

**ASSOCIATION FOR THE SUPPORT
OF CHILDREN WITH CANCER**

FINANCIAL STATEMENTS

May 31, 2008

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Association for the Support of
Children with Cancer
Richmond, Virginia

We have audited the accompanying statement of financial position of the Association for the Support of Children with Cancer as of May 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association's May 31, 2007 financial statements and, in our report dated October 24, 2007, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Association for the Support of Children with Cancer as of May 31, 2008, 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.

Wells, Coleman & Company, L.L.P.

January 6, 2009

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ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF FINANCIAL POSITION

May 31, 2008
 (with comparative totals as of May 31, 2007)

ASSETS

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2008</u>	Total <u>2007</u>
Current Assets					
Current Assets					
Cash and cash equivalents	\$ 305,248	\$ 57,569	\$ -	\$ 362,817	\$ 273,113
Certificates of deposit	246,536	17,192	-	263,728	255,613
Contributions receivable	36,798	-	-	36,798	5,714
Grants receivable	26,709	291	-	27,000	-
Investments	590	-	25,949	26,539	26,643
Prepaid expenses	<u>5,407</u>	<u>-</u>	<u>-</u>	<u>5,407</u>	<u>250</u>
Total current assets	<u>621,288</u>	<u>75,052</u>	<u>25,949</u>	<u>722,289</u>	<u>561,333</u>
Property and Equipment					
Equipment and software	31,588	-	-	31,588	31,588
Accumulated depreciation	<u>(12,561)</u>	<u>-</u>	<u>-</u>	<u>(12,561)</u>	<u>(5,547)</u>
Net property and equipment	<u>19,027</u>	<u>-</u>	<u>-</u>	<u>19,027</u>	<u>26,041</u>
	<u>\$ 640,315</u>	<u>\$ 75,052</u>	<u>\$ 25,949</u>	<u>\$ 741,316</u>	<u>\$ 587,374</u>

LIABILITIES AND NET ASSETS

Current Liabilities					
Accounts payable	\$ 40,993	\$ -	\$ -	\$ 40,993	\$ 10,026
Accrued expenses	-	-	-	-	16,531
Payroll liabilities	<u>978</u>	<u>-</u>	<u>-</u>	<u>978</u>	<u>1,035</u>
Total current liabilities	41,971	-	-	41,971	27,592
Net Assets	<u>598,344</u>	<u>75,052</u>	<u>25,949</u>	<u>699,345</u>	<u>559,782</u>
	<u>\$ 640,315</u>	<u>\$ 75,052</u>	<u>\$ 25,949</u>	<u>\$ 741,316</u>	<u>\$ 587,374</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF ACTIVITIES

