



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, 2019
and Report of Independent Accountants

CHILDREN'S CANCER ASSOCIATION

TABLE OF CONTENTS

	Page
Report of Independent Accountants	3
Financial Statements:	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities	6
Consolidated Statement of Functional Expenses	8
Consolidated Statement of Cash Flows	10
Notes to Consolidated Financial Statements	11
Supplementary Financial Information:	
<i>Schedule 1</i> – Consolidating Schedule of Financial Position	24
<i>Schedule 2</i> – Consolidating Schedule of Activities	25
Other Information:	
Governing Board, Management, and Staff	26
Inquiries and Other Information	29

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, 2019, and the related consolidated statements of activities, functional expenses, and cash flows 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, 2019, 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.

Emphasis of Matter

As discussed in note 4 to the consolidated financial statements, in 2019 Children’s Cancer Association adopted FASB Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 24 and 25 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 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



July 29, 2019

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APRIL 30, 2019

(WITH COMPARATIVE AMOUNTS FOR 2018)

	2019	2018
Assets:		
Cash and cash equivalents	\$ 647,497	582,792
Contributions receivable (<i>note 5</i>)	422,313	352,555
Investments (<i>note 6</i>)	2,488,310	2,309,482
Prepaid expenses and other assets	284,339	243,196
Property and equipment (<i>note 7</i>)	1,466,816	1,673,793
Total assets	\$ 5,309,275	5,161,818
Liabilities:		
Accounts payable and accrued expenses	89,198	132,369
Accrued payroll liabilities	179,822	288,107
Deferred revenue	128,591	74,099
Tenant security deposit	26,373	26,373
Deferred compensation (<i>note 18</i>)	24,601	11,624
Note payable (<i>note 8</i>)	33,451	37,804
Total liabilities	482,036	570,376
Net assets:		
Without donor restrictions (<i>note 10</i>)	3,724,954	3,720,451
With donor restrictions (<i>note 11</i>)	1,102,285	870,991
Total net assets	4,827,239	4,591,442
Commitments (<i>notes 8, 9, 16 and 17</i>)		
Total liabilities and net assets	\$ 5,309,275	5,161,818

See accompanying notes to consolidated financial statements.

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019		Total	2018
	Without donor restrictions	With donor restrictions		
Operating revenues, gains, and other support:				
Contributions and grants <i>(note 15)</i>	\$ 5,735,257	264,191	5,999,448	5,905,481
Investment income <i>(note 6)</i>	59,622	–	59,622	95,489
Other income	196,910	–	196,910	53,674
Total operating revenues and gains	5,991,789	264,191	6,255,980	6,054,644
Net assets released from restrictions for operating purposes <i>(note 13)</i>	40,103	(40,103)	–	–
Total operating revenues, gains, and other support	6,031,892	224,088	6,255,980	6,054,644
Expenses <i>(note 14):</i>				
Program services:				
MyMusicRx	1,929,971	–	1,929,971	2,469,700
Community Outreach and Education	1,027,471	–	1,027,471	1,046,354
Chemo Pal Mentor Program	517,814	–	517,814	504,196
Link Program	330,002	–	330,002	398,833
NatureRx	297,168	–	297,168	276,490
Total program services	4,102,426	–	4,102,426	4,695,573
Supporting services:				
Management and general	757,937	–	757,937	562,700
Fundraising	1,167,026	–	1,167,026	964,469
Total supporting services	1,924,963	–	1,924,963	1,527,169
Total expenses	6,027,389	–	6,027,389	6,222,742
Increase (decrease) in net assets before non-operating activities	\$ 4,503 ^[1]	224,088	228,591	(168,098)

^[1] Includes \$212,977 in depreciation and amortization expense.

