

**CURE CHILDHOOD CANCER ASSOCIATION, INC.**

**ROCHESTER, NEW YORK**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2018 (Audited)**

**(With Comparative Totals for June 30, 2017 (Reviewed))**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors  
CURE Childhood Cancer Association, Inc.

We have audited the accompanying statement of financial position of CURE Childhood Cancer Association, Inc., as of June 30, 2018 and were engaged to audit 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.

**Auditor's 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of activities, functional expenses and cash flow statement.

We conducted our audit of the statement of financial position in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial position is 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 unmodified opinion on the statement of financial position.

**Basis for Disclaimer of Opinion on the Changes in Net Assets, Functional Expenses and Cash Flows**

We were not engaged as auditors of the entity until after June 30, 2017, and thus did audit the statement of financial position at the beginning of the year. We were unable to satisfy ourselves by performing other auditing procedures concerning balances at June 30, 2017. Since opening balances enter into the determination of the change in net assets, functional expenses and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the increase in the net assets for the year reported in the statement of activities, functional expenses and the cash flows from operating activities reported in the cash flow statement.

**Disclaimer of Opinion on the Changes in Net Assets, Functional Expenses and Cash Flows**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of activities, functional expenses and the cash flow statement. Accordingly, we do not express an opinion on the changes in net assets, functional expenses and cash flows for the year ended June 30, 2018.

**Opinion on the Financial Position**

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of CURE Childhood Cancer Association, Inc. as of June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The June 30, 2017 financial statements were reviewed by us, and our report thereon, dated October 4, 2017, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
January 14, 2019

CURE CHILDHOOD CANCER ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

<u>ASSETS</u>	<u>Unrestricted</u>	
	<u>Operating</u>	<u>Board Designated Endowment</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 137,785	\$ -
Investments	-	413,811
United Way contributions receivable for the next fiscal year	-	-
Prepaid expenses	<u>4,893</u>	<u>-</u>
TOTAL CURRENT ASSETS	142,678	413,811
 <u>FIXED ASSETS</u>		
Land and building	179,285	-
Furniture and equipment	<u>120,372</u>	<u>-</u>
	299,657	-
Less accumulated depreciation	<u>173,949</u>	<u>-</u>
	<u>125,708</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 268,386</u>	<u>\$ 413,811</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of long-term debt	\$ 8,863	\$ -
Accounts payable	2,460	-
Deferred revenue	10,470	-
Accrued expenses	<u>4,513</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	26,306	-
 <u>LONG-TERM DEBT</u> , net of unamortized loan closing costs of \$1,259 and \$1,562 at June 30, 2018 and 2017, respectively	 31,125	 -
 <u>NET ASSETS</u>	 <u>210,955</u>	 <u>413,811</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 268,386</u>	<u>\$ 413,811</u>

See independent accountant's report and accompanying notes which are an integral part of the financial statements.

Temporarily restricted	Totals	
	Year ended June 30,	
	2018	2017
	(Audited)	(Reviewed)
\$ 101,891	\$ 239,676	\$ 217,420
-	413,811	315,730
43,038	43,038	46,523
-	<u>4,893</u>	<u>1,218</u>
<u>144,929</u>	701,418	580,891
-	179,285	179,285
-	<u>120,372</u>	<u>112,463</u>
-	299,657	291,748
-	<u>173,949</u>	<u>165,501</u>
-	<u>125,708</u>	<u>126,247</u>
<u>\$ 144,929</u>	<u>\$ 827,126</u>	<u>\$ 707,138</u>
\$ -	\$ 8,863	\$ 8,431
-	2,460	1,717
-	10,470	8,930
-	<u>4,513</u>	<u>1,950</u>
-	26,306	21,028
-	31,125	39,630
<u>144,929</u>	<u>769,695</u>	<u>646,480</u>
<u>\$ 144,929</u>	<u>\$ 827,126</u>	<u>\$ 707,138</u>

CURE CHILDHOOD CANCER ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for 2017)

