

# PREVENT CANCER FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

KOSITZKA, WICKS & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



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KOSITZKA, WICKS & COMPANY  
*Certified Public Accountants*

## Independent Auditor's Report

The Board of Directors  
**Prevent Cancer Foundation**

We have audited the accompanying financial statements of the **Prevent Cancer Foundation** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the **Prevent Cancer Foundation**, as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kositzka, Wicks and Company*

Alexandria, Virginia  
October 13, 2016

# Prevent Cancer Foundation

## Statements of Financial Position June 30,

	2016	2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,256,360	\$ 1,903,984
Grants and pledges receivable - current	260,886	106,930
Investments - general	3,073,272	3,118,911
Prepaid expenses	49,541	40,268
	<u>5,640,059</u>	<u>5,170,093</u>
 Property and equipment, net of accumulated depreciation	 97,288	 28,629
 Other assets		
Investments - donor restricted and board designated funds	5,924,287	5,933,315
Grants and pledges receivable - noncurrent	15,000	200,000
Deposits	46,346	22,636
Charitable gift annuities	189,056	207,465
Interests in remainder trusts	433,246	459,251
Deferred compensation plan	188,698	182,202
	<u>6,796,633</u>	<u>7,004,869</u>
 <b>Total assets</b>	 <u><u>\$ 12,533,980</u></u>	 <u><u>\$ 12,203,591</u></u>
 <b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 248,321	\$ 121,087
Grants payable	822,884	605,296
	<u>1,071,205</u>	<u>726,383</u>
 Long-term liabilities		
Deferred rent	49,875	-
Charitable gift annuities	57,791	75,175
Deferred compensation plan	188,698	182,202
	<u>296,364</u>	<u>257,377</u>
 <b>Total liabilities</b>	 <u>1,367,569</u>	 <u>983,760</u>
 Net assets		
Unrestricted	8,374,290	8,947,577
Temporarily restricted	2,513,708	1,993,841
Permanently restricted	278,413	278,413
	<u>11,166,411</u>	<u>11,219,831</u>
 <b>Total liabilities and net assets</b>	 <u><u>\$ 12,533,980</u></u>	 <u><u>\$ 12,203,591</u></u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Prevent Cancer Foundation

## Statement of Activities and Changes in Net Assets for the year ended June 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Support and revenue</b>				
Contributions	\$ 1,694,555	\$ 1,145,866	\$ -	\$ 2,840,421
Bequests and other income	507,773	-	-	507,773
In-kind contributions	127,167	-	-	127,167
Special events	2,891,196	61,420	-	2,952,616
Less: Costs of direct benefits to donors	(312,968)	-	-	(312,968)
Net assets released from restrictions	686,515	(686,515)	-	-
<b>Total support and revenue</b>	<u>5,594,238</u>	<u>520,771</u>	<u>-</u>	<u>6,115,009</u>
<b>Expenses</b>				
Program				
Research	1,289,760	-	-	1,289,760
Education and public awareness	2,395,950	-	-	2,395,950
Community outreach	992,146	-	-	992,146
Management and general	486,767	-	-	486,767
Fundraising	974,609	-	-	974,609
<b>Total expenses</b>	<u>6,139,232</u>	<u>-</u>	<u>-</u>	<u>6,139,232</u>
<b>Change in net assets before investment loss</b>	(544,994)	520,771	-	(24,223)
Investment loss	(28,293)	(904)	-	(29,197)
<b>Change in net assets</b>	(573,287)	519,867	-	(53,420)
<b>Net assets, beginning of year</b>	8,947,577	1,993,841	278,413	11,219,831
<b>Net assets, end of year</b>	<u>\$ 8,374,290</u>	<u>\$ 2,513,708</u>	<u>\$ 278,413</u>	<u>\$ 11,166,411</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Prevent Cancer Foundation