Continued

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES, CONTINUED

YEAR ENDED APRIL 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019		Total	2018
	Without donor restrictions	With donor restrictions		
Non-operating activities:				
Endowment investment return (<i>note 6</i>)	\$ —	7,206	7,206	18,906
In-kind capital contributions	—	—	—	37,400
Total non-operating activities	—	7,206	7,206	56,306
Increase (decrease) in net assets	4,503	231,294	235,797	(111,792)
Net assets at beginning of year	3,720,451	870,991	4,591,442	4,703,234
Net assets at end of year	\$ 3,724,954	1,102,285	4,827,239	4,591,442

See accompanying notes to consolidated financial statements.

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED APRIL 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019					
	Program services					
	MyMusicRx	Community Outreach and Education	Chemo Pal Mentor Program	Link Program	NatureRx	Total
Salaries and related expenses	\$ 787,873	840,687	359,390	137,387	149,386	2,274,723
Professional services	902,227	40,377	16,321	14,827	7,597	981,349
Occupancy	38,217	39,870	17,966	6,868	42,580	145,501
Telephone	6,951	5,357	3,552	1,461	3,672	20,993
Technology	6,784	5,988	2,698	1,031	1,122	17,623
Other direct benefits for families ^[1]	13,407	5,830	81,734	158,509	20,205	279,685
Supplies	21,781	10,320	10,977	1,862	887	45,827
Postage	3,884	1,934	833	319	1,341	8,311
Printing and publications	6,365	9,026	1,132	323	741	17,587
Equipment	1,996	2,082	938	359	390	5,765
Insurance	2,863	2,987	1,346	515	5,147	12,858
Travel	56,040	5,644	5,236	1,440	5,285	73,645
Marketing	6,453	5,324	2,399	917	997	16,090
Meetings and public relations	1,170	3,593	1,004	49	341	6,157
Bank and merchandising fees	2,159	-	-	-	-	2,159
Provision for pledges receivable not collected	-	-	-	-	-	-
Other	4,584	2,269	2,547	411	1,568	11,379
Total expenses before depreciation and amortization	1,862,754	981,288	508,073	326,278	241,259	3,919,652
Depreciation and amortization	67,217	46,183	9,741	3,724	55,909	182,774
Total expenses	\$ 1,929,971	1,027,471	517,814	330,002	297,168	4,102,426

[1] Include grocery cards, gas cards, funeral support, and community event tickets.
See accompanying notes to consolidated financial statements.

Supporting services				
Management and general	Fund-raising	Total	Total	2018
347,226	826,010	1,173,236	3,447,959	3,111,737
151,707	94,202	245,909	1,227,258	1,916,074
152,614	38,784	191,398	336,899	229,990
3,182	7,831	11,013	32,006	26,667
10,263	6,235	16,498	34,121	–
–	–	–	279,685	250,504
4,970	17,002	21,972	67,799	103,810
845	17,387	18,232	26,543	21,544
857	25,811	26,668	44,255	43,710
951	2,176	3,127	8,892	7,897
29,427	2,906	32,333	45,191	54,332
5,297	17,888	23,185	96,830	73,064
2,431	5,179	7,610	23,700	18,500
6,243	3,619	9,862	16,019	17,143
2,012	55,904	57,916	60,075	45,871
–	6,000	6,000	6,000	6,252
30,912	18,889	49,801	61,180	73,109
748,937	1,145,823	1,894,760	5,814,412	6,000,204
9,000	21,203	30,203	212,977	222,538
757,937	1,167,026	1,924,963	6,027,389	6,222,742

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
Cash flows from operating activities:		
Cash received from contributors, grantors, and others	\$ 5,551,031	4,469,925
Interest income	46,104	52,314
Cash paid to employees and suppliers	(5,363,595)	(4,529,099)
Interest expense	(378)	(396)
Net cash provided by (used in) operating activities	233,162	(7,256)
Cash flows from investing activities:		
Purchase of investments	(262,000)	(12,000)
Sales of investments	150,000	—
Reinvested investment income	(46,104)	(38,540)
Capital expenditures	(6,000)	(94,602)
Net cash used in investing activities	(164,104)	(145,142)
Cash flows from financing activities		
Repayment of note principal	(4,353)	(4,334)
Net cash used in financing activities	(4,353)	(4,334)
Net increase (decrease) in cash and cash equivalents	64,705	(156,732)
Cash and cash equivalents at beginning of year	582,792	739,524
Cash and cash equivalents at end of year	\$ 647,497	582,792

