



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Children's Cancer Association

Consolidated Financial Statements and Other
Information as of and for the Year Ended April 30, 2018
and Report of Independent Accountants

CHILDREN'S CANCER ASSOCIATION

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Children's Cancer Association:*

We have audited the accompanying consolidated financial statements of Children's Cancer Association, which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Children's Cancer Association as of April 30, 2018, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

We have previously audited Children's Cancer Association's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Ernst & Young LLP

August 7, 2018

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APRIL 30, 2018

(WITH COMPARATIVE AMOUNTS FOR 2017)

	2018	2017
Assets:		
Cash and cash equivalents	\$ 582,792	739,524
Contributions receivable (note 4)	352,555	221,409
Investments (note 5)	2,309,482	2,196,861
Prepaid expenses and other assets	243,196	228,611
Property and equipment (note 6)	1,673,793	1,764,329
Total assets	\$ 5,161,818	5,150,734
Liabilities:		
Accounts payable and accrued expenses	132,369	65,466
Accrued payroll liabilities	288,107	271,364
Deferred revenue	74,099	68,532
Tenant security deposit	26,373	-
Deferred compensation (note 15)	11,624	-
Note payable (note 7)	37,804	42,138
Total liabilities	570,376	447,500
Net assets:		
Unrestricted:		
Available for general operations and programs	1,546,658	1,817,034
Designated by Board (note 9)	500,000	500,000
Net investment in capital assets	1,673,793	1,764,329
Total unrestricted	3,720,451	4,081,363
Temporarily restricted (note 9)	620,831	371,711
Permanently restricted (note 9)	250,160	250,160
Total net assets	4,591,442	4,703,234
Commitments (notes 8, 13, and 14)		
Total liabilities and net assets	\$ 5,161,818	5,150,734

See accompanying notes to consolidated financial statements.

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			Total	2017
	Unrestricted	Temporarily restricted	Permanently restricted		
Operating revenues, gains, and other support:					
Contributions and grants (<i>note 11</i>)	\$ 5,620,545	284,936	—	5,905,481	5,773,977
Investment income (<i>note 5</i>)	95,489	—	—	95,489	125,896
Other income	53,674	—	—	53,674	70,185
Total operating revenues and gains	5,769,708	284,936	—	6,054,644	5,970,058
Net assets released from restrictions for operating purposes (<i>note 10</i>)	54,722	(54,722)	—	—	—
Total operating revenues, gains, and other support	5,824,430	230,214	—	6,054,644	5,970,058
Expenses (<i>note 12</i>):					
Program services:					
MyMusicRx	2,469,700	—	—	2,469,700	2,291,741
Pediatric Chemo Pal Mentor program	504,196	—	—	504,196	515,876
Caring Cabin	276,490	—	—	276,490	338,222
Link program	398,833	—	—	398,833	360,202
Education and resources	1,046,354	—	—	1,046,354	860,248
Total program services	4,695,573	—	—	4,695,573	4,366,289
Supporting services:					
Management and general	562,700	—	—	562,700	454,965
Fundraising	964,469	—	—	964,469	886,903
Total supporting services	1,527,169	—	—	1,527,169	1,341,868
Total expenses	6,222,742	—	—	6,222,742	5,708,157
Increase (decrease) in net assets before non-operating activities	\$ (398,312) ^[1]	230,214	—	(168,098)	261,901

[1] Includes \$222,538 in depreciation expense.

Continued

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED APRIL 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			Total	2017
	Unrestricted	Temporarily restricted	Permanently restricted		
Non-operating activities:					
Endowment investment return <i>(note 5)</i>	\$ –	18,906	–	18,906	29,015
In-kind capital contributions	37,400	–	–	37,400	97,177
In-kind contribution of other assets	–	–	–	–	9,939
Total non-operating activities	37,400	18,906	–	56,306	136,131
Increase (decrease) in net assets	(360,912)	249,120	–	(111,792)	398,032
Net assets at beginning of year	4,081,363	371,711	250,160	4,703,234	4,305,202
Net assets at end of year	\$ 3,720,451	620,831	250,160	4,591,442	4,703,234

See accompanying notes to consolidated financial statements.