	Unrestricted	
	Operating	Board Designated Endowment
Support and revenue:		
Support:		
Contributions	\$ 89,838	\$ -
Grants	35,500	-
United Way contributions for next fiscal year	-	-
Special events, net of direct costs of \$56,264 in 2018 and \$81,466 in 2017	219,381	-
TOTAL SUPPORT	344,719	-
Revenue:		
Membership dues	10,890	-
Investment income	-	14,840
Net assets released from restriction:		
United Way	46,523	-
Grants	53,848	-
TOTAL REVENUE	111,261	14,840
TOTAL SUPPORT AND REVENUE	455,980	14,840
Expenses		
Program services:		
Education	67,432	-
Community services	238,680	-
TOTAL PROGRAM SERVICES	306,112	-
Supporting services:		
Management and general	55,756	-
Fundraising	10,084	-
TOTAL SUPPORTING SERVICES	65,840	-
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSE	371,952	-
Depreciation	8,448	-
Interest	2,650	-
Amounts transferred to board designated endowment (from operating net assets), net	83,241	(83,241)
TOTAL EXPENSES	466,291	(83,241)
CHANGE IN NET ASSETS	(10,311)	98,081
Net assets at beginning of year	221,266	315,730
NET ASSETS AT END OF YEAR	\$ 210,955	\$ 413,811

See independent accountant's report and accompanying notes which are an integral part of the financial statements.

Temporarily restricted	Totals	
	Year ended June 30,	
	2018	2017
	(Unaudited)	(Reviewed)
\$ -	\$ 89,838	\$ 145,683
80,000	115,500	46,550
43,038	43,038	46,523
<u>12,778</u>	<u>232,159</u>	<u>167,075</u>
135,816	480,535	405,831
-	10,890	26,531
-	14,840	16,833
(46,523)	-	-
<u>(53,848)</u>	<u>-</u>	<u>-</u>
(100,371)	25,730	43,364
<u>35,445</u>	<u>506,265</u>	<u>449,195</u>
-	67,432	56,387
<u>-</u>	<u>238,680</u>	<u>215,165</u>
-	306,112	271,552
-	55,756	38,542
<u>-</u>	<u>10,084</u>	<u>11,049</u>
-	65,840	49,591
-	371,952	321,143
-	8,448	8,911
-	2,650	5,258
<u>-</u>	<u>-</u>	<u>-</u>
-	383,050	335,312
35,445	123,215	113,883
109,484	646,480	532,597
<u>\$ 144,929</u>	<u>\$ 769,695</u>	<u>\$ 646,480</u>



CURE CHILDHOOD CANCER ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for 2017)

	Program Services		
	Education	Community Services	Total
Activities	\$ -	\$ 44,584	\$ 44,584
Salaries and payroll taxes	48,800	126,615	175,415
Retirement plan contributions	476	1,235	1,711
Education liaison	5,365	-	5,365
Aid to families	-	56,350	56,350
Printing and publications	446	780	1,226
Postage	218	581	799
Professional fees	-	-	-
Supplies	-	-	-
Insurance	-	-	-
Telephone/utilities	-	-	-
Conferences	-	173	173
Employee expenses	462	1,198	1,660
Building maintenance	466	1,399	1,865
Real estate taxes	113	340	453
Marketing	4,340	5,425	9,765
Miscellaneous	6,746	-	6,746
	<u>\$ 67,432</u>	<u>\$ 238,680</u>	<u>\$ 306,112</u>

See independent accountant's report and accompanying notes which are an integral part of the financial statements.

Supporting Services			Total Program and Supporting Services Expenses	
Management/ General	Fundraising	Total	Year ended June 30,	
			2018	2017
			(Unaudited)	(Reviewed)
\$ -	\$ -	\$ -	\$ 44,584	\$ 61,028
16,146	10,084	26,230	201,645	159,028
256	-	256	1,967	2,178
-	-	-	5,365	2,489
-	-	-	56,350	44,858
1,003	-	1,003	2,229	2,771
654	-	654	1,453	1,718
27,533	-	27,533	27,533	13,601
943	-	943	943	3,487
1,986	-	1,986	1,986	1,596
5,231	-	5,231	5,231	5,113
92	-	92	265	525
248	-	248	1,908	710
466	-	466	2,331	3,814
113	-	113	566	555
1,085	-	1,085	10,850	14,846
-	-	-	6,746	5,026
<u>\$ 55,756</u>	<u>\$ 10,084</u>	<u>\$ 65,840</u>	<u>\$ 371,952</u>	<u>\$ 323,343</u>

CURE CHILDHOOD CANCER ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for 2017)

