

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

with

INDEPENDENT AUDITORS' REPORT

Audited Financial Statements

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

September 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Jack and Jill Late Stage Cancer Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying statements of financial position of The Jack and Jill Late Stage Cancer Foundation, Inc. ("the Organization") as of September 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 audits provide 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 Jack and Jill Late Stage Cancer Foundation, Inc. as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Williams Benator + Libby, LLP

Atlanta, Georgia
December 1, 2011

STATEMENTS OF FINANCIAL POSITION

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

| | September 30 | |
|--|--------------------------|--------------------------|
| | 2011 | 2010 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 121,416 | \$ 128,866 |
| Pledges receivable--Note C | 5,000 | 5,000 |
| Prepaid expenses | 5,499 | 5,280 |
| TOTAL CURRENT ASSETS | <u>131,915</u> | <u>139,146</u> |
| EQUIPMENT, net of accumulated depreciation of \$3,798 and \$3,295 at September 30, 2011 and 2010, respectively | 1,139 | 524 |
| WEBSITE DEVELOPMENT COSTS, net of accumulated amortization of \$10,000 and \$7,778 at September 30, 2011 and 2010, respectively | -0- | 2,222 |
| PLEDGE RECEIVABLE, net of unamortized discount of \$113 and \$336 at September 30, 2011 and 2010, respectively--Note C | <u>4,887</u> | <u>9,664</u> |
| TOTAL ASSETS | <u><u>\$ 137,941</u></u> | <u><u>\$ 151,556</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ -0- | \$ 2,184 |
| Accrued expenses | 947 | 224 |
| TOTAL CURRENT LIABILITIES | <u>947</u> | <u>2,408</u> |
| NET ASSETS | | |
| Unrestricted | 127,107 | 134,484 |
| Temporarily restricted--Note B | 9,887 | 14,664 |
| TOTAL NET ASSETS | <u>136,994</u> | <u>149,148</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 137,941</u></u> | <u><u>\$ 151,556</u></u> |

See notes to financial statements.

STATEMENTS OF ACTIVITIES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

| | Year Ended September 30 | |
|---|-------------------------|-------------------|
| | 2011 | 2010 |
| | <u>2011</u> | <u>2010</u> |
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| Revenues and support and net revenues from special events | | |
| Contributions | \$ 2,020,059 | \$ 1,107,000 |
| Interest and other income | 134 | 80 |
| FORE! Golf Marathon revenues | 48,688 | 135,546 |
| Less: Cost of direct benefits to donors | <u>(23,973)</u> | <u>(38,193)</u> |
| | 24,715 | 97,353 |
| TOTAL UNRESTRICTED REVENUES AND NET REVENUES FROM SPECIAL EVENTS | 2,044,908 | 1,204,433 |
| Net assets released from restrictions--Note B | <u>62,127</u> | <u>114,519</u> |
| TOTAL UNRESTRICTED REVENUES AND SUPPORT | 2,107,035 | 1,318,952 |
| Expenses | | |
| WOW! Experience® program services | 1,123,732 | 1,071,055 |
| Public information | 820,893 | -0- |
| Supporting services: | | |
| Fundraising | 98,277 | 105,350 |
| Management and general | <u>71,510</u> | <u>98,056</u> |
| | 169,787 | 203,406 |
| TOTAL EXPENSES | <u>2,114,412</u> | <u>1,274,461</u> |
| (DECREASE) INCREASE IN UNRESTRICTED NET ASSETS | (7,377) | 44,491 |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS | | |
| Restricted contributions | 57,350 | 107,750 |
| Net assets released from restrictions--Note B | <u>(62,127)</u> | <u>(114,519)</u> |
| DECREASE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(4,777)</u> | <u>(6,769)</u> |
| (DECREASE) INCREASE IN NET ASSETS | (12,154) | 37,722 |
| Net assets at beginning of year | <u>149,148</u> | <u>111,426</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 136,994</u> | <u>\$ 149,148</u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