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED APRIL 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018					Total
	Program services					
	MyMusicRx	Pediatric Chemo Pal Mentor program	Caring Cabin	Link program	Education and resources	
Salaries and related expenses	\$ 696,403	336,794	146,776	171,182	788,435	2,139,590
Professional services	1,563,271	40,943	17,396	33,768	97,719	1,753,097
Occupancy	43,438	21,339	31,989	10,808	49,174	156,748
Telephone	5,650	2,895	3,138	1,514	4,560	17,757
Other direct benefits for families ^[1]	13,802	75,350	3,310	155,135	2,907	250,504
Supplies	26,824	6,031	4,831	16,388	12,636	66,710
Postage	11,877	768	788	516	2,826	16,775
Printing and publications	3,708	1,358	754	688	12,478	18,986
Equipment	1,757	863	374	437	1,989	5,420
Insurance	4,453	2,187	4,677	1,108	5,041	17,466
Travel	47,775	2,669	5,578	1,604	9,320	66,946
Marketing	5,087	1,885	818	955	4,343	13,088
Meetings and public relations	454	1,790	365	200	3,102	5,911
Bank and merchandising fees	—	—	—	—	—	—
Provision for pledges receivable not collected	—	—	—	—	—	—
Other	7,860	1,622	1,564	629	5,447	17,122
Total expenses before depreciation	2,432,359	496,494	222,358	394,932	999,977	4,546,120
Depreciation	37,341	7,702	54,132	3,901	46,377	149,453
Total expenses	\$ 2,469,700	504,196	276,490	398,833	1,046,354	4,695,573

See accompanying notes to consolidated financial statements.

[1] Includes grocery cards, gas cards, funeral support, and community event tickets.

Supporting services				
Management and general	Fund-raising	Total	Total	2017
323,642	648,505	972,147	3,111,737	2,850,512
54,771	108,206	162,977	1,916,074	1,694,840
32,696	40,546	73,242	229,990	198,561
2,297	6,613	8,910	26,667	24,476
–	–	–	250,504	262,340
2,492	34,608	37,100	103,810	119,888
1,099	3,670	4,769	21,544	17,215
1,319	23,405	24,724	43,710	37,774
837	1,640	2,477	7,897	11,287
27,564	9,302	36,866	54,332	50,300
1,270	4,848	6,118	73,064	70,844
1,831	3,581	5,412	18,500	14,849
3,590	7,642	11,232	17,143	10,832
5,039	40,832	45,871	45,871	42,309
752	5,500	6,252	6,252	2,267
45,223	10,764	55,987	73,109	75,940
504,422	949,662	1,454,084	6,000,204	5,484,234
58,278	14,807	73,085	222,538	223,923
562,700	964,469	1,527,169	6,222,742	5,708,157

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash flows from operating activities:		
Cash received from contributors, grantors, and others	\$ 4,469,925	4,611,491
Interest income	52,314	51,666
Cash paid to employees and suppliers	(4,529,099)	(4,208,915)
Interest expense	(396)	(246)
Net cash provided by (used in) operating activities	(7,256)	453,996
Cash flows from investing activities:		
Purchase of investments	(12,000)	(205,000)
Sales of investments	-	5,000
Reinvested investment income	(38,540)	(39,899)
Capital expenditures	(94,602)	(119,190)
Net cash used in investing activities	(145,142)	(359,089)
Cash flows from financing activities		
Repayment of note principal	(4,334)	(4,283)
Net cash used in financing activities	(4,334)	(4,283)
Net increase (decrease) in cash and cash equivalents	(156,732)	90,624
Cash and cash equivalents at beginning of year	739,524	648,900
Cash and cash equivalents at end of year	\$ 582,792	739,524

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2018

1. Organization

Children's Cancer Association ("CCA") is an Oregon nonprofit corporation established in 1995. CCA delivers innovative, award-winning programs that provide joy to seriously ill children with life-threatening illnesses and their families at no cost, offering them unique in-hospital programs, family and emotional support, access to information, use of a family retreat home, and education and resources to improve their care and quality of life.

