement expires in January 2016. No balance was outstanding on this loan at June 30, 2015 and 2014.

### NOTE 8 - LEASE COMMITMENTS

The Organization rents its principal office under an operating lease agreement. The lease requires monthly rental payments plus operating allocations as defined by the lease. This lease was amended in June 2015 and was extended, the lease has a termination option at the 70<sup>th</sup> month. The lease expires in December 2023 with an option for a five year renewal.

The Organization also rents some office equipment. These leases are non-cancelable and expire in March and April 2016.

Rental expense and future minimum lease commitments for the next five years, (excluding estimated operating expense), are as follows as of June 30:

Rental Expense:

<b>2015</b>	<b>\$ 136,775</b>
2014	130,774

Future Lease Commitments:

2016	\$ 64,745
2017	85,542
2018	83,868
2019	86,331
2020	88,794

### NOTE 9 - ALLOCATION OF JOINT COSTS

The Organization conducts an education program to achieve some of its programmatic goals by utilizing the direct mail campaign's request for contributions. Costs of conducting the direct mail campaign totaled \$964,592 and \$831,199 as of June 30, 2015 and 2014. Of those total costs, \$423,804 and \$360,508 were attributable to the education & awareness program as of June 30, 2015 and 2014.

# CHILDREN'S CANCER RESEARCH FUND

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10 - RETIREMENT PLAN

The Organization has a 403(b) deferred compensation plan for all employees who meet certain age and a one year service requirement. Employees may elect to contribute a portion of their salaries up to IRS limitations. The Organization will match 50% of the employees contribution up to 2% of the employees' compensation. The Organization also elects to make a discretionary contribution of 2% of the employees' compensation. Employer contributions of \$54,588 and \$44,447 were made as of June 30, 2015 and 2014.

### NOTE 11 - IN-KIND CONTRIBUTIONS

The Organization records in-kind contributions at fair market value on the date of donation. In-kind contributions relate to public awareness media space (print and digital) and included the following as of June 30:

	<u>2015</u>	<u>2014</u>
Education Media Outreach - Publications	<u>\$ 994,052</u>	<u>\$ 838,024</u>

### NOTE 12 - SUBSEQUENT EVENTS

In August 2015 the organization received an undesignated bequest of \$1 million dollars. The Organization has worked with the University of Minnesota Foundation to establish the Carrie Ramey/Children's Cancer Research Fund Endowed Professorship in Pediatric Cancer Research fund.