## Statement of Activities and Changes in Net Assets for the year ended June 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Support and revenue</b>				
Contributions	\$ 1,570,045	\$ 337,318	\$ -	\$ 1,907,363
Bequests and other income	219,653	-	-	219,653
In-kind contributions	213,218	-	-	213,218
Special events	3,482,461	55,965	-	3,538,426
Less: Costs of direct benefits to donors	(346,654)	-	-	(346,654)
Net assets released from restrictions	405,960	(405,960)	-	-
<b>Total support and revenue</b>	<b>5,544,683</b>	<b>(12,677)</b>	<b>-</b>	<b>5,532,006</b>
<b>Expenses</b>				
Program				
Research	1,110,426	-	-	1,110,426
Education and public awareness	1,966,695	-	-	1,966,695
Community outreach	980,147	-	-	980,147
Management and general	421,800	-	-	421,800
Fundraising	884,283	-	-	884,283
<b>Total expenses</b>	<b>5,363,351</b>	<b>-</b>	<b>-</b>	<b>5,363,351</b>
<b>Change in net assets before investment income</b>	<b>181,332</b>	<b>(12,677)</b>	<b>-</b>	<b>168,655</b>
Investment income	210,463	15,494	-	225,957
<b>Change in net assets</b>	<b>391,795</b>	<b>2,817</b>	<b>-</b>	<b>394,612</b>
<b>Net assets, beginning of year</b>	<b>8,555,782</b>	<b>1,991,024</b>	<b>278,413</b>	<b>10,825,219</b>
<b>Net assets, end of year</b>	<b>\$ 8,947,577</b>	<b>\$ 1,993,841</b>	<b>\$ 278,413</b>	<b>\$ 11,219,831</b>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Prevent Cancer Foundation

### Statement of Functional Expenses for the year ended June 30, 2016

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Accounting and auditing	\$ -	\$ -	\$ -	\$ -	\$ 27,800	\$ -	\$ 27,800	\$ 27,800
Audio/Staging	-	38,979	-	38,979	-	48,839	48,839	87,818
Advertising	158	86,750	1,503	88,411	135	33,860	33,995	122,406
Awards	-	518	28	546	1,716	865	2,581	3,127
Bank charges	-	-	-	-	21,784	-	21,784	21,784
Bad debt	-	-	-	-	10,000	-	10,000	10,000
Catering	-	83,044	-	83,044	-	-	-	83,044
Computer services	632	2,714	813	4,159	542	10,054	10,596	14,755
Consultant fees	-	4,750	2,000	6,750	180	-	180	6,930
Contributions	27,750	-	-	27,750	500	-	500	28,250
Copying	-	649	-	649	-	-	-	649
Credit card discount expense	-	(15)	-	(15)	19,229	-	19,229	19,214
Decorators/Exhibitors	-	1,115	-	1,115	-	32,300	32,300	33,415
Delivery and shipping	-	2,052	1,679	3,731	2,205	7,059	9,264	12,995
Depreciation	1,363	3,895	1,753	7,011	1,168	1,558	2,726	9,737
Design and layout	194	5,669	249	6,112	166	16,492	16,658	22,770
Employee relations	299	1,085	385	1,769	257	603	860	2,629
Equipment lease	1,698	14,715	2,183	18,596	1,455	3,408	4,863	23,459
Furniture and equipment	168	479	216	863	144	192	336	1,199
Gifts	35	3,032	1,730	4,797	1,091	15,772	16,863	21,660
Grants	791,241	52,025	393,478	1,236,744	-	-	-	1,236,744
Honorariums	15,750	-	10,500	26,250	-	-	-	26,250
Incidentals	65	184	-	249	-	-	-	249
In-kind expenses	-	896	-	896	-	-	-	896
Insurance - general	26,368	75,336	34,901	136,605	22,601	30,135	52,736	189,341
Legal	1,486	6,984	1,911	10,381	1,274	6,846	8,120	18,501
List rentals	-	835	-	835	-	-	-	835
Lodging	8,382	36,244	2,217	46,843	-	3,765	3,765	50,608

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The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Prevent Cancer Foundation