2. Program Services

During the year ended April 30, 2018, Children's Cancer Association incurred program service expenses in the following major categories:

MyMusicRx® – CCA's MyMusicRx team delivers the healing power of music to the bedsides of children and teens facing cancer and other serious illnesses to reduce stress, anxiety, and the perception of pain. Serving hospitalized children since 1995, this program incorporates state-of-the-art mobile music carts stocked with specialized instruments for all ages and abilities. As an innovative digital expansion, MyMusicRx.org was launched online in 2011, with exclusive artist greetings, concerts, music lessons, and curated content from across the Web.

Chemo Pal® Mentor Program – The Chemo Pal Mentor program matches kids and teens with a trusted adult friend, creating special bonds of friendship to relieve the loneliness and isolation experienced by children in treatment. Carefully screened and trained Chemo Pal mentors visit children in the hospital, clinic, or at home, where together they play games, listen to music, share hobbies, or simply enjoy the comfort of companionship. CCA and its partners also host activities in the community for children and their Chemo Pal mentors and provide ongoing support and education for these front-line volunteers.

The Alexandra Ellis Caring Cabin™ – The Alexandra Ellis Caring Cabin provides children facing cancer and terminal illnesses and their families with a multi-day stay at a private residence, connecting them to nature and healing. Located on 24 wooded, private acres along the Oregon coast, the Caring Cabin provides an extraordinary place to retreat, relax, and create once-in-a-lifetime memories outside the hospital environment.

Link Program – The Link program engages a community network of caring people and organizations to assist local families with resources and support during a difficult and often financially depleting medical journey. This program helps families with specific essential and non-reoccurring needs, connecting them to local and national resources, offering funeral assistance and bereavement support, and responds with "yes" when a child with a terminal illness has a special wish not met by other organizations.

Community Outreach and Education – CCA is committed to providing the community with educational resources to meet the needs of local children and teens with serious illness and with outreach and volunteer opportunities that align with our mission of JoyRx. CCA publishes the nationally-distributed *Kids' Cancer Pages* and the local (Oregon and Southwest Washington) *Family Support Pages*. CCA hosts an annual Celebration of Courage and engages in online and face-to-face outreach programs in collaboration with local high schools, businesses, and community leaders to inspire and connect others to the mission. To build and maintain a strong network of support, CCA sends staff into the community to educate, train, and support volunteers, who are the heart and soul of the organization. CCA volunteers mentor children, share their musical talents, staff community events, host toy drives, provide direct family support, and serve on our leadership boards. They generously commit many thousands of hours and share extensive expertise through a wide variety of services and specialized skills.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by Children’s Cancer Association are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying financial statements include the accounts of Children’s Cancer Association and The Foundation of the Children’s Cancer Association. All significant interorganizational investments, accounts, and transactions have been eliminated.

The Foundation of the Children’s Cancer Association (the “Foundation”) was incorporated in September of 2011 to provide support to CCA, including making payments to or for the use of, or providing services and facilities for the members of the charitable class benefited by, CCA. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of Oregon.

Basis of Presentation – CCA has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may be met by actions of CCA and/or the passage of time. These balances represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by CCA. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. The receipt of contributions with restrictions that are satisfied in the same reporting period as received are reported as unrestricted support.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of Long-Lived Assets – Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Benefits Provided to Donors at Special Events – CCA conducts special fundraising events from which a portion of the gross proceeds paid by participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Cash Equivalents – For purposes of the financial statements, CCA generally considers liquid investments having initial maturities of three months or less to be the equivalent of cash. Cash and cash equivalents held as part of CCA’s investment portfolio, and where management’s intention is to use the cash to purchase investments to be held long-term, are classified as investments.

Investments – Under the provisions of FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair value in the statement of financial position. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is reported in the statement of activities. Interest income is accrued as earned. Security transactions are recorded on a trade date basis.

Measure of Operations – The organization includes in its measure of operations all revenues and expenses that are integral to its programs and supporting activities, including net assets released from donor restrictions to support operations. The measure of operations excludes capital contributions, gains and/or losses on the disposal or sale of capital assets, endowment gifts, and endowment return.

Capital Assets and Depreciation – Property and equipment are carried at cost, and at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 10 to 40 years for buildings and improvements, 10 years (or the length of the lease term, if less) for leasehold improvements, 5 to 7 years for furniture and equipment, and 3 years for web sites.