	<u>Year ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
	(Unaudited)	(Reviewed)
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 123,215	\$ 113,883
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Net (gain) loss on investments	(7,274)	(18,714)
Depreciation	8,448	8,911
Amortization of loan closing costs included in interest expense	303	303
Changes in certain operating assets and liabilities:		
United Way contributions receivable	3,485	3,126
Prepaid expenses	(3,675)	523
Accounts payable and accrued expenses	3,306	(5,252)
Deferred revenue	<u>1,540</u>	<u>(960)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	129,348	101,820
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of fixed assets	(7,910)	(724)
Proceeds from sale of investments	47,934	185,830
Purchase of investments	<u>(138,741)</u>	<u>(306,609)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(98,717)	(121,503)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayments on long-term debt	<u>(8,375)</u>	<u>(7,963)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(8,375)</u>	<u>(7,963)</u>
NET INCREASE (DECREASE) IN CASH	22,256	(27,646)
Cash at beginning of year	<u>217,420</u>	<u>245,066</u>
CASH AT END OF YEAR	<u>\$ 239,676</u>	<u>\$ 217,420</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 2,347</u>	<u>\$ 2,755</u>

See independent accountant's report and accompanying notes which are an integral part of the financial statements.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)

(With Comparative Totals for 2017 (Reviewed))

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

CURE Childhood Cancer Association, Inc. ("CURE" or the "Association") was chartered in 1977 as a non-affiliated, not-for-profit organization. Its purpose is to provide: a structure for parental involvement, discussion and support; public education regarding childhood cancer; funds to major pediatric research centers in Western New York for the development of childhood cancer research and financial assistance to families in need.

Financial statement presentation

The Association presents its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Represents all resources over which the Governing Board has discretionary control to use in carrying on the Association's operations in accordance with the guidelines established for the Association. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment. As of June 30, 2018 the Board has designated \$413,811 as a Board Designated endowment.

Temporarily Restricted Net Assets: Consists of all resources currently available for use, but limited by donor imposed restrictions that expire by the passage of time or can be fulfilled or otherwise removed by actions of the Association.

Permanently Restricted Net Assets: Represents the principal amount of gifts and bequests accepted with the donor-stipulation that the principal be maintained intact in perpetuity and that only the investment income earned may be expended for general purposes. The Association has no permanently restricted net assets.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Association. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction.

Cash

Cash balances are maintained at financial institutions located in Upstate New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Association has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

Fixed assets

Fixed assets are stated at cost or estimated fair value at the date of donation and are depreciated on a straight-line basis over the assets estimated useful lives, generally three to twenty years for furniture and equipment and 39 years for the building.

Repairs and maintenance are charged to expense as incurred while renewals and betterments, which significantly extend the useful lives of existing equipment, are capitalized. Gains or losses on disposition of fixed assets are reflected in CURE's statement of activities and changes in net assets as realized.

Contributed services

The Association receives donated services from volunteers within the community. These services are not valued in the financial statements unless they require specialized skills and typically would be purchased if they were not contributed. During the years ended June 30, 2018 and 2017, no donated services were recognized.

Income taxes

CURE is a not-for-profit organization exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code. The Association is also exempt for state income tax purposes. The Association files tax returns in the U.S. federal jurisdiction and in New York State.

The Association has filed for and received income tax exemptions in the various jurisdictions where they are required to do so. The Association files form 990 tax returns in the U.S. federal jurisdiction and in New York State. With few exceptions, as of June 30, 2018, the Association is no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended prior to June 30, 2015. The tax returns for years ended June 30, 2015 through June 30, 2018 are still subject to potential audit by the IRS and taxing authorities in New York State. Management of the Association believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits.

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 June 30, 2018 and 2017 and the reported amounts of support, revenue and expenses for the years then ended. Actual results could differ from those estimates.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Functional expense allocations

The costs of providing program services of the Association have been summarized on a functional basis in the accompanying statement of functional expenses. Certain costs have been allocated among the program and supporting services based upon certain statistics and estimates made by the Association's management.

Donated materials

Donated materials are reflected in the accompanying financial statements in both support and revenue and in expenses at their estimated fair market values at the date of the receipt. Total donated materials recorded in the accompanying financial statements approximated \$42,200 and \$68,400 for the years ended June 30, 2018 and 2017, respectively. These amounts are included in both contributions and the applicable expenses.

Comparatives for year ended June 30, 2017

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent events

The Association has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through January 14, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE B: INVESTMENTS

Investments consist of the following:

	<u>June 30, 2018 (Audited)</u>		
	<u>Market</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Assets held at Courier Capital Investments:			
Money market funds	\$ 17,144	\$ 17,144	\$ -
Exchange traded funds	213,094	200,817	12,277
Mutual funds	138,602	134,754	3,848
Certificates of Deposit	<u>44,971</u>	<u>45,000</u>	<u>(29)</u>
	<u>\$ 413,811</u>	<u>\$ 397,715</u>	<u>\$ 16,096</u>

  