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2019

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, 2019, 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. Specially trained music specialists perform for and with patients, teach music lessons, and create in-room music experiences for children and their families. As an innovative digital expansion, MyMusicRx.org was launched online in 2011, with exclusive artist greetings, concerts, music lessons, and a variety of other curated content

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.

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.

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.

NatureRx – NatureRx connects children, teens and families to nature and healing. The Alexandra Ellis Caring Cabin provides children facing cancer and terminal illnesses and their families with a multi-day stay at a private residence. Located on 24 wooded, private acres on the Oregon coast, the Caring Cabin provides an extraordinary place to retreat, relax, and create once-in-a-lifetime memories outside the hospital environment. This program also offers a series of immersive outdoor adventures designed specifically for teens and young adults.

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 inter-organizational 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 – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CCA and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, CCA’s Board of Directors may designate a portion of these net assets for particular purposes and objectives.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of CCA and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by CCA (e.g., endowment funds). Generally, the donors of these assets permit CCA to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed 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.

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 the donor's commitment is 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 and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class. Promises to give are written off when deemed uncollectible.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions with donor-imposed restrictions are recorded as net assets without donor restrictions if those restrictions are satisfied in the same reporting period. Otherwise, contributions with donor-imposed restrictions are recorded as increases in net assets with donor restrictions, depending on the nature of the restriction.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; 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 – Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the consolidated statement of financial position. Whenever available, quotations from organized securities exchanges are used as the basis for fair value.

Net investment return, which includes both current yield (interest and dividend income) and the net change in the fair value of investments, is reported in the consolidated statement of activities net of investment expenses. Interest income is accrued as earned. All 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.

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 – Subsequent events have been evaluated by management through July 29, 2019, 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, 2019, CCA had \$327,582 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 2018 – The accompanying financial information as of and for the year ended April 30, 2018 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. Recently-Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Children's Cancer Association implemented ASU No. 2016-14 during 2019 and has adjusted the presentation of these financial statements accordingly.

Net assets at April 30, 2018, as previously reported, are reclassified as follows:

	Without donor restrictions	With donor restrictions	Total
Unrestricted	\$ 3,720,451	–	3,720,451
Temporarily restricted	–	620,831	620,831
Permanently restricted	–	250,160	250,160
	\$ 3,720,451	870,991	4,591,442

5. Contributions Receivable

Grants and contributions receivable are summarized as follows at April 30, 2019:

<i>Unconditional promises expected to be collected in:</i>	
Less than one year	\$ 265,713
One year to five years	169,183
	434,896
Less discount ¹	(12,583)
	\$ 422,313

¹ Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 4.28% to 4.79%.

6. Investments

Investments, at fair value, consist of the following at April 30, 2019:

Large-cap equities	\$ 720,868
U.S. Treasuries	641,942
Corporate bonds	551,513
Mid-cap equities	314,363
Foreign	84,192
Small-cap equities	67,483
Exchange-traded funds	30,521
Real estate investment trusts	33,632
Equity funds (<i>note 18</i>)	24,601
<hr/>	
Investments, at fair value	2,469,115
Cash and money market funds	19,195
<hr/>	
	\$ 2,488,310

Included among investments at April 30, 2019 is \$315,023 in funds restricted for endowment, consisting of \$250,160 of endowment corpus and \$64,863 of unappropriated endowment earnings. See note 12.