Revenue Recognition – All contributions and grants are considered available for the unrestricted general operations of CCA unless specifically restricted by a donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Outstanding Legacies – CCA is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization’s share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Endowment Funds and Interpretation of Relevant Law – Effective January 1, 2008, the State of Oregon adopted the *Uniform Prudent Management of Institutional Funds Act* (“UPMIFA”), which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon’s adoption of UPMIFA as requiring Children’s Cancer Association to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary. Although CCA has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment’s purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment’s original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, CCA classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as temporarily restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as permanently restricted represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

With regard to endowment losses or appropriations in excess of the fair value of the original gift, in accordance with FASB ASC No. 958-320, *Investments – Debt and Equity Securities*, the portion of a donor-restricted endowment that is classified as permanently restricted is not reduced by losses on the investments of the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires CCA to hold in perpetuity. Similarly, the amount of permanently restricted net assets is not reduced by CCA's appropriations from the fund. In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces unrestricted net assets.

In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

During the year ended April 30, 2018, the Board of Directors did not appropriate any funds for expenditure (see note 9).

Advertising Expenses – Advertising costs are charged to expense as they are incurred.

Income Taxes – Both Children's Cancer Association and The Foundation of the Children's Cancer Association are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and comparable state law. Children's Cancer Association has been recognized as a public charity under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code. The Foundation of the Children's Cancer Association derives its public charity status as a Type I supporting organization described in IRC Section 509(a)(3).

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through August 7, 2018, which is the date the financial statements were available to be issued.

Concentrations of Credit Risk – CCA’s financial instruments consist primarily of cash equivalents, U.S. treasuries, corporate bonds, and mutual funds. Cash equivalents may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At April 30, 2018, CCA had \$265,098 in cash equivalents in excess of these limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization’s management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Summarized Financial Information for 2017 – The accompanying financial information as of and for the year ended April 30, 2017 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Contributions Receivable

Grants and contributions receivable are summarized as follows at April 30, 2018:

<i>Unconditional promises</i>	
<i>expected to be collected in:</i>	
Less than one year	\$ 146,158
One year to five years	237,933
	<hr/> 384,091
Less discount ¹	(31,536)
	<hr/> \$ 352,555

¹ Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.79%.

5. Investments

During the year ended April 30, 2015, CCA established investment accounts with windfall dollars received. Becker Capital was chosen as CCA’s partner in managing these funds, with direction from the Investment Advisory Group and Finance Committee.

Investments, at fair value, consist of the following at April 30, 2018:

Large cap equities	\$ 713,313
U.S. Treasuries	620,855
Corporate bonds	486,874
Mid-cap equities	242,807
Foreign	92,935
Small-cap equities	41,159
Exchange-traded funds	35,375
Real estate investment trusts	24,059
Equity funds	11,624
	<hr/> 2,269,001
Investments, at fair value	2,269,001
Cash and money market funds	40,481
	<hr/> \$ 2,309,482

Continued

Included among investments at April 30, 2018 is \$307,817 in funds restricted for endowment, consisting of \$250,160 of endowment corpus and \$57,657 of unappropriated endowment earnings. See note 9.

Total return on investments for the year ended April 30, 2018 is as follows:

Interest income	\$ 52,314
Net appreciation in the fair value of investments	62,081
Total investment return	\$ 114,395

Total investment return is attributed to the following fund groups:

Unrestricted, Board-designated and general operating funds	\$ 95,489
Endowment funds	18,906
Total investment return	\$ 114,395

6. Property and Equipment

A summary of property and equipment at April 30, 2018 is as follows:

Land	\$ 150,000
Caring Cabin	1,006,180
Caring Cabin furnishings	49,383
Furniture and equipment	448,843
Leasehold improvements	704,467
Web sites	468,109
Trademark	2,201
Work-in-progress	164,501
	2,993,684
Less accumulated depreciation	(1,319,891)
	\$ 1,673,793

7. Note Payable

During the year ended April 30, 2007, CCA issued a promissory note in the amount of \$56,600 to the Portland Development Commission in return for a loan under its "Quality Jobs Program." The loan is for a term of 20 years, with no interest accrued through December 1, 2008. Beginning January 1, 2009, interest-only payments were due monthly through December 1, 2013. Principal and interest payments were due monthly beginning on January 1, 2014, and are payable until the note is retired. Interest is calculated at 1.0%, if CCA is fully compliant with certain job creation benefits.