	<u>June 30, 2017 (Reviewed)</u>		
	<u>Market</u>	<u>Cost</u>	<u>Unrealized gain</u>
Assets held at Courier Capital Investments:			
Money market funds	\$ 27,882	\$ 27,882	\$ -
Exchange traded funds	212,197	207,462	4,735
Mutual funds	<u>75,651</u>	<u>72,025</u>	<u>3,626</u>
	<u>\$ 315,730</u>	<u>\$ 307,369</u>	<u>\$ 8,361</u>

Realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investments, it is at least reasonably possible that changes in risks could materially affect the Association.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE C: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon:

- Quoted prices for similar instruments in active markets;
- Quoted prices for identical or similar instruments in inactive markets;
- Inputs other than quoted prices that are observable for the instruments;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

*Money market accounts:* Fair value equals costs.

*Exchange traded funds and mutual funds:* Valued at the closing price reported on the active market on which the individual funds are traded.

*Mutual funds:* Valued at the net asset value of shares held by the Association at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

The following table presents by level, within the fair value hierarchy, the Association's assets as of June 30, 2018:

<u>June 30, 2018 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Assets held at Courier Capital				
Investments:				
Money market funds	\$ 17,144	\$ -	\$ -	\$ 17,144
Exchange traded funds:				
Bond funds	83,650	-	-	83,650
Large cap funds	47,631	-	-	47,631
Mid cap funds	22,092	-	-	22,092
Small cap funds	17,925	-	-	17,925
International funds	35,253	-	-	35,253
Other	6,543	-	-	6,543
Total exchange traded funds	213,094	-	-	213,094
Mutual funds:				
Large cap funds	40,236	-	-	40,236
International funds	27,387	-	-	27,387
Option funds	33,278	-	-	33,278
Bond Funds	18,705	-	-	18,705
Other	18,996	-	-	18,996
Total mutual funds	138,602	-	-	138,602
Fixed income securities:				
Certificates of deposit	44,971	-	-	44,971
Total fixed income securities	44,971	-	-	44,971
TOTAL ASSETS	<u>\$ 413,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,811</u>

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE C: FAIR VALUE MEASUREMENTS, Cont'd

The following table presents by level, within the fair value hierarchy, the Association's assets as of June 30, 2017:

<u>June 30, 2017 (Reviewed)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Assets held at Courier Capital				
Investments:				
Money market funds	\$ 27,882	\$ -	\$ -	\$ 27,882
Exchange traded funds:				
Bond funds	90,412	-	-	90,412
Large cap funds	42,814	-	-	42,814
Mid cap funds	18,928	-	-	18,928
Small cap funds	12,291	-	-	12,291
International funds	35,858	-	-	35,858
Other	<u>11,894</u>	<u>-</u>	<u>-</u>	<u>11,894</u>
Total exchange traded funds	212,197	-	-	212,197
Mutual funds:				
Large cap funds	20,834	-	-	20,834
International funds	16,161	-	-	16,161
Option funds	21,626	-	-	21,626
Other	<u>17,030</u>	<u>-</u>	<u>-</u>	<u>17,030</u>
Total mutual funds	<u>75,651</u>	<u>-</u>	<u>-</u>	<u>75,651</u>
TOTAL ASSETS	<u>\$ 315,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,730</u>

NOTE D: LINE OF CREDIT

The Association has a secured \$40,000 line of credit with a bank, with interest at prime plus 1% (effective rate of 6.00% at June 30, 2018), collateralized by the Association's assets. The Association had no outstanding balance at both June 30, 2018 and 2017.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE E: LONG-TERM DEBT

Long-term debt consists of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
	<small>(Audited)</small>	<small>(Reviewed)</small>
Mortgage due to bank, payable in monthly installments of \$893 including interest of 5.01% through October 2022.	\$ 41,247	\$ 49,623
Less unamortized loan closing costs	1,259	1,562
Less current portion of long-term debt	<u>8,863</u>	<u>8,431</u>
	<u>\$ 31,125</u>	<u>\$ 39,630</u>

Expected annual maturities of long-term debt are as follows:

Year ending June 30,

2019	\$ 8,863
2020	9,318
2021	9,795
2022	10,298
2023	<u>2,973</u>
	<u>\$ 41,247</u>