### Statement of Functional Expenses for the year ended June 30, 2016

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Maintenance	\$ 748	\$ 2,138	\$ 962	\$ 3,848	\$ 641	\$ 855	\$ 1,496	\$ 5,344
Meals	3,899	2,695	1,510	8,104	2,386	3,992	6,378	14,482
Media services	-	6,092	-	6,092	5	-	5	6,097
Media services - in-kind	-	127,167	-	127,167	-	-	-	127,167
Meetings	-	640	-	640	-	-	-	640
Membership and dues	7,066	11,690	1,030	19,786	687	2,715	3,402	23,188
Mileage and parking	768	6,286	1,580	8,634	4,388	8,917	13,305	21,939
Payroll taxes and processing	23,063	65,894	29,652	118,609	19,768	26,358	46,126	164,735
Photography	-	11,279	-	11,279	-	4,500	4,500	15,779
Postage	362	16,457	465	17,284	310	4,499	4,809	22,093
Premiums	-	5,099	-	5,099	-	5,318	5,318	10,417
Printing	636	72,829	3,426	76,891	545	32,297	32,842	109,733
Professional services	19,459	482,430	20,753	522,642	10,024	222,410	232,434	755,076
Rent	46,121	131,775	59,299	237,195	39,533	52,710	92,243	329,438
Registration fees	575	1,185	865	2,625	732	75	807	3,432
Retirement	8,485	24,244	10,910	43,639	25,273	9,698	34,971	78,610
Salaries	283,230	809,228	364,152	1,456,610	242,768	323,691	566,459	2,023,069
Site rental	-	46,853	2,850	49,703	-	-	-	49,703
Software and support	-	59,530	-	59,530	6,811	17,064	23,875	83,405
Stipend	-	-	-	-	13	-	13	13
Storage	100	286	226	612	86	1,954	2,040	2,652
Subscriptions	164	718	-	882	1,900	4,572	6,472	7,354
Supplies	1,389	6,857	18,809	27,055	1,039	10,660	11,699	38,754
Taxes and licenses	-	-	-	-	6,841	-	6,841	6,841
Telephone	2,187	6,241	2,794	11,222	1,863	2,483	4,346	15,568
Temporary services	7,236	32,911	12,396	52,543	6,202	15,757	21,959	74,502
Training	516	2,027	664	3,207	442	768	1,210	4,417
Transportation and per diem	8,167	41,464	4,257	53,888	2,263	11,568	13,831	67,719
	<u>\$ 1,289,760</u>	<u>\$ 2,395,950</u>	<u>\$ 992,146</u>	<u>\$ 4,677,856</u>	<u>\$ 486,767</u>	<u>\$ 974,609</u>	<u>\$ 1,461,376</u>	<u>\$ 6,139,232</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.



## Prevent Cancer Foundation

### Statement of Functional Expenses for the year ended June 30, 2015

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Accounting and auditing	\$ 4,395	\$ 11,427	\$ 5,860	\$ 21,682	\$ 3,516	\$ 4,102	\$ 7,618	\$ 29,300
Audio/Staging	-	23,991	-	23,991	-	31,840	31,840	55,831
Advertising	312	31,262	2,321	33,895	250	24,848	25,098	58,993
Awards	-	1,532	-	1,532	-	5,406	5,406	6,938
Bank charges	-	-	-	-	19,590	25	19,615	19,615
Bad debt	-	-	-	-	(4,000)	-	(4,000)	(4,000)
Catering	215	106,915	-	107,130	-	8,835	8,835	115,965
Computer services	462	3,296	617	4,375	370	1,819	2,189	6,564
Consultant fees	-	36,135	5,702	41,837	-	1,500	1,500	43,337
Contributions	2,318	4,251	90	6,659	54	63	117	6,776
Copying	-	230	-	230	-	7	7	237
Credit card discount expense	-	(40)	-	(40)	20,635	2	20,637	20,597
Decorators/Exhibitors	-	-	-	-	-	60,000	60,000	60,000
Delivery and shipping	-	6,148	677	6,825	2,122	3,317	5,439	12,264
Depreciation	1,034	2,689	1,379	5,102	827	965	1,792	6,894
Design and layout	47	13,388	62	13,497	37	13,132	13,169	26,666
Employee relations	375	1,064	500	1,939	300	383	683	2,622
Equipment lease	3,495	14,720	5,647	23,862	2,796	13,499	16,295	40,157
Exhibits	-	-	-	-	-	1,200	1,200	1,200
Furniture and equipment	224	581	298	1,103	179	4,160	4,339	5,442
Gifts	59	5,938	1,600	7,597	1,143	24,271	25,414	33,011
Grants	641,005	20,000	384,231	1,045,236	-	-	-	1,045,236
Honorariums	11,250	1,500	350	13,100	-	-	-	13,100
In-kind expenses	-	-	-	-	-	65,000	65,000	65,000
Insurance - general	1,586	4,123	3,114	8,823	1,269	1,480	2,749	11,572
Insurance - employee benefits	23,319	60,630	31,092	115,041	18,656	21,807	40,463	155,504
Interest	-	-	-	-	162	-	162	162
Legal	-	-	-	-	15,772	-	15,772	15,772
List rentals	-	925	-	925	-	-	-	925
Lodging	6,028	42,934	215	49,177	784	2,046	2,830	52,007

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The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Prevent Cancer Foundation