The following table summarizes the maturities of note principal for the five years subsequent to April 30, 2018 and thereafter:

<i>Years ending April 30,</i>	
2019	\$ 4,372
2020	4,416
2021	4,460
2022	4,505
2023	4,550
Thereafter	15,501
	\$ 37,804

Interest expense on the above note totaled \$396 for the year ended April 30, 2018.

8. Line of Credit

Children's Cancer Association had available a line of credit in the amount of \$250,000, secured by all of the organization's assets and bearing interest at the bank's prime rate. There was no balance outstanding under this agreement as of April 30, 2018.

9. Restrictions and Limitations on Net Asset Balances

The following summarizes the donor-imposed and Board-designated limitations on net assets as of April 30, 2018:

Board-Designated Net Assets

At April 30, 2018, \$500,000 of CCA's unrestricted net assets has been designated by the Board of Directors for the following purposes:

Caring Cabin	\$ 350,000
Future growth/2020 fund	150,000
	\$ 500,000

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at April 30, 2018:

Restricted resources held for:	
MyMusicRx Expansion	\$ 71,801
Society 5 Innovation Funds	324,678
Information technology staff	57,162
NatureRx	72,192
Other restricted programs and purposes	3,266
Purpose-restricted endowment earnings not yet appropriated	57,657
Contributions and grants for general purposes in future periods	34,075
	\$ 620,831

Permanently Restricted Net Assets

At April 30, 2018, CCA held \$250,160 in donor-restricted endowment funds. These funds represent the portion of the organization's endowment required to be retained permanently, either by explicit donor stipulation or by UPMIFA. The total investment return on the balances of these permanently restricted net assets is restricted for the following:

CCA Children Fund ¹	\$ 149,778
Make It Last Fund ²	100,382
	\$ 250,160

¹ Restricted for families of children not likely to survive.

² Restricted to the annual operating of, and capital improvements for, the Caring Cabin.

Endowment Summary

CCA's endowment consists of two individual funds. As required by generally accepted accounting principles, net assets associated with endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the organization's endowment-related activities for the year ended April 30, 2018:

	Temporarily restricted	Permanently restricted	Total
Endowment net assets at beginning of year	\$ 38,751	250,160	288,911
Investment earnings	18,906	-	18,906
Endowment net assets at end of year	\$ 57,657	250,160	307,817

10. Net Assets Released from Restrictions

During the year ended April 30, 2018, the organization incurred \$54,722 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

11. Contributions and Grants

Contributions and grants for the year ended April 30, 2018 totaled \$5,905,481 as follows:

<i>Contributions:</i>	
Contributions	\$ 1,378,619
Grants	415,500
	<hr/>
	1,794,119
	<hr/>
<i>In-kind contributions:</i>	
Contributed services – operations ¹	1,636,443
Contributed services – special events ¹	16,529
Materials and supplies – operations ²	231,528
Materials and supplies – special events ²	73,442
Free use of facilities – operations	9,600
	<hr/>
	1,967,542
	<hr/>
<i>Special events:</i>	
Celebration of Courage Series	1,178,540
Valentine-A-Thon	405,545
Other internally-sponsored events	727,451
Other externally-sponsored events	372,402
Less direct expenses incurred	(540,118)
	<hr/>
	2,143,820
	<hr/>
	\$ 5,905,481

¹ Consistent with the requirements of FASB ASC No. 958-605, *Revenue Recognition*, CCA reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the year ended April 30, 2018, CCA recorded \$1,662,572 in total contributed services and free use of facilities, including contributed services related to special events.

² In-kind contributions of materials and supplies are recorded where there is an objective basis upon which to value these gifts and where the contributions are an integral part of CCA's activities. During the year ended April 30, 2018, CCA recorded \$304,970 in total donated materials and supplies, including donated materials and supplies related to special events.