Total return on investments for the year ended April 30, 2019 is as follows:

Interest income	\$ 46,104
Net appreciation in the fair value of investments	20,724
<hr/>	
Total investment return	\$ 66,828

Total investment return is attributed to the following fund groups:

Board-designated funds, general operating funds, and other funds without donor restrictions	\$ 59,622
Endowment funds	7,206
<hr/>	
Total investment return	\$ 66,828

7. Property and Equipment

A summary of property and equipment at April 30, 2019 is as follows:

Land	\$ 150,000
Caring Cabin	1,006,180
Caring Cabin furnishings	49,383
Furniture and equipment	460,283
Leasehold improvements	704,467
Web sites	615,540
Trademark	2,201
Work-in-progress	11,630
<hr/>	
	2,999,684
Less accumulated depreciation and amortization	(1,532,868)
<hr/>	
	\$ 1,466,816

8. 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. \$33,451 is outstanding at April 30, 2019.

The following table summarizes the maturities of note principal for the five years subsequent to April 30, 2019 and thereafter:

<i>Years ending April 30,</i>	
2020	\$ 4,416
2021	4,460
2022	4,505
2023	4,550
2024	4,596
Thereafter	10,924
	<hr/> \$ 33,451 <hr/>

Interest expense on the above note totaled \$378 for the year ended April 30, 2019.

9. 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, 2019.

10. Net Assets without Donor Restrictions

The following summarizes CCA's net assets without donor restrictions as of April 30, 2019:

Available for operations and general purposes	\$ 1,758,138
Net assets designated by the Board of Directors for:	
Caring Cabin	350,000
Future Growth Fund	150,000
Net investment in capital assets	1,466,816
	<hr/> \$ 3,724,954 <hr/>

11. Net Assets with Donor Restrictions

The following summarizes CCA's net assets with donor-imposed restrictions as of April 30, 2019:

<i>Expendable net assets restricted for the following purposes:</i>	
MyMusicRx Expansion	\$ 58,124
Society 5 Innovation Funds	404,566
Information technology staff	56,912
NatureRx	135,877
Other restricted programs and purposes	13,420
	<hr/> 668,899 <hr/>
<i>Expendable net assets unrestricted as to purpose, but restricted as to time:</i>	
Contributions and grants for general purposes in future periods	118,363
	<hr/>
Purpose-restricted endowment earnings not yet appropriated	64,863
<i>Endowment restricted for the following:</i>	
CCA Children Fund ¹	149,778
Make It Last Fund ²	100,382
	<hr/>
Total endowment	315,023
	<hr/> \$ 1,102,285 <hr/>

¹ Restricted for families of children not likely to survive.

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

12. Endowment

CCA’s endowment includes donor-restricted endowment 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 CCA’s endowment-related activities for the year ended April 30, 2019:

	With donor restrictions		
	Accumulated Endowment return	Endowment principal	Total
Endowment net assets at beginning of year	\$ 57,657	250,160	307,817
Net investment return	7,206	–	7,206
Endowment net assets at end of year	\$ 64,863	250,160	315,023

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

CCA’s Board of Directors has interpreted Oregon’s adoption of UPMIFA as requiring CCA to adopt investment and spending policies that are designed to 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 endowment principal (1) the original value of endowment gifts, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by CCA 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 endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires CCA to retain as a fund of perpetual duration. In addition, the Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and CCA has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

Investment and Spending Policies – In accordance with UPMIFA, CCA’s 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 CCA 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 CCA; and
- The investment policies of CCA.

During the year ended April 30, 2019, the Board of Directors did not appropriate any funds for expenditure.