### Statement of Functional Expenses for the year ended June 30, 2015

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Maintenance	\$ 401	\$ 1,212	\$ 535	\$ 2,148	\$ 321	\$ 375	\$ 696	\$ 2,844
Meals	4,562	12,523	1,250	18,335	3,964	3,633	7,597	25,932
Media services	-	3,506	-	3,506	-	-	-	3,506
Media services - in-kind	-	213,218	-	213,218	-	-	-	213,218
Meetings	-	66	-	66	53	40	93	159
Membership and dues	6,865	16,091	215	23,171	1,692	2,677	4,369	27,540
Mileage and parking	708	6,576	1,723	9,007	6,794	7,918	14,712	23,719
Miscellaneous	4	4	-	8	10	1,000	1,010	1,018
Payroll taxes and processing	21,603	56,168	28,805	106,576	17,283	20,163	37,446	144,022
Photography	-	4,414	-	4,414	740	2,875	3,615	8,029
Postage	582	15,394	791	16,767	465	11,369	11,834	28,601
Premiums	145	14,786	2,407	17,338	116	3,789	3,905	21,243
Printing	1,175	62,513	7,865	71,553	940	23,360	24,300	95,853
Professional services	15,462	140,708	18,216	174,386	7,929	159,432	167,361	341,747
Rent	50,124	130,322	66,832	247,278	40,099	46,782	86,881	334,159
Registration fees	870	1,190	1,100	3,160	1,220	233	1,453	4,613
Retirement	10,730	27,899	14,307	52,936	8,584	10,015	18,599	71,535
Salaries	266,619	693,210	355,493	1,315,322	213,296	248,845	462,141	1,777,463
Site rental	-	17,676	4,950	22,626	-	35	35	22,661
Software and support	2,250	54,125	-	56,375	6,481	24,019	30,500	86,875
Stipend	500	1,500	336	2,336	-	-	-	2,336
Storage	181	471	241	893	145	1,812	1,957	2,850
Subscriptions	20	13,211	-	13,231	776	283	1,059	14,290
Supplies	1,562	11,640	11,810	25,012	964	6,033	6,997	32,009
Taxes and licenses	-	-	-	-	13,019	-	13,019	13,019
Telephone	2,332	6,133	3,381	11,846	1,818	2,188	4,006	15,852
Temporary services	8,789	34,759	15,897	59,445	7,031	8,203	15,234	74,679
Training	-	225	-	225	1,399	4,539	5,938	6,163
Transcribing Services	-	1,546	-	1,546	-	-	-	1,546
Transportation and per diem	18,818	31,970	238	51,026	2,199	4,958	7,157	58,183
	<u>\$ 1,110,426</u>	<u>\$ 1,966,695</u>	<u>\$ 980,147</u>	<u>\$ 4,057,268</u>	<u>\$ 421,800</u>	<u>\$ 884,283</u>	<u>\$ 1,306,083</u>	<u>\$ 5,363,351</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Prevent Cancer Foundation

## Statements of Cash Flows for the years ended June 30,

	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (53,420)	\$ 394,612
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	9,737	6,894
Change in value of charitable remainder trusts	26,005	8,723
Realized and unrealized gains on investments	331,351	50,449
Donated stock	53,996	-
Increase (decrease) in allowance for doubtful accounts	10,000	(4,000)
Loss on disposal of assets	85	-
(Increase) decrease in operating assets		
Grants and pledges receivable	21,044	37,143
Prepaid expenses	(9,273)	(579)
Deposits	(23,710)	7,100
Charitable gift annuities	18,409	7,456
Interests in remainder trusts	26,005	8,723
Deferred compensation plan	(6,496)	(19,675)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	127,234	59,626
Deferred income	49,875	-
Grants payable	217,588	56,250
Charitable gift annuities	(17,384)	(10,851)
Deferred compensation plan	6,496	19,675
Net cash provided by operating activities	<u>787,542</u>	<u>621,546</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(78,481)	(10,616)
Proceeds from sale of investments	3,089,670	3,999,250
Purchase of investments	(3,446,355)	(4,328,340)
Net cash used in investing activities	<u>(435,166)</u>	<u>(339,706)</u>
<b>Net increase in cash and cash equivalents</b>	352,376	281,840
<b>Cash and cash equivalents, beginning of year</b>	<u>1,903,984</u>	<u>1,622,144</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,256,360</u>	<u>\$ 1,903,984</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 162</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 1. Organization

Prevent Cancer Foundation (the Foundation) was incorporated in Virginia in 1985 as a non-stock corporation. The Foundation provides support for cancer prevention, research, education and community outreach programs nationwide and plays a pivotal role in developing a body of knowledge that is a basis for important prevention and early detection strategies. The Foundation focuses its resources on those cancers – including lung, breast, prostate, colorectal, cervical, skin, oral and testicular – that can be prevented through lifestyle changes or detection and treatment in the early stages.