In addition to these contributions and grants, the organization regularly receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of events and by working with members of CCA's staff in a variety of capacities. Consistent with FASB ASC No. 958-605, *Revenue Recognition*, the value of such services, which the organization considers not practicable to estimate, have not been recognized in the accompanying financial statements.

Also excluded from the preceding table are gifts received by CCA for the acquisition of capital assets and other non-operating support received during the year. Non-operating support totaled \$37,400 for the year ended April 30, 2018.

12. Expenses

The costs of providing the various programs and other activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by their natural classification are presented in the consolidated statement of functional expenses.

13. Operating Lease Commitments

CCA has entered into a noncancelable operating lease agreement for its administrative offices that expires in October of 2023. CCA also leases certain office equipment through operating leases that expire in various years through 2022.

Annual lease commitments under these leases for the five years subsequent to April 30, 2018 and thereafter are payable as follows:

<i>Years ending April 30,</i>	
2019	\$ 311,151
2020	319,523
2021	328,114
2022	336,927
2023	283,497
Thereafter	88,969
	<hr/>
	\$ 1,668,181

Rent expense of the above leases for the year ended April 30, 2018 totaled \$201,839.

14. Employee Retirement Benefits

CCA has established a Simple IRA deferred savings plan for its employees. Employees become eligible to participate in the plan on the first of the month following their date-of-hire and may elect to contribute up to the statutory limit allowed. The organization matches all employee contributions up to 3.0% of participating employees' compensation. Matching contributions are 100% vested as contributed. Contributions to the plan totaled \$68,947 for the year ended April 30, 2018.

15. Deferred Compensation

To provide supplemental retirement income for a key employee, the organization has entered into a nonqualified deferred compensation arrangement pursuant to §457(b) of the Internal Revenue Code. The organization makes annual elective contributions on behalf of the participant, as determined by the organization's Executive Committee, up to the maximum allowed under IRC §457(e)(15). The arrangement is "unfunded," so that deferred amounts will not be included in the employee's gross incomes until the amounts are actually or constructively received. In addition, the terms of the arrangements provide that any assets associated with these arrangements are subject to the claims of the organization's creditors in the event of the insolvency of the employer.

During the year ended April 30, 2018, the organization recorded \$11,624 in compensation expense under the terms of the agreement, representing \$12,000 in contribution, less \$376 in loss on investments. Assets associated with this arrangement at April 30, 2018 totaled \$11,624 and are reported among investments, with a corresponding amount reported as deferred compensation liability.

16. Fair Value Measurements

The accompanying financial statements report the organization's investments at fair value. These assets have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

At April 30, 2018, CCA's financial assets that are reported at fair value on a recurring basis consist of investments totaling \$2,269,001 (see note 5), which are measured at fair value on a recurring basis using quoted prices for identical assets (i.e., Level 1).

17. Reclassification of 2017 Comparative Totals

Certain 2017 amounts presented herein have been reclassified to conform to the 2018 presentation.

18. Recently Issued Accounting Standards

In February of 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. CCA is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

19. Reconciliation of Statement of Cash Flows

The following presents a reconciliation of the decrease in net assets (as reported on the consolidated statement of activities) to net cash used in operating activities (as reported on the consolidated statement of cash flows):

Decrease in net assets	\$ (111,792)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	222,538
Net appreciation in the fair value of investments	(62,081)
In-kind capital contributions	(37,400)
<i>Net changes in:</i>	
Contributions receivable	(131,146)
Prepaid expenses and other assets	(14,585)
Accounts payable and accrued expenses	66,903
Accrued payroll liabilities	16,743
Deferred revenue	5,567
Tenant security deposit	26,373
Deferred compensation	11,624
<hr/>	
Total adjustments	104,536
<hr/>	
Net cash used in operating activities	\$ (7,256)
<hr/>	

20. Reclassification of 2017 Comparative Totals

Certain 2017 amounts presented herein have been reclassified to conform to the 2018 presentation.