13. Net Assets Released from Restrictions

During the year ended April 30, 2019, the organization incurred \$40,103 in expenses in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

14. Expenses

The costs of providing the various programs and activities of CCA 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. Depreciation and amortization of capital assets is allocated to operating programs and supporting activities based on benefit estimates prepared by management.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation and amortization, and other facility-related costs, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

15. Contributions and Grants

Contributions and grants for the year ended April 30, 2019 totaled \$5,999,448 as follows:

<i>Contributions:</i>	
Contributions	\$ 1,651,215
Grants	559,599
	2,210,814
<i>In-kind contributions:</i>	
Contributed services – operations ¹	861,631
Contributed services – special events ¹	6,700
Materials and supplies – operations ²	208,333
Materials and supplies – special events ²	48,277
Free use of facilities – operations	12,000
	1,136,941
<i>Special events:</i>	
Wonderball Gala	1,097,095
February Joy Drive	720,687
Other internally-sponsored events	1,029,066
Other externally-sponsored events	317,725
Less direct expenses incurred	(512,880)
	2,651,693
	\$ 5,999,448

¹ 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, 2019, CCA recorded \$892,331 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, 2019, CCA recorded \$244,610 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. The value of such services, which the organization considers not practicable to estimate, have not been recognized in the accompanying financial statements.

16. Operating Lease Commitments

CCA has entered into a non-cancelable 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, 2019 are payable as follows:

<i>Years ending April 30,</i>	
2020	\$ 319,523
2021	328,114
2022	336,927
2023	283,497
2024	88,969
	\$ 1,357,030

Rent expense of the above leases for the year ended April 30, 2019 totaled \$304,774.

On March 1, 2018, CCA entered into an agreement to sublease a portion of its office space to another organization. The sublease terminates on March 31, 2020. The minimum rental revenue that CCA will receive in 2020 under this agreement totals \$149,401.

17. 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 \$74,713 for the year ended April 30, 2019.

18. 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, 2019, the organization recorded \$12,978 in compensation expense under the terms of the agreement, representing \$12,000 in contribution and \$978 in gain on investments. Assets associated with this arrangement at April 30, 2019 totaled \$24,601 and are reported among investments, with a corresponding amount reported as deferred compensation liability.

19. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at April 30, 2019:

<i>Total financial assets available to fund general operations:</i>	
Cash and cash equivalents	\$ 647,497
Contributions receivable	422,313
Investments	2,488,310
	<hr/>
	3,558,120
<hr/>	
<i>Less financial assets not available within the year ending April 30, 2020:</i>	
Financial assets restricted by donors for endowment	(315,023)
Financial assets designated by Board for capital expenditure and future expansion	(500,000)
Financial assets restricted by donors for future periods	(156,600)
Financial assets associated with the deferred compensation plan (note 18)	(24,601)
	<hr/>
	(996,224)
	<hr/>
	\$ 2,561,896

As part of its liquidity management, CCA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In addition, the organization invests cash in excess of daily requirements in savings and money market accounts. To help manage unanticipated liquidity needs, CCA has a committed line of credit upon which it could draw (see note 9).

20. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties. Fair values are based on quoted market prices when available.

When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect CCA's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At April 30, 2019, CCA's financial assets that are reported at fair value on a recurring basis consist of investments totaling \$2,469,115 (see note 6), which are measured at fair value on a recurring basis using quoted prices for identical assets (i.e., Level 1).

21. Related-Party Transactions

During the year ended April 30, 2019, CCA contracted with a company controlled by a member of the Board of Directors to provide certain consulting services. Fees paid to this company totaled \$40,300 for the year ended April 30, 2019. All conflict-of-interest standards and practices required by CCA's policies for such transactions were followed by CCA.

22. Reclassification of 2018 Comparative Totals

Certain 2018 amounts presented herein have been reclassified to conform to the 2019 presentation.

23. Reconciliation of Statement of Cash Flows

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

Increase in net assets	\$ 235,797
<hr/>	
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	212,977
Net appreciation in the fair value of investments	(20,724)
Provision for uncollectible pledges	6,000
<i>Net changes in:</i>	
Contributions receivable	(75,758)
Prepaid expenses and other assets	(41,143)
Accounts payable and accrued expenses	(43,171)
Accrued payroll liabilities	(108,285)
Deferred revenue	54,492
Deferred compensation	12,977
<hr/>	
Total adjustments	(2,635)
<hr/>	
Net cash provided by operating activities	\$ 233,162
<hr/>	