The Foundation's sources of revenue include contributions, bequests, in-kind contributions and special events.

### 2. Significant accounting policies

#### Basis of accounting

The financial statements of the Foundation are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred revenue or prepaid expenses on the accompanying statements of financial position.

#### Support and expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Special events revenue consists of donations collected during special events and also registrations for events that are recognized at the time the event takes place. Amounts received in advance of the event are included in deferred revenue.

#### Donated goods and services

The Foundation receives donations in the form of free media services that would otherwise be purchased in the normal course of business. Total in-kind donations were \$127,167 and \$213,218 for the year ended June 30, 2016 and 2015, respectively, and were valued based on comparable market rates and donor valuations. The Foundation also receives services and donated goods in connection with special events. These donations are included in both special event revenue and direct expenses on the accompanying statements of activities.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Significant accounting policies (continued)

#### Donated goods and services (continued)

In addition, a substantial number of volunteers donate time to Prevent Cancer Foundation's program services and special events. These donated services are not reflected in the financial statements since the services do not require specialized skills as defined by U.S. generally accepted accounting principles.

#### Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It is the Foundation's policy not to classify certificates of deposit as cash and cash equivalents. FDIC insurance on interest bearing accounts is \$250,000 per depositor, per insured bank.

#### Grants and pledges receivable

Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncertain amounts through a provision for bad debt expense and an adjustment to a valuation allowance.

#### Interests in remainder trusts

The Foundation has been named as beneficiary under a split-interest agreement, which are charitable remainder trusts. Irrevocable split-interest agreements are recorded as revenue when the trust agreements are executed. Revenue from the split-interest agreements is based on the fair value of the expected cash flows to be received by the Foundation. A growth rate of 3% has been used in the calculation of the present value of these items.

#### Property and equipment

Property and equipment are reported at cost. The Foundation capitalizes purchases over \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to ten years. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses. Expenditures for maintenance and repairs are charged to expenses as incurred.

#### Investments

Investments are measured at fair value in the statement of financial position based on publicly available market data obtained from services independent of the Foundation. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Money market and short-term investment funds, held as a portion of the Foundation's investment portfolio, are classified as investments and are not considered to be cash equivalents for purposes of cash flows.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Significant accounting policies (continued)

#### Compensated absences

Employees of the Foundation are entitled to paid vacation depending on job classification, length of service and other factors. As of June 30, 2016 and 2015, estimated compensated absences of \$93,081 and \$45,895, respectively, are included in accounts payable and accrued expenses in the accompanying statements of financial position.

#### Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, grants and pledges receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses, and grants payable. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

#### Advertising costs

Advertising costs are expensed as incurred.

#### Concentrations of credit and market risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments.

At year-end and throughout the year, the Foundation's cash balances may exceed federally insured limits. Cash and cash equivalents are maintained at high-quality financial institutions. The Foundation has not experienced any losses on its cash equivalents and management does not believe this result in any significant credit risk. At June 30, 2016 and 2015, the Foundation's cash balances were approximately \$1,894,000 and \$1,761,000 in excess of federal deposit insurance coverage, respectively.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statements of activities. Management believes that the Foundation's investments do not represent significant concentrations of market risk as the Foundation's investment portfolio is adequately diversified among issuers.

#### Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 2. Significant accounting policies (continued)

#### Income taxes

The Foundation is exempt from federal income tax as a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the years ended June 30, 2016 and 2015.

The material jurisdictions subject to potential examination by taxing authorities include the U.S. and Virginia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Organization's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2013 through 2016.

### 3. Grants and pledges receivable

Grants and pledges receivable consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Pledges - Combined Federal Campaign	\$ 160,886	\$ 108,924
Other receivables	147,000	220,006
Allowance for uncollectible amounts	<u>(32,000)</u>	<u>(22,000)</u>
	<u>\$ 275,886</u>	<u>\$ 306,930</u>

The preliminary allocation to the Foundation for the 2015-2016 CFC pledge drive was \$149,146 (net of fees), \$12,579 of which was received as of June 30, 2016. The outstanding balance is expected to be received in fiscal year 2017.