Year Ended September 30, 2011

| | <u>Program Services</u> | | <u>Supporting Services</u> | | <u>Total Expenses</u> |
|--|-------------------------|---------------------------|----------------------------|-------------------------------|-----------------------|
| | <u>WOW! Experience®</u> | <u>Public Information</u> | <u>Fundraising</u> | <u>Management and General</u> | |
| Salaries | \$ 216,862 | \$ -0- | \$ 59,300 | \$ 17,712 | \$ 293,874 |
| Employee benefits | 5,397 | -0- | 600 | -0- | 5,997 |
| Payroll taxes | 15,115 | -0- | 4,372 | 1,354 | 20,841 |
| Total salaries and related expenses | <u>237,374</u> | <u>-0-</u> | <u>64,272</u> | <u>19,066</u> | <u>320,712</u> |
| Direct cost of WOW! Experience® | 813,833 | -0- | -0- | -0- | 813,833 |
| Trip memory packages | 56,146 | -0- | -0- | -0- | 56,146 |
| Meetings and travel | 900 | -0- | 17,306 | -0- | 18,206 |
| Advertising and media (in-kind) | -0- | 820,893 | -0- | -0- | 820,893 |
| Insurance | -0- | -0- | -0- | 6,151 | 6,151 |
| Fundraising | -0- | -0- | 14,103 | -0- | 14,103 |
| Professional fees | 4,740 | -0- | 802 | 37,132 | 42,674 |
| Supplies | 745 | -0- | 228 | 244 | 1,217 |
| Telephone and telecommunications | 3,692 | -0- | 766 | 361 | 4,819 |
| Postage, shipping, and delivery | 199 | -0- | 580 | 263 | 1,042 |
| Web hosting | -0- | -0- | -0- | 425 | 425 |
| Dues, subscriptions, and training | 335 | -0- | -0- | 50 | 385 |
| Bank and other fees | -0- | -0- | -0- | 4,663 | 4,663 |
| Software licenses and related expenses | 5,768 | -0- | 166 | 24 | 5,958 |
| Other | -0- | -0- | 54 | 406 | 460 |
| Depreciation and amortization | -0- | -0- | -0- | 2,725 | 2,725 |
| Total expenses | <u>\$ 1,123,732</u> | <u>\$ 820,893</u> | <u>\$ 98,277</u> | <u>\$ 71,510</u> | <u>\$ 2,114,412</u> |

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See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

Year Ended September 30, 2010

| | <u>Program Services</u> | <u>Supporting Services</u> | | |
|--|-----------------------------|----------------------------|-----------------------------------|---------------------------|
| | <u>WOW! Experience®</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total Expenses</u> |
| Salaries | \$ 196,350 | \$ 55,750 | \$ 16,950 | \$ 269,050 |
| Employee benefits | 5,029 | 559 | -0- | 5,588 |
| Payroll taxes | 13,875 | 4,137 | 1,297 | 19,309 |
| Total salaries and related expenses | <u>215,254</u> | <u>60,446</u> | <u>18,247</u> | <u>293,947</u> |
| Direct cost of WOW! Experience® | 772,602 | -0- | -0- | 772,602 |
| Trip memory packages | 42,017 | -0- | -0- | 42,017 |
| Meetings and travel | 23,724 | 9,673 | -0- | 33,397 |
| Insurance | -0- | -0- | 10,102 | 10,102 |
| Fundraising | -0- | 32,549 | -0- | 32,549 |
| Professional fees | 2,590 | 310 | 62,113 | 65,013 |
| Supplies | 2,121 | 150 | 205 | 2,476 |
| Telephone and telecommunications | 4,568 | 1,133 | 402 | 6,103 |
| Postage, shipping, and delivery | 867 | 320 | 127 | 1,314 |
| Web hosting | 450 | 250 | 500 | 1,200 |
| Dues, subscriptions, and training | 204 | 75 | 470 | 749 |
| Bank and other fees | -0- | -0- | 519 | 519 |
| Software licenses and related expenses | 6,460 | 227 | 210 | 6,897 |
| Other | 198 | 217 | 120 | 535 |
| Bad debt expense | -0- | -0- | 1,000 | 1,000 |
| Loss on sale of stock | -0- | -0- | 419 | 419 |
| Depreciation and amortization | -0- | -0- | 3,622 | 3,622 |
| Total expenses | <u>\$ 1,071,055</u> | <u>\$ 105,350</u> | <u>\$ 98,056</u> | <u>\$ 1,274,461</u> |

See notes to financial statements.

STATEMENTS OF CASH FLOWS

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

| | Year Ended September 30 | |
|---|-------------------------|-------------------|
| | 2011 | 2010 |
| | <hr/> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from contributors | \$ 462,685 | \$ 523,911 |
| Cash paid to employees and service and product providers | (469,151) | (516,978) |
| Interest and other income received | 134 | 80 |
| | <hr/> | |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (6,332) | 7,013 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for equipment | (1,118) | -0- |
| | <hr/> | |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (7,450) | 7,013 |
| Cash and cash equivalents at beginning of year | 128,866 | 121,853 |
| | <hr/> | |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 121,416 | \$ 128,866 |
| | <hr/> <hr/> | |
| RECONCILIATION OF (DECREASE) INCREASE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | | |
| (Decrease) increase in net assets | \$ (12,154) | \$ 37,722 |
| Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 2,725 | 3,622 |
| Decrease in pledges receivable | 4,777 | 6,769 |
| (Increase) decrease in prepaid expenses | (219) | 1,199 |
| Decrease in accounts payable | (2,184) | (17,853) |
| Increase (decrease) in accrued expenses | 723 | (24,446) |
| | <hr/> | |
| | \$ (6,332) | \$ 7,013 |
| | <hr/> <hr/> | |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

September 30, 2011

NOTE A--DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jack and Jill Late Stage Cancer Foundation, Inc. ("the Organization") is a not-for-profit organization whose purpose is to provide families with a WOW! Experience® giving children, who will lose their Mom or Dad to cancer, a timeout to create indispensable memories together while they can.