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CHILDREN'S CANCER ASSOCIATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

APRIL 30, 2019

	Children's Cancer Association	The Foundation of the Children's Cancer Association	Consolidating elimination entries	Total
Assets:				
Cash and cash equivalents	\$ 574,477	73,020	–	647,497
Contributions receivable	422,313	2,500	(2,500)	422,313
Investments	2,093,754	394,556	–	2,488,310
Prepaid expenses and other assets	280,884	3,455	–	284,339
Property and equipment	534,162	932,654	–	1,466,816
Total assets	\$ 3,905,590	1,406,185	(2,500)	5,309,275
Liabilities:				
Accounts payable and accrued expenses	91,698	–	(2,500)	89,198
Accrued payroll liabilities	179,822	–	–	179,822
Deferred revenue	128,591	–	–	128,591
Tenant security deposit	26,373	–	–	26,373
Deferred compensation	24,601	–	–	24,601
Note payable	33,451	–	–	33,451
Total liabilities	484,536	–	(2,500)	482,036
Net assets:				
Without donor restrictions	2,633,792	1,091,162	–	3,724,954
With donor restrictions	787,262	315,023	–	1,102,285
Total net assets	3,421,054	1,406,185	–	4,827,239
Total liabilities and net assets	\$ 3,905,590	1,406,185	(2,500)	5,309,275

CHILDREN'S CANCER ASSOCIATION

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED APRIL 30, 2019

	Children's Cancer Association	The Foundation of the Children's Cancer Association	Consolidating elimination entries	Total
Operating revenues and gains				
Contributions and grants	\$ 5,999,253	195	–	5,999,448
Investment income	58,007	1,615	–	59,622
Other income	196,902	30,008	(30,000)	196,910
Total operating revenues and gains	6,254,162	31,818	(30,000)	6,255,980
Expenses:				
Program services:				
MyMusicRx	1,929,971	–	–	1,929,971
Community Outreach and Education	1,027,471	–	–	1,027,471
Chemo Pal Mentor Program	517,814	–	–	517,814
Link Program	330,002	–	–	330,002
NatureRx	279,854	47,314	(30,000)	297,168
Total program services	4,085,112	47,314	(30,000)	4,102,426
Supporting services:				
Management and general	756,388	1,549	–	757,937
Fundraising	1,167,026	–	–	1,167,026
Total supporting services	1,923,414	1,549	–	1,924,963
Total expenses	6,008,526	48,863	(30,000)	6,027,389
Increase (decrease) in net assets before non-operating activities	245,636	(17,045)	–	228,591
Non-operating activities:				
Endowment investment income	–	7,206	–	7,206
Total non-operating activities	–	7,206	–	7,206
Increase (decrease) in net assets	245,636	(9,839)	–	235,797
Net assets at beginning of year	3,175,418	1,416,024	–	4,591,442
Net assets at end of year	\$ 3,421,054	1,406,185	–	4,827,239

CHILDREN'S CANCER ASSOCIATION

GOVERNING BOARD, MANAGEMENT, AND STAFF

AS OF AUGUST, 2019

Board of Directors

CHILDREN'S CANCER
ASSOCIATION

Rosemary Colliver, *Board Chair*
Legal Counsel
ShadowMachine

Scott Burton, *Board Vice Chair*
Director of Revenue Management
& Portfolio Positioning
Cambia Health Solutions

Tara Kinateder, *Board Treasurer*
& Finance Chair
Executive Vice President
Ferguson Wellman
Capital Management

Andy Lytle, *Board Chair*
Emeritus, 2011 to 2018
CEO, AtTheJoy LLC
Co-Founder, Lytle-Barnett

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.

Suzann Baricevic Murphy
Owner/President
(w)here inc.