The preliminary allocation to the Foundation for the 2014-2015 CFC pledge drive was \$108,924 (net of fees), \$84,605 of which was received in fiscal year 2016.

Management has estimated the collectability of the remaining outstanding balances from CFC campaigns and recorded an allowance for uncollectible amounts based on historic collections.

Grants and pledges receivable expected to be collected in less than one year are \$132,000. Grants and pledges receivable expected to be collected in more than one year are \$15,000.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 4. Investments

The fair market value of securities held at June 30, 2016 and 2015, was as follows:

	<u>2016</u>	<u>2015</u>
Cash and money market funds	\$ 2,581,366	\$ 214,013
Fixed income	2,265,617	3,356,490
Equities	3,713,568	5,027,852
Mutual funds	<u>437,008</u>	<u>453,871</u>
Fair value per statements of financial position	<u>\$ 8,997,559</u>	<u>\$ 9,052,226</u>

Investment income for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Realized and unrealized losses	\$ (357,356)	\$ (59,172)
Interest and dividend income	375,339	333,912
Investment fees	<u>(47,180)</u>	<u>(48,783)</u>
	<u>\$ (29,197)</u>	<u>\$ 225,957</u>

### 5. Property and equipment

Property and equipment consists of the following at June 30:

	<u>2016</u>			
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Office furniture and equipment	<u>\$ 149,885</u>	<u>\$ 52,597</u>	<u>\$ 9,737</u>	3-10 years
	<u>2015</u>			
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Office furniture and equipment	<u>\$ 193,011</u>	<u>\$ 164,382</u>	<u>\$ 6,894</u>	3-10 years

See independent auditor's report.



# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 6. Charitable gift annuities

The Foundation established a Charitable Gift Annuity Program during the year ended June 30, 2003. The value of the assets held in the Program was \$189,056 and \$207,465 as of June 30, 2016 and 2015, respectively, and the anticipated liability to the donors was \$57,791 and \$75,175 for the years then ended. Distributions are governed by annuity agreements. A discount rate of 1.2% has been used to compute the value of the liability.

### 7. Grants awarded

The Foundation recorded grants during 2016 and 2015 totaling \$1,236,744 and \$1,045,236, respectively. Adjustments to reflect differences between the award and actual payments are made in the year the final payment is made. Grants recorded but unpaid amounted to \$822,884 and \$605,296 as of June 30, 2016 and 2015, respectively. Grants are generally awarded for two years with the second year payment contingent on whether the grantee provides financial, interim, and progress reports in a timely manner. The liability for the second year payment is not recorded until the contingency is fulfilled. Contingent liabilities for second year payments were \$290,000 and \$325,000 at June 30, 2016 and 2015, respectively.

### 8. In-kind contributions

In-kind contributions for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Public service announcements	\$ 127,167	\$ 213,218
Contributions for special events	95,000	207,297
	<u>\$ 222,167</u>	<u>\$ 420,515</u>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 9. Special events

The Foundation sponsors several special events during the year. The purpose of these events is to raise public awareness about cancer as well as to raise funds to further the Foundation's purpose. A summary of special events for the years ended June 30, 2016 and 2015 is as follows:

	2016			
	Revenue	Direct benefit expenses	Other expenses	Net
Gala	\$ 1,544,198	\$ 221,040	\$ 126,310	\$ 1,196,848
Sarah Howard	61,420	9,450	23,047	28,923
5K Race	244,570	29,290	104,539	110,741
Awesome Games	1,102,428	53,188	185,841	863,399
	<u>\$ 2,952,616</u>	<u>\$ 312,968</u>	<u>\$ 439,737</u>	<u>\$ 2,199,911</u>

  

	2015			
	Revenue	Direct benefit expenses	Other expenses	Net
Gala	\$ 1,782,638	\$ 145,485	\$ 335,323	\$ 1,301,830
Sarah Howard	55,965	8,994	17,693	29,278
5K Race	215,237	19,715	26,910	168,612
Awesome Games	1,484,586	30,163	126,698	1,327,725
	<u>\$ 3,538,426</u>	<u>\$ 204,357</u>	<u>\$ 506,624</u>	<u>\$ 2,827,445</u>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 10. Allocation of joint costs and functional expenses