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
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NOTE F: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
	<small>(Audited)</small>	<small>(Reviewed)</small>
United Way contributions receivable for the next fiscal year	\$ 43,038	\$ 46,523
PADDance Phillip's Palliative Care Program	5,640	4,540
Cure Bears (formerly Jenna's Journey Program)	1,717	2,023
Hannah Metzler Memorial Fund - Agnes K. Mackey Program	15,000	-
Angel Fund	3,815	2,000
Meal Vouchers	-	5,400
Funeral Assistance	-	18,012
Cell phone grant	241	1,850
Roc City Sicklers	215	262
Crane Family Foundation	15,572	23,969
Bereavement Funds	14,060	791
Research	-	1,495
Parent Advocate	45,631	2,619
	<u>\$ 144,929</u>	<u>\$ 109,484</u>

NOTE G: RETIREMENT PLAN

In January 2015 the Association established a SIMPLE IRA plan for eligible employees. The Plan provides for the Association to make matching contributions up to 3% and 1.25% of eligible compensation for the years ended June 30, 2018 and 2017, respectively.

Employer matching contributions to the plans described above amounted to \$1,967 and \$2,178 for the years ended June 30, 2018 and 2017, respectively.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE H: ENDOWMENT

The Association's endowment consists of funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Association has determined the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted to replace and update the New York State Uniform Management of Institutional Funds Act (UMIFA) do not apply to the Association as the Association's endowment does not include any donor-restricted gifts.

Endowment net asset composition by type of fund as of June 30, 2018 and 2017:

	<u>Unrestricted</u>
<u>June 30, 2018 (Audited)</u>	
Board-designated endowment funds:	
Assets held at Courier Capital:	<u>\$ 413,811</u>
<u>June 30, 2017 (Reviewed)</u>	
Board-designated endowment funds:	
Assets held at Courier Capital:	<u>\$ 315,730</u>

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
(See Independent Accountant's Report)

JUNE 30, 2018 (Audited)  
(With Comparative Totals for 2017 (Reviewed))

NOTE H: ENDOWMENT, Cont'd

For the years ended June 30, 2018 and 2017, the Association had the following endowment-related activities:

	<u>Unrestricted</u>
Endowment net assets, July 1, 2016	\$ 174,768
Investment return	14,654
Amounts transferred to board designated endowment	127,200
Management fees paid	<u>(892)</u>
Total change in endowment funds	<u>140,962</u>
Endowment net assets, June 30, 2017 (Reviewed)	315,730
Investment return	14,840
Amounts transferred to board designated endowment	84,999
Management fees paid	<u>(1,758)</u>
Total change in endowment funds	<u>98,081</u>
Endowment net assets, June 30, 2018 (Audited)	<u>\$ 413,811</u>

Return Objectives and risk parameters

CURE Childhood Cancer Association, Inc. adopted investment and spending policies for endowment assets that attempt to create a stream of investment returns which treat equitably, in inflation adjusted terms, the present and future needs of the Association while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that minimizes year-to-year volatility of the portfolio through broad diversification among the major asset classes as well as mitigating investment related expenses.

The Fund's investment portfolio is expected to generate returns that are comparable to the returns in the capital markets. The investment goal of the Fund is to achieve a total return (income and appreciation) of 5% after inflation, over a full market cycle (3-5 years).

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e. volatility of return) is associated with higher return.

CURE CHILDHOOD CANCER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd  
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JUNE 30, 2018 (Audited)  
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NOTE H: ENDOWMENT, Cont'd

Given this relationship between risk and return, a fundamental step in determining the investment policy for the portfolio is the determination of an appropriate risk tolerance. The three primary factors that affect this determination are the financial ability to accept risk (specifically, dramatic negative short term performance), the psychological ability to accept risk, and the long-term investment return requirements.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association recognizes that asset allocation is keyed to investment growth and that diversification across and within asset classes moderates risks. The specific investment asset classes included for investment, as well as their respective target allocations and ranges, are identified below:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Money Market Funds	3%	10%
Equities	40%	80%
Fixed income	10%	20%

The Association has reviewed potential outcomes for the portfolios with these asset allocations and has determined the risk profile is prudent relative to the potential returns based on historical risk and return characteristics. Moreover, this allocation provides a reasonable opportunity for the Fund to meet the spending requirements, plus all related costs associated with management and maintenance of the Fund.

Spending policy and how the investment objectives relate to spending policy

The distributions from the Endowment Fund are relatively consistent and predictable. The Association periodically reviews the effect of the spending policy and rate on the investment policies, to maintain, in real terms, the purchasing power of the Fund. For purposes of establishing the total return objective, the spending rate is up to 5% of the total market value of the Endowment Fund as of the last business day of the preceding year. The spending percentage is applied on the three-year average for the December market value. The dollar amount and timing of any distribution from the investment account will be left up to the discretion of the Board Chairperson and Treasurer.