

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

with

INDEPENDENT AUDITORS' REPORT

Audited Financial Statements

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

September 30, 2016

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Jack and Jill Late Stage Cancer Foundation, Inc. ("the Organization") which comprise the statements of financial position as of September 30, 2016 and 2015, the related statements of activities, 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

The Organization's 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 from 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 The Jack and Jill Late Stage Cancer Foundation, Inc. as of September 30, 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.

Williams Benatar + Libby, LLP

Atlanta, Georgia
February 5, 2017

STATEMENTS OF FINANCIAL POSITION

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

	September 30	
	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 157,195	\$ 123,315
Pledges receivable, net--Note D	58,000	24,000
Air ticket inventory--Note C	-0-	13,774
Prepaid expenses	4,918	5,158
TOTAL CURRENT ASSETS	<u>220,113</u>	<u>166,247</u>
EQUIPMENT, net of accumulated depreciation of \$2,532 and \$1,367 at September 30, 2016 and 2015, respectively	-0-	1,165
WEBSITE DEVELOPMENT COSTS, net of accumulated amortization of \$1,817 and \$10,000 at September 30, 2016 and 2015, respectively	3,633	5,450
PLEDGES RECEIVABLE, net--Note D	<u>156,279</u>	<u>65,358</u>
TOTAL ASSETS	<u><u>\$ 380,025</u></u>	<u><u>\$ 238,220</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll and other accrued expenses	\$ 32,278	\$ 2,725
NET ASSETS		
Unrestricted	133,468	146,137
Temporarily restricted--Note B	214,279	89,358
TOTAL NET ASSETS	<u>347,747</u>	<u>235,495</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 380,025</u></u>	<u><u>\$ 238,220</u></u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

	Year Ended September 30	
	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues and support		
Contributions	\$ 658,341	\$ 822,369
Interest and other income	32	96
TOTAL UNRESTRICTED REVENUES	<u>658,373</u>	<u>822,465</u>
Net assets released from restrictions--Note B	148,009	154,961
TOTAL UNRESTRICTED REVENUES AND SUPPORT	<u>806,382</u>	<u>977,426</u>
Expenses		
WOW! Experience® program services	662,782	977,697
Supporting services:		
Fundraising	102,272	100,033
Management and general	53,997	57,782
	<u>156,269</u>	<u>157,815</u>
TOTAL EXPENSES	<u>819,051</u>	<u>1,135,512</u>
DECREASE IN UNRESTRICTED NET ASSETS	(12,669)	(158,086)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	272,930	170,480
Net assets released from restrictions--Note B	(148,009)	(154,961)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>124,921</u>	<u>15,519</u>
INCREASE (DECREASE) IN NET ASSETS	112,252	(142,567)
Net assets at beginning of year	<u>235,495</u>	<u>378,062</u>
NET ASSETS AT END OF YEAR	<u>\$ 347,747</u>	<u>\$ 235,495</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

Year Ended September 30, 2016

	Program Services	Supporting Services		
	WOW! Experience®	Fundraising	Management and General	Total Expenses
Salaries	\$ 223,596	\$ 69,315	\$ 17,816	\$ 310,727
Employee benefits	15,211	1,214	475	16,900
Payroll taxes	15,005	5,593	1,031	21,629
Total salaries and related expenses	<u>253,812</u>	<u>76,122</u>	<u>19,322</u>	<u>349,256</u>
Direct cost of WOW! Experience® (in-kind)	368,364	-0-	-0-	368,364
Trip memory packages	28,007	-0-	-0-	28,007
Trip memory packages (in-kind)	2,175	5,858	-0-	8,033
Meetings and travel	1,985	3,234	182	5,401
Meetings and travel (in-kind)	2,992	8,137	-0-	11,129
Insurance	-0-	162	5,447	5,609
Fundraising	-0-	2,201	-0-	2,201
Professional fees	-0-	-0-	13,080	13,080
Supplies	770	1,108	1,241	3,119
Telephone and telecommunications	1,965	915	696	3,576
Postage, shipping, and delivery	738	86	204	1,028
Bank and other fees	-0-	-0-	9,083	9,083
Software licenses and related expenses	1,704	4,449	1,576	7,729
Other	270	-0-	184	454
Depreciation and amortization	-0-	-0-	2,982	2,982
Total expenses	<u>\$ 662,782</u>	<u>\$ 102,272</u>	<u>\$ 53,997</u>	<u>\$ 819,051</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

Year Ended September 30, 2015

	Program Services		Supporting Services	
	WOW! Experience®	Fundraising	Management and General	Total Expenses
Salaries	\$ 233,360	\$ 64,133	\$ 14,373	\$ 311,866
Employee benefits	21,826	1,217	1,211	24,254
Payroll taxes	15,360	4,648	1,100	21,108
Total salaries and related expenses	<u>270,546</u>	<u>69,998</u>	<u>16,684</u>	<u>357,228</u>
Direct cost of WOW! Experience® (in-kind)	622,536	-0-	-0-	622,536
Trip memory packages	70,985	-0-	-0-	70,985
Trip memory packages (in-kind)	4,963	6,318	-0-	11,281
Meetings and travel	307	13,467	126	13,900
Insurance	1,250	138	4,262	5,650
Fundraising	-0-	4,850	-0-	4,850
Professional fees	-0-	-0-	12,076	12,076
Professional fees (in-kind)	-0-	-0-	13,500	13,500
Supplies	828	539	1,582	2,949
Telephone and telecommunications	2,623	1,290	454	4,367
Postage, shipping, and delivery	243	883	131	1,257
Bank and other fees	-0-	-0-	4,043	4,043
Software licenses and related expenses	3,375	2,550	1,475	7,400
Other	41	-0-	2,842	2,883
Depreciation and amortization	-0-	-0-	607	607
Total expenses	<u>\$ 977,697</u>	<u>\$ 100,033</u>	<u>\$ 57,782</u>	<u>\$ 1,135,512</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