Operating costs have been allocated among the programs, fundraising activities, and administrative functions based on estimates provided by management. The Foundation incurs joint costs for informational materials and activities that included fundraising appeals. These costs were allocated based on management's analysis of the content of each mailing. Joint allocated costs were as follows for the years ended June 30:

	2016	
	<u>Fundraising</u>	<u>Education</u>
Direct mailings	<u>\$ 7,347</u>	<u>\$ 11,352</u>

  

	2015	
	<u>Fundraising</u>	<u>Education</u>
Direct mailings	<u>\$ 11,650</u>	<u>\$ 18,354</u>

### 11. Lease commitments

The Foundation leases office space in Alexandria, Virginia. The current lease agreement was extended from the original lease and expires on April 30, 2022. The unamortized portion of the cumulative difference between the actual rent paid and the straight line rent is reflected as deferred rent liability in the accompanying statements of financial position.

Rent expense for the years ended June 30, 2016 and 2015 was \$329,438 and \$334,159, respectively.

Minimum rentals due under these agreements are as follows for the years ending June 30:

2017	\$	286,344
2018		294,935
2019		303,783
2020		312,897
2021 and after		<u>322,283</u>
	\$	<u>1,520,242</u>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 12. Retirement plan

The Foundation maintains a 403(b) plan. The Foundation makes contributions on behalf of employees in amounts ranging from 3% to 4% of an employee's salary. Contributions in the amount of \$60,610 and \$54,035 were made for the years ended June 30, 2016 and 2015, respectively.

The Foundation adopted a 457(b) plan in 2007. Only employees within a select group of management or highly compensated employees chosen by the Board of Directors are eligible to participate. Contributions are made at the sole discretion of the Foundation and do not need to be uniform among all participants. For the years ended June 30, 2016 and 2015, the President was the only participant in the plan. Contributions in the amount of \$18,000 and \$17,500 were made on her behalf for the years ended June 30, 2016 and 2015, respectively. Fair market value of the plan was \$188,698 and \$182,202 as of June 30, 2016 and 2015, respectively.

### 13. Temporarily restricted net assets

Net assets are temporarily restricted for specific events as well as for future periods. Temporarily restricted assets as of June 30, 2016 and 2015 were as follows:

	2015	Additions	Releases	2016
Restricted to future periods				
Contributions receivable for the Combined Federal campaign	\$ 108,923	\$ 160,866	\$ 108,923	\$ 160,866
Contributions receivable and other	-	60,000	-	60,000
Charitable gift annuities	132,290	-	1,025	131,265
Interest in remainder trusts	459,251	-	26,005	433,246
	<u>700,464</u>	<u>220,866</u>	<u>135,953</u>	<u>785,377</u>
Restricted for specific activities or purpose				
State fairs- health awareness booth	25,000	-	25,000	-
Partnership grants	200,000	-	100,000	100,000
Scientific research for colorectal and prostate cancer	205,054	-	-	205,054
Think About The Link	-	925,000	389,565	535,435
Sarah Howard fund	553,061	61,420	35,997	578,484
	<u>983,115</u>	<u>986,420</u>	<u>550,562</u>	<u>1,418,973</u>
Portion of donor-restricted endowment subject to a time restriction under UPMIFA for research grants	310,262	-	904	309,358
	<u>\$ 1,993,841</u>	<u>\$ 1,207,286</u>	<u>\$ 687,419</u>	<u>\$ 2,513,708</u>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 13. Temporarily restricted net assets (continued)

	2014	Additions	Releases	2015
Restricted to future periods				
Contributions receivable for the Combined Federal campaign	\$ 128,852	\$ 108,924	\$ 128,853	\$ 108,923
Contributions receivable and other	62,609	-	62,609	-
Charitable gift annuities	128,896	3,394	-	132,290
Interest in remainder trusts	467,974	-	8,723	459,251
	<u>788,331</u>	<u>112,318</u>	<u>200,185</u>	<u>700,464</u>
Restricted for specific activities or purpose				
State fairs- health awareness booth	-	25,000	-	25,000
Partnership grants	135,587	200,000	135,587	200,000
Scientific research for colorectal and prostate cancer	245,054	-	40,000	205,054
Sarah Howard fund	527,284	55,965	30,188	553,061
	<u>907,925</u>	<u>280,965</u>	<u>205,775</u>	<u>983,115</u>
Portion of donor-restricted endowment subject to a time restriction under UPMIFA for research grants	<u>294,768</u>	<u>15,494</u>	<u>-</u>	<u>310,262</u>
	<u>\$ 1,991,024</u>	<u>\$ 408,777</u>	<u>\$ 405,960</u>	<u>\$ 1,993,841</u>

### 14. Permanently restricted net assets

The Foundation established a permanent endowment fund in 2003 to support its research program. Initial contributions of \$278,413 were received in 2003. Reinvested earnings from the fund will be periodically expended to support the Foundation's research grant program.