**For the year ended May 31, 2008
(with comparative totals for the year ended May 31, 2007)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				2008	<u>2007</u>
Revenue, Gains, and Other Support					
Contributions	\$ 126,142	\$ 1,040	\$ -	\$ 127,182	\$ 190,736
Grants	1,350	121,460	-	122,810	15,250
Sale of merchandise	295	420	-	715	515
Revenue from fundraising events, net of expenses of \$107,367	290,785	-	-	290,785	222,371
Investment income	15,459	555	-	16,014	16,233
Unrealized gain (loss) on investments	(370)	-	266	(104)	4,481
Net assets released from restrictions	<u>152,567</u>	<u>(152,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>586,228</u>	<u>(29,092)</u>	<u>266</u>	<u>557,402</u>	<u>449,586</u>
Expenses					
Program	323,944	-	-	323,944	349,827
Management	50,040	-	-	50,040	43,349
Fundraising	<u>43,855</u>	<u>-</u>	<u>-</u>	<u>43,855</u>	<u>29,369</u>
Total expenses	<u>417,839</u>	<u>-</u>	<u>-</u>	<u>417,839</u>	<u>422,545</u>
Change in net assets	168,389	(29,092)	266	139,563	27,041
Net Assets, beginning of year	<u>429,955</u>	<u>104,144</u>	<u>25,683</u>	<u>559,782</u>	<u>532,741</u>
Net Assets, end of year	<u>\$ 598,344</u>	<u>\$ 75,052</u>	<u>\$ 25,949</u>	<u>\$ 699,345</u>	<u>\$ 559,782</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended May 31, 2008
(with comparative totals for the year ended May 31, 2007)**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2008</u>	<u>2007</u>
Specific assistance to individuals	\$ 41,618	\$ -	\$ -	\$ 41,618	\$ 33,437
Salaries and wages					
Nurse practitioner	118,137	-	-	118,137	126,277
Chaplain	53,399	-	-	53,399	50,873
Development director	6,447	-	15,044	21,491	19,198
Program coordinator	23,920	-	-	23,920	18,061
Executive director	14,152	10,615	10,614	35,381	35,112
Payroll expenses	2,707	-	1,644	4,351	4,148
Special events	18,164	-	897	19,061	39,049
Other	14,096	2,756	2,750	19,602	14,625
Printing	-	-	12,906	12,906	1,763
Accounting fees	-	20,187	-	20,187	18,521
Awards	511	-	-	511	536
Promotional materials	891	-	-	891	2,616
Marketing	19,322	-	-	19,322	9,933
Website	-	853	-	853	8,900
Supplies	488	30	-	518	1,997
Meals	4,032	-	-	4,032	9,022
Cost of merchandise sold	-	-	-	-	456
Newsletter	5,507	-	-	5,507	10,651
Postage and shipping	-	309	-	309	2,622
Bank fees	-	4,839	-	4,839	2,177
Insurance	-	2,674	-	2,674	1,992
Gifts	293	-	-	293	261
Equipment rental and maintenance	-	349	-	349	408
Conferences, conventions, and meetings	260	-	-	260	6,804
Fees and licenses	-	414	-	414	225
Depreciation	-	7,014	-	7,014	2,815
Grant writing	-	-	-	-	66
	<u>\$ 323,944</u>	<u>\$ 50,040</u>	<u>\$ 43,855</u>	<u>\$ 417,839</u>	<u>\$ 422,545</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

STATEMENT OF CASH FLOWS

**For the year ended May 31, 2008
(with comparative totals for the year ended May 31, 2007)**

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 139,563	\$ 27,041
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	7,014	2,815
Unrealized gain (loss) on investments	104	(4,481)
Interest income reinvested in certificates of deposit	(8,115)	(10,199)
 (Increase) decrease in operating assets		
Contributions receivable	(31,084)	(5,714)
Grants receivable	(27,000)	3,377
Prepaid expenses	(5,157)	14,398
 Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	14,436	7,472
Payroll liabilities	(57)	941
 Net cash and cash equivalents provided by operating activities	 <u>89,704</u>	 <u>35,650</u>
 Cash Flows from Investing Activities		
Purchase of equipment and software	<u>-</u>	<u>(18,191)</u>
 Net cash and cash equivalents used by investing activities	 <u>-</u>	 <u>(18,191)</u>
 Increase in cash and cash equivalents	 89,704	 17,459
 Cash and Cash Equivalents, beginning of year	 <u>273,113</u>	 <u>255,654</u>
 Cash and Cash Equivalents, end of year	 <u>\$ 362,817</u>	 <u>\$ 273,113</u>

See accompanying notes to financial statements.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS

May 31, 2008

1. Summary of Significant Accounting Policies

Nature of Organization: Association for the Support of Children with Cancer is a not-for-profit organization that provides support through activities, supplies, and chaplain and nursing services to children stricken with cancer. The services of the Association are supported by individual, corporate, and community foundation contributions.

Net Assets: The financial statements report amounts separately by class of net assets as follows:

- *Unrestricted* amounts are those currently available at the discretion of the Board for use in the Association's operations.
- *Temporarily restricted* amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- *Permanently restricted* amounts are restricted by donors to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

Cash and Cash Equivalents: For purposes of the statement of cash flows, cash and cash equivalents are comprised of demand deposits and debt securities with a maturity at purchase of three months or less. Certificates of deposit are not included in cash and cash equivalents because initial maturities exceed three months and because management considers them not generally available for cash needs.

