

**CANNONBALL KIDS'
CANCER FOUNDATION, INC.**

Financial Statements

December 31, 2017

(With Independent Auditors' Report Thereon)

CANNONBALL KIDS' CANCER FOUNDATION, INC.

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Independent Auditors' Report

The Board of Directors
Cannonball Kids' cancer Foundation, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying statement of financial position of Cannonball Kids' cancer Foundation, Inc. as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. 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 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 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.

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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 Cannonball Kids' cancer Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Davis Group, P.A.

Davis Group, P.A.
October 18, 2018

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Financial Position

December 31, 2017

Assets

Current assets:

Cash and cash equivalents	\$	511,951
Investments		6,045
Contributions receivable		<u>15,000</u>
Total assets	\$	<u><u>532,996</u></u>

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$	3,706
Deferred revenue		<u>44,611</u>
Total liabilities		<u><u>48,317</u></u>

Net assets-

Unrestricted net assets		<u>484,679</u>
Total liabilities and net assets	\$	<u><u>532,996</u></u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2017

Unrestricted net assets:	
Revenue and support:	
Fundraising events	\$ 434,457
Contributions	232,035
Contributed facilities, materials and services	86,550
Unrealized gain on investments	5,830
Investment income	410
Total revenue and support	<u>759,282</u>
Expenses:	
Program services	300,088
Supporting services:	
Management and general	147,591
Fundraising	<u>76,226</u>
Total supporting services	<u>223,817</u>
Total expenses	<u>523,905</u>
Changes in unrestricted net assets	235,377
Net assets, beginning of year	<u>249,302</u>
Net assets, end of year	<u>\$ 484,679</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	<u>Supporting Services</u>				
	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total Expenses</u>
Awards and grants	\$ 267,875	\$ -	\$ -	\$ -	\$ 267,875
Salaries	-	78,780	-	78,780	78,780
Office supplies and materials	7,220	9,907	51,378	61,285	68,505
Professional fees	-	27,250	7,726	34,976	34,976
Meetings and travel	11,437	5,504	3,717	9,221	20,658
Advertising	3,711	13,647	-	13,647	17,358
Processing fees	-	359	10,908	11,267	11,267
Events	8,066	-	-	-	8,066
Postage and shipping	1,059	918	1,207	2,125	3,184
Building occupancy	-	8,000	-	8,000	8,000
Other	530	675	-	675	1,205
Insurance	-	1,386	-	1,386	1,386
Equipment rental and maintenance	-	-	1,290	1,290	1,290
Licenses and fees	-	1,165	-	1,165	1,165
Dues and subscriptions	190	-	-	-	190
Total expenses	<u>\$ 300,088</u>	<u>\$ 147,591</u>	<u>\$ 76,226</u>	<u>\$ 223,817</u>	<u>\$ 523,905</u>

See accompanying notes to financial statements.

CANNONBALL KIDS' CANCER FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 2017

Cash flows from operating activities:	
Changes in net assets	\$ 235,377
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Decreases) increases in cash due to changes in:	
Accounts payable and accrued expenses	3,706
Deferred revenue	44,611
Net cash provided by operating activities	<u>283,694</u>
Cash flows from investing activities-	
Proceeds from sales of investments, net	<u>44,642</u>
Increase in cash and cash equivalents	328,336
Cash and cash equivalents, beginning of year	<u>183,615</u>
Cash and cash equivalents, end of year	<u>\$ 511,951</u>

See accompanying notes to financial statements.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

(1) Foundation

Cannonball Kids' cancer Foundation, Inc. (the Foundation) is a Florida not-for-profit corporation founded in February 2014 and established with a mission to promote finding cures for all childhood cancers by funding critical research needed to improve antiquated treatments and eliminate the occurrence of life-threatening side effects and secondary cancers.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Basis of Presentation

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – Net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. 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 restriction. There were no temporarily restricted net assets at December 31, 2017.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. There were no permanently restricted net assets at December 31, 2017.

Support and revenue, as well as income and realized and unrealized net gains and losses on any invested assets, are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the restricted time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions, which are met in the same year as received, are reported as unrestricted support and revenue.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

(2) Summary of Significant Accounting Policies, Continued

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include all cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less when purchased.

(d) *Concentration of Credit Risk*

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits. The Foundation places its cash with high credit quality financial institutions to minimize the risks.

(e) *Contributions Receivable*

Contributions receivable are stated at net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. At December 31, 2017, the Foundation deemed all receivables to be collectable; as such no allowance for bad debt has been recorded.

(f) *Promises to Give*

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at their estimated net realizable value.

(g) *Deferred Revenue*

Deferred revenue consists of amounts received before the end of the fiscal year that is revenue for the subsequent fiscal year. This revenue will be recognized during the subsequent fiscal year.

(h) *Donated Facilities, Materials and Services*

Some of the operations of the Foundation are conducted in facilities provided for use at reduced costs. Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Contributed materials are recorded at their fair value at the date of the gift.

The estimated fair value of contributed facilities, materials and services is reflected as support services and expenses in the accompanying statements of activities and changes in net assets in the period in which the use of facilities, materials and services are received. For the year ended December 31, 2017, contributed facilities, materials and services totaled \$86,550.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

(2) Summary of Significant Accounting Policies, Continued

(i) *Income Taxes*

The Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to a tax on income from any unrelated business.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America (US GAAP), with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017.

(j) *Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

(k) *Functional Expense Allocation*

The costs incurred by the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and support activities of the Foundation. These allocations have been made based on an estimate of the relative benefit provided and considerations of time spent on the related activities.

(l) *Subsequent Events*

The Foundation has performed an evaluation of subsequent events through October 18, 2018, which is the date the financial statements were available to be issued.

CANNONBALL KID'S CANCER FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

(3) Fair Value of Assets

Fair value is defined as 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 fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified as Level 3 of the hierarchy. There were no Level 2 or 3 investments as of December 31, 2017.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

Assets at fair value -	<u>(Level 1)</u>
Mutual funds	<u>\$ 6,045</u>

Interest and dividends from investments totaled \$410 for the year ended December 31, 2017.