The following accounting policies are presented to assist the reader in understanding the Organization's financial statements:

Accounting Standards: The Organization follows the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") as its sole source of authoritative guidance.

Financial Statement Presentation: The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At September 30, 2011 and 2010, there were no permanently restricted net assets.

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Services and Materials: The Organization recognizes revenues from the receipt of donated services and materials at the fair value of those services and materials. During the years ended September 30, 2011 and 2010, the Organization recognized revenues from the receipt of donated services and materials of \$1,692,162 and \$870,347, respectively. Such donated amounts included airfare, hotel accommodations, event and theme park tickets, meals, and legal and accounting services. During the year ended September 30, 2011, donated services included a contribution of \$631,368 for a public awareness campaign provided by a media company for which a member of the executive team also serves on the Organization's board of directors.

Advertising and media is used to help the Organization communicate its message or mission and includes informational materials or advertising, and may be in the form of an audio or video tape of a public service announcement, media time, or space for public service announcements. Advertising and media are reported as contribution revenue and public information expense when received and the reporting of such contributions is unaffected by whether the Organization could afford to purchase or would have purchased the assets at their fair value.

NOTES TO FINANCIAL STATEMENTS--Continued

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

NOTE A--DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recognition of Promises to Give: Unconditional promises to give are recorded as receivables and revenues in the year in which the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value. The portion of promises to give that are expected to be collected during years exceeding one year are recorded at the present value of their estimated future cash flows, and are discounted using risk-free interest rates applicable to the years in which the promises are received. The differences between the gross amount of estimated future receipts and the present value of those future receipts are recorded as discounts in the years in which the promises are received. Amortization of the discounts is recognized over the time period between recognition of the initial promises and the dates on which the cash is received and is included in contributions. Conditional promises to give are recognized when the conditions on which they are dependent are substantially met.

An allowance for estimated uncollectible pledges is recorded during years after the year of the initial pledge, based on management's evaluation of uncollected pledges. Uncollectible pledges are written off against the allowance when they are determined to be uncollectible. During the years ended September 30, 2011 and 2010, bad debt expense totaled -0- and \$1,000, respectively.

Functional Allocation of Expenses: The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows accounting guidance on "Accounting for Uncertainty in Income Tax". It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company's income tax returns, including taxes on unrelated business income earned by not-for-profit organizations, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The tax years 2007 to 2011 remain open to examination by the major tax jurisdictions to which the Organization is subject. The Organization has concluded that there are no uncertain tax positions related to years open to examination that would require recognition in the financial statements.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Organization considers demand deposits and all unrestricted, highly liquid investments purchased with an original maturity of three months or less which can be readily converted to cash on demand, without penalty, to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS--Continued

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

NOTE A--DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Equipment: Equipment is stated at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives of three years.

Website Development Costs: Website development costs are stated at cost. Amortization is computed using the straight-line method over the website's estimated useful life of three years.

Estimates: The preparation 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.

Reclassifications: Certain 2010 amounts have been reclassified to conform with the 2011 presentation.

Subsequent Events: Subsequent events have been evaluated through December 1, 2011, which is the date the financial statements were available to be issued.

NOTE B--TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2011 and 2010, net assets of \$9,887 and \$14,664, respectively, were temporarily restricted due to time restrictions, based on when pledges are supposed to be paid by the donor.

During the years ended September 30, 2011 and 2010, net assets were released from restrictions by incurring expenses to satisfy the restricted purposes or due to lapse of time restrictions as follows:

| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|------------------|-------------------|
| WOW! Experience® | \$ 57,350 | \$ 107,750 |
| Pledges collected and written off | <u>4,777</u> | <u>6,769</u> |
| | <u>\$ 62,127</u> | <u>\$ 114,519</u> |

NOTES TO FINANCIAL STATEMENTS--Continued

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

NOTE C--PLEDGES RECEIVABLE

Pledges receivable are stated at the present value of expected future cash flows, using a discount rate of 2.31%. At September 30, 2011 and 2010, 100% of the Organization's gross pledges receivable were from one individual.

Pledges receivable consisted of the following at September 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|----------------------------------|-----------------|------------------|
| Unconditional pledges receivable | \$ 10,000 | \$ 15,000 |
| Less unamortized discount | <u>(113)</u> | <u>(336)</u> |
| | <u>\$ 9,887</u> | <u>\$ 14,664</u> |

These pledges are scheduled to be collected as follows:

| | |
|------------------------------------|------------------|
| Amounts due in fiscal year ending: | |
| 2012 | \$ 5,000 |
| 2013 | <u>5,000</u> |
| | <u>\$ 10,000</u> |