Investments: Investments are stated at fair value.

Property and Equipment: Property and equipment additions exceeding \$500 are recorded at cost if purchased or at fair market value at the date of the gift if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, generally three to five years.

Income Taxes: The Association is exempt from income taxes under IRC Section 501(c)(3) and, accordingly, the financial statements do not reflect a provision for income taxes.

Advertising: Advertising costs are expensed as incurred.

Donated Materials and Services: Donated materials and qualified services are included in contributions at fair market value as of the date of donation. A substantial number of unpaid volunteers have made significant contributions of their time in the Association's administrative and operating activities. The value of this donated time is not reflected in these financial statements since it does not meet the standard for inclusion.

Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2008

1. Summary of Significant Accounting Policies - Continued

Reclassifications: Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Period 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 principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended May 31, 2007, from which the summarized information was derived.

2. Investments

Fair value and unrealized gains are as follows:

	<u>Fair Value</u> <u>May 31, 2008</u>	<u>Fair Value</u> <u>May 31, 2007</u>	<u>Unrealized</u> <u>Gain/(Loss)</u>
Mutual funds	\$ 25,949	\$ 25,683	\$ 266
Marketable securities	<u>590</u>	<u>960</u>	<u>(370)</u>
	<u>\$ 26,539</u>	<u>\$ 26,643</u>	<u>\$ (104)</u>

Investment income consists entirely of interest and dividend income.

3. Concentrations

From time to time the Association has cash on deposit with banks in excess of the amounts insured by the FDIC.

The Association receives the following approximate percentages of its total revenue and support from specific fundraising events:

Tad DuPriest Golf Tournament	17%
Rainbow Gala	16%
ASK Walk	11%
Mattaponi Springs Golf Tournament	5%

In the event that the above support were to be eliminated, the Association would need to either replace the funding source or reduce its current level of operations.

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2008

4. Temporarily and Permanently Restricted Net Assets

The Association has the following temporarily and permanently restricted net assets:

- a. Trip Pollard Camp Foundation Fund - established for camperships and Special Love programs
- b. Julie Suffredini Memorial Fund - established to meet the cash needs of volunteers in providing the annual Christmas party for the Pediatric Oncology patients of the Dalton Clinic of the Massey Cancer Center
- c. Nancy Jones Penny Tree Fund - the cash portion of the fund and the income are temporarily restricted and may be used to provide activities for children with cancer while the investments of the fund are permanently restricted
- d. Abbitt Fund - established for the purpose of supporting the Association Chaplain or Counselor
- e. Education Fund - established to provide educational assistance to survivors of childhood cancer
- f. Capacity Building Fund - established to fund database development and expansion of the development director's position
- g. Restricted Grants - the Association currently receives grants restricted for its Child Life, Family-to-Family, and Living Well programs which are recorded as temporarily restricted assets until spent

The following is a reconciliation of the temporarily restricted funds:

	<u>Cash</u>	Certificates of <u>Deposit</u>	Grants <u>Receivable</u>	<u>Total</u>
Trip Pollard Camp Foundation Fund	\$ 9,736	\$ -	\$ -	\$ 9,736
Julie Suffredini Memorial Fund	7,646	-	-	7,646
Nancy Jones Penny Tree Fund	5,437	-	-	5,437
Abbitt Fund	-	17,192	-	17,192
Education Fund	8,114	-	-	8,114
Capacity Building Fund	2,164	-	-	2,164
Restricted Grants	<u>24,472</u>	<u>-</u>	<u>291</u>	<u>24,763</u>
	<u>\$ 57,569</u>	<u>\$ 17,192</u>	<u>\$ 291</u>	<u>\$ 75,052</u>

ASSOCIATION FOR THE SUPPORT OF CHILDREN WITH CANCER

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2008

4. Temporarily and Permanently Restricted Net Assets - Continued

The following is a reconciliation of permanently restricted funds:

Nancy Jones Penny Tree Fund

Investment principal	\$ 25,000
Accumulated unrealized gain	<u>949</u>
	<u>\$ 25,949</u>