	Year Ended September 30	
	2016	2015
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 432,598	\$ 369,637
Cash paid to employees and service and product providers	(396,025)	(475,738)
Interest and other income received	32	96
	<u>36,605</u>	<u>(106,005)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	36,605	(106,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for website development costs	<u>(2,725)</u>	<u>(2,725)</u>
	33,880	(108,730)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,880	(108,730)
Cash and cash equivalents at beginning of year	<u>123,315</u>	<u>232,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 157,195</u>	<u>\$ 123,315</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 112,252	\$ (142,567)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,982	607
Decrease in contribution receivable	-0-	73,839
Increase in pledges receivable	(124,921)	(89,358)
Decrease in prepaid expenses	240	50
Decrease in air ticket inventory	13,774	51,424
Increase in accrued payroll and other accrued expenses	<u>32,278</u>	<u>-0-</u>
	<u>\$ 36,605</u>	<u>\$ (106,005)</u>

SUPPLEMENTAL INFORMATION OF NONCASH INVESTING AND FINANCING ACTIVITIES

At September 30, 2015, accrued expenses included \$2,725 related to additions to website development costs.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

September 30, 2016

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 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, 2016 and 2015, 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 Statements 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, 2016 and 2015, the Organization recognized revenues from the receipt of donated services and materials of \$373,752 and \$533,854, respectively. Donated amounts included airfare, hotel accommodations, event and theme park tickets, meals, and accounting services. Such materials and services are contributed mostly by travel and hospitality industry companies. A total of \$373,531 and \$627,499 of donated services and materials was utilized for the Organization’s programs during the years ended September 30, 2016 and 2015, respectively.

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-inclusive interest rates applicable to the years in which the promises are received. The differences between the gross

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

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.

During the years ended September 30, 2016 and 2015, the Organization recognized contribution revenue of \$48,200 and \$30,000, respectively, from members of the Organization's board of directors, of which \$42,000 and \$24,000 was included in pledges receivable as of September 30, 2016 and 2015, respectively.

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, 2016 and 2015, the Organization recognized no bad debt expense.

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 programs 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.

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. At times, bank balances may exceed federally insured limits.

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 and begins when a website is placed in service.

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

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.

Recent Accounting Pronouncement: In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14 (“ASU 2016-14”), “Presentation of Financial Statements of Not-for-Profit Entities”, that will change how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources, which includes qualitative and quantitative requirements related to net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, with early application permitted. The Organization does not present its financial statements based on generally accepted accounting principles. However, the Organization plans to adopt relevant provisions of this accounting standard update and is currently evaluating the impact.

Subsequent Events: Subsequent events have been evaluated through February 5, 2017, which is the date the financial statements were available to be issued.

NOTE B--TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2016 and 2015, net assets of \$214,279 and \$89,358, respectively, were temporarily restricted due to time restrictions, based on when the contributions were supposed to be provided by the donor.

During the years ended September 30, 2016 and 2015, net assets were released from restrictions by incurring expenses to satisfy the restricted purposes or due to lapse of time restrictions as follows:

	2016	2015
WOW! Experience®	\$ 148,009	\$ 81,122
Pledges and contributions collected	-0-	73,839
	<u>\$ 148,009</u>	<u>\$ 154,961</u>

NOTES TO FINANCIAL STATEMENTS--Continued

THE JACK AND JILL LATE STAGE CANCER FOUNDATION, INC.

NOTE C--AIR TICKET INVENTORY

In July 2013, the Organization entered into an agreement with an airline company to exchange a contributed media space by a media company for which a member of the executive team also served on the Organization's board of directors of \$312,500 for air tickets in the same value to be utilized for the Organization's programs through January 2015. During the years ended September 30, 2016 and 2015, air tickets in the amount of \$13,774 and \$125,264, respectively, were utilized under this agreement. At September 30, 2016 and 2015, the Organization had an air ticket inventory of \$-0- and \$13,774, respectively, for media space that was provided under the terms of the agreement.

NOTE D--PLEDGES RECEIVABLE

Pledges receivable consist of WOW! Society pledges towards the WOW! Experience® program. Pledges expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of expected future cash flows, using a discount rate of 5.00%.

Pledges receivable consisted of the following at September 30, 2016:

Pledges receivable	\$ 229,000
Less unamortized discount	<u>(14,721)</u>
	<u>\$ 214,279</u>

These pledges are scheduled to be collected as follows:

Year Ending September 30:	
2017	\$ 58,000
2018-2020	<u>171,000</u>
	<u>\$ 229,000</u>