Paula Barran
Partner
Barran Liebman, LLP

Steve Blake
Assistant Coach
Phoenix Suns

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 Joy Officer
Children's Cancer Association

Chris Funk
Artist, Musician, Producer
The Decemberists

Lori Gaffney
Chief Executive Officer
Borders Perrin Norrander

Mike Golub
Chief Operating Officer
Portland Timbers

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

Sharon Gueck
Portfolio Manager &
Financial Planner
Becker Capital

Tricia Hecht-Glad
First Vice President
Alliant Insurance Services

Paul Hogan
Principal
Jesuit High School

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

Scott Lawrence
Founder
Breakside Brewery

Matt Lounsbury
Senior Vice President
Proud Mary Coffee Roasters

Albert A. Menashe
Attorney and Shareholder
Gevurtz Menashe

Lesley Otto, M.D.
Physician & Surgeon

Ron Penner-Ash
Winemaker and Owner
Penner-Ash Wine Cellars

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*President and Chief
Operating Officer
Alpha Media*

Tom Sand
*Partner
Miller Nash Graham &
Dunn, LLP*

John Simpson
Startup Advisor

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

Mike Tarbell
*President & Head Coach
Playbooks Consulting*

Jason Werts
*Chief Operating Officer
Unitus*

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

THE FOUNDATION OF THE
CHILDREN'S CANCER
ASSOCIATION

Tim Phillips, *Board Chair
Chief Executive Officer
Phillips & Company*

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

Clare Hamill, *Board Secretary
Vice President, Nike Growth
Initiatives
Nike, Inc.*

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

Andy Lytle
*CEO, AtTheJoy LLC
Co-Founder, Lytle-Barnett*

Management and Staff

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Founder & Chief Joy Officer

Danielle York
President & General Manager

Jennifer O'Bryan
*Senior Vice President of Revenue
& Development*

Cathy Marchant
Vice President of Brand Marketing

Jack Pipkin
*Vice President of Development,
Regional Markets*

Maura Boyce
Senior Director of PNW Programs

Nicole McDonald
Director of Finance

Tanya Sloan
Director of Philanthropy

Carolyn Snodgrass
Director of Human Resources

Diana Szymczak
Director of Communications

Joe Williams
*Director of Information
Technology & Facilities*

Kelly Duvall
Senior Program Manager

Angela Long
Senior Accounting Manager

Christine Mebesius
Senior Events Manager

Kacy Smerke
Senior Program Manager

Brian Stitt
Senior Manager of MyMusicRx

Marsha Brockmeyer
Human Resources Advisor

Elke Downer
*MyMusicRx In-Hospital
Supervisor*

Cliff Ellis
Caring Cabin Site Manager

Carrie Grant
Brand Design Producer

Misty Kiehl
*Development Analytics &
Prospect Research Manager*

Marijke Schouten
*JoyRx Campaign Operations
Manager*

Madison Burke
Development Specialist

Evan Butler
Gift Officer

Emily Calhoun
Chemo Pal Program Specialist

Kelly Carmody
Digital Content & Social Media Specialist

Jean Czuba
MyMusicRX In-Hospital Specialist

Dustin Donnor
Office Support

Valerie Egan
Foundation Relations Officer

Christina Heesacker
Chemo Pal Program Specialist

Bryndis Hjalmarsdottir
Event Specialist

Karly Joseph
Major Gift Officer

Rachel Marks
Information Technology & Facilities Coordinator

Bianca Naylor
Major Gift Officer

Helen Pearson
Executive Assistant

Drew Peterson
Data Services Specialist

Holly Petersen
Community Outreach & Education Specialist

Amy Raupp
Executive Assistant

Emily Rico
MyMusicRx In-Hospital Specialist

Genevieve Robinson
Marketing Specialist

Eileen Shattuck
Accounting Specialist

Amelia Spatz
Chemo Pal Program Specialist

Nicole Stencil
NatureRx Specialist

Cameron Turner
MyMusicRx In-Hospital Specialist

Whitney Wilhardt
Artist & Media Relations Specialist

CHILDREN'S CANCER ASSOCIATION

INQUIRIES AND OTHER INFORMATION

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