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CHILDREN'S CANCER ASSOCIATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

APRIL 30, 2018

	Children's Cancer Association	The Foundation of the Children's Cancer Association	Consolidating elimination entries	Total
Assets:				
Cash and cash equivalents	\$ 523,977	58,815	–	582,792
Contributions receivable	352,555	2,500	(2,500)	352,555
Investments	1,923,747	385,735	–	2,309,482
Prepaid expenses and other assets	241,119	2,077	–	243,196
Property and equipment	706,896	966,897	–	1,673,793
Total assets	\$ 3,748,294	1,416,024	(2,500)	5,161,818
Liabilities:				
Accounts payable and accrued expenses	134,869	–	(2,500)	132,369
Accrued payroll liabilities	288,107	–	–	288,107
Deferred revenue	74,099	–	–	74,099
Tenant security deposit	26,373	–	–	26,373
Deferred compensation	11,624	–	–	11,624
Note payable	37,804	–	–	37,804
Total liabilities	572,876	–	(2,500)	570,376
Net assets:				
Unrestricted	2,612,244	1,108,207	–	3,720,451
Temporarily restricted	563,174	57,657	–	620,831
Permanently restricted	–	250,160	–	250,160
Total net assets	3,175,418	1,416,024	–	4,591,442
Total liabilities and net assets	\$ 3,748,294	1,416,024	(2,500)	5,161,818

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED APRIL 30, 2018

	Children's Cancer Association	The Foundation of the Children's Cancer Association	Consolidating elimination entries	Total
Operating revenues and gains				
Contributions and grants	\$ 5,904,720	761	–	5,905,481
Investment income	90,390	5,099	–	95,489
Other income	53,668	30,006	(30,000)	53,674
Total operating revenues and gains	6,048,778	35,866	(30,000)	6,054,644
Expenses:				
Program services:				
MyMusicRx	2,469,700	–	–	2,469,700
Pediatric Chemo Pal Mentor program	504,196	–	–	504,196
Caring Cabin	267,442	39,048	(30,000)	276,490
Link program	398,833	–	–	398,833
Education and resources	1,046,354	–	–	1,046,354
Total program services	4,686,525	39,048	(30,000)	4,695,573
Supporting services:				
Management and general	558,851	3,849	–	562,700
Fundraising	964,469	–	–	964,469
Total supporting services	1,523,320	3,849	–	1,527,169
Total expenses	6,209,845	42,897	(30,000)	6,222,742
Increase (decrease) in net assets before non-operating activities	(161,067)	(7,031)	–	(168,098)
Non-operating activities:				
Endowment investment income	–	18,906	–	18,906
In-kind capital contributions	37,400	–	–	37,400
Total non-operating activities	37,400	18,906	–	56,306
Increase (decrease) in net assets	(123,667)	11,875	–	(111,792)
Net assets at beginning of year	3,299,085	1,404,149	–	4,703,234
Net assets at end of year	\$ 3,175,418	1,416,024	–	4,591,442

CHILDREN'S CANCER ASSOCIATION

GOVERNING BOARD, MANAGEMENT, AND STAFF

AS OF AUGUST, 2018

Board of Directors

CHILDREN'S CANCER
ASSOCIATION

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General Counsel, Head of
Legal & Business Affairs
LAIKA, Inc.

Jeff Paustain, *Secretary &*
Treasurer, Finance Chair
Chief Executive Officer
JGP Wealth Management LLC

Andy Lytle, *Board Chair*
Emeritus, 2011 to 2017
Division Vice President –
Western U.S.
Jackson Family Wines

Paul Gulick, *Board Chair*
Emeritus, 2008 to 2010
Co-Founder, In-Focus
Founder, Clarity Visual Systems
(Retired)

Clare Hamill, *Founding Board*
Chair, 1996 to 2005
Vice President, Nike Growth
Initiatives
Nike, Inc.

Pete Baker
Vice President, Software &
Services Group GM, Platform
Application & Engineering,
Developer Relations Division
Intel

Paula Barran
Partner
Barran Liebman, LLP

Steve Blake
Retired Professional Basketball
Player

Scott Burton
Director of Revenue Management
& Portfolio Positioning
Cambia Health Solutions

Mark Byrum
Owner and Operator
Urban Restaurant Group

Aaron Cooper
Innovation Expert
Nike, Inc.

Tim Cooper
Senior Vice President
Brown & Brown Northwest

Andrea Corradini
Senior Director –
Women's NSW Footwear
Nike, Inc.

Jessi Duley
Founder & Instructor
Burn Cycle

Analia Earhart
Community Leader and
Philanthropist

Regina Ellis
Founder & Chief Executive Officer
Children's Cancer Association

Chris Funk
Artist, Musician, Producer
The Decemberists

Mike Golub
Chief Operating Officer
Portland Timbers

Rob Goodman
Owner & President of Sales
American Medical Concepts, Inc.

John Grothe
Head PGA Professional
Willamette Valley Country Club

Sharon Gueck
Portfolio Manager &
Financial Planner
Becker Capital

Grant Hammersley
Chief Executive Officer
Opus Events Agency

Tricia Hecht-Glad
First Vice President
Hecht Group

Paul Hogan
Principal
Jesuit High School

Macie House
Managing Director
Baird

Tara Kinatader
Executive Vice President
Ferguson Wellman
Capital Management

Peter Kwong
Audit Shareholder and Director of
Assurance and Advisory
Perkins & Co.

Scott Lawrence
Founder
Breakside Brewery

Matt Lounsbury
Chief Executive Officer &
Chief Operating Officer
Free Public

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Penner-Ash Wine Cellars*

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Legacy Research Institute
Legacy Health*

Bob Proffitt
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Operating Officer
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Tom Sand
*Partner
Miller Nash Graham &
Dunn, LLP*

John Simpson
Community Leader

Sonja Steves
*Senior Vice President of
Human Resources
Legacy Health*

Mike Tarbell
*Vice President of
Human Resources,
Strategic Planning &
Operation
Nike, Inc.*

Jason Werts
*Chief Operating Officer
Unitus*

Cliff Ellis, *Honorary Board Member*
*Co-Founder
Children's Cancer Association*

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*Chief Executive Officer
Phillips & Company*

Regina Ellis, *Board President*
*Founder & Chief Executive Officer
Children's Cancer Association*

Clare Hamill, *Board Secretary*
*Vice President, Nike Growth
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*Sales Director
Fox VUE*

Paul Gulick
*Co-Founder, In-Focus
Founder, Clarity Visual Systems
(Retired)*

Andy Lytle
*Division Vice President –
Western U.S.
Jackson Family Wines*

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Founder & Chief Joy Officer

Danielle York
President & General Manager

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Vice President, Brand

Jennifer O'Bryan
Vice President, Development

Jack Pipkin
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Development*

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Marketing & Performance*

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Carolyn Snodgrass
Director of Human Resources

Tanya Sloan
Director of Philanthropy

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Technology*

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Partnerships Manager*

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Program Manager

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Caring Cabin Site Manager

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Christine Mebesius
Special Events Manager

Marian Ohara
Database Manager

Kacy Smerke
Senior Programs Manager

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*MyMusicRx In-Hospital
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Brand Designer

Marijke Schouten
Program & Innovation Navigator

Brian Stitt
Digital Content Producer

Madison Burke
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Emily Calhoun
Chemo Pal Program Specialist

Kelly Carmody
*Digital Content & Social Media
Specialist*

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Chemo Pal Program Specialist

Dustin Donnor
Development Support

Valerie Egan
Foundation Relations Officer

Christina Heesacker
Chemo Pal Program Specialist

Bryndis Hjalmarsdottir
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Data Services Specialist

Holly Peterson
*Community Outreach &
Education Specialist*

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MyMusicRx Specialist

Jessica Stenihebel
MyMusicRx Specialist

Nicole Stencel
Administrative Program Support

Diana Szymczak
*Development Communications
Producer*

Eileen Shattuck
Accounting Specialist

Whitney Wilhardt
*Artist & Media Relations
Specialist*

Alyssa Williamson
Human Resources Generalist

CHILDREN'S CANCER ASSOCIATION

INQUIRIES AND OTHER INFORMATION

CHILDREN'S CANCER ASSOCIATION
1200 N. W. Naito Parkway, Suite 140
Portland, Oregon 97209

(503) 244-3141
(503) 892-1922 Fax
office@JoyRx.org

Web

www.JoyRx.org