### 15. Endowment and Board designated funds

The Foundation has three individual funds established for the purpose of funding research grants and community education (the Funds). The Funds include both donor-restricted funds and funds designated by the Board of Director's to function as endowments. The donor-restricted endowment fund was established for the purpose of providing income to support the Foundation's research grant programs. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 15. Endowment and Board designated funds (continued)

#### Interpretation of Relevant Law

The Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required to be made by explicit directions in the applicable donor gift instrument at the time the gift is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate additions to donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

UPMIFA applies only to donor-restricted endowment funds and not to Board designated funds.

#### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its Funds while seeking to maintain the purchasing power of the assets. Fund assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as Board-designated funds. Under the policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to maximize current return and provide growth and income that at a minimum exceeds inflation for the current year. Actual returns in any given year may vary from this amount.

#### Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an equal emphasis on equity-based investments and fixed-income mutual funds to achieve its long-term return objectives within prudent risk constraints.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 15. Endowment and Board designated funds (continued)

#### Spending policy and how the investment objectives relate to spending policy

The amounts appropriated for distribution by the Foundation vary each year depending on their program needs. Amounts distributed from the Board designated funds are authorized by the Board of Directors and are transferred into the Foundation's operating cash accounts for use during the year. Over the long term, the Foundation expects the current spending policy to allow its Funds to grow and to maintain the Foundation's objective to maintain the purchasing power of the Fund assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

#### Net asset composition by type of fund

The net assets consisted of the following as of June 30:

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor restricted endowment funds	\$ -	\$ 309,358	\$ 278,413	\$ 587,771
Board designated funds (not subject to UPMIFA)	5,336,516	-	-	5,336,516
Total	<u>\$ 5,336,516</u>	<u>\$ 309,358</u>	<u>\$ 278,413</u>	<u>\$ 5,924,287</u>

  

	2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor restricted endowment funds	\$ -	\$ 310,262	\$ 278,413	\$ 588,675
Board designated funds (not subject to UPMIFA)	5,344,640	-	-	5,344,640
Total	<u>\$ 5,344,640</u>	<u>\$ 310,262</u>	<u>\$ 278,413</u>	<u>\$ 5,933,315</u>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 15. Endowment and Board designated funds (continued)

#### Changes in endowment and Board designated funds

The net activity consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<b>Donor restricted endowment and Board designated funds as of June 30, 2014</b>	<u>\$ 5,203,167</u>	<u>\$ 294,768</u>	<u>\$ 278,413</u>	<u>\$ 5,776,348</u>
Investment return				
Investment income	\$ 187,144	\$ 20,528	\$ -	\$ 207,672
Net appreciation	(17,868)	(1,970)	-	(19,838)
Investment fees	<u>(27,803)</u>	<u>(3,064)</u>	-	<u>(30,867)</u>
Total investment return	141,473	15,494	-	156,967
Contributions to perpetual endowment	-	-	-	-
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Donor restricted endowment and Board designated funds as of June 30, 2015</b>	<u>\$ 5,344,640</u>	<u>\$ 310,262</u>	<u>\$ 278,413</u>	<u>\$ 5,933,315</u>
Investment return				
Investment income	\$ 215,264	\$ 23,607	\$ -	\$ 238,871
Net appreciation	(196,120)	(21,503)	-	(217,623)
Investment fees	<u>(27,268)</u>	<u>(3,008)</u>	-	<u>(30,276)</u>
Total investment return	(8,124)	(904)	-	(9,028)
Contributions to perpetual endowment	-	-	-	-
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Donor restricted endowment and Board designated funds as of June 30, 2016</b>	<u>\$ 5,336,516</u>	<u>\$ 309,358</u>	<u>\$ 278,413</u>	<u>\$ 5,924,287</u>

See independent auditor's report.



# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 15. Endowment and Board designated funds (continued)

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2016 and 2015.

### 16. Fair value of financial instruments

The Foundation utilizes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as Prevent Cancer Foundation would use in pricing Prevent Cancer Foundation's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Prevent Cancer Foundation are traded. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 16. Fair value of financial instruments (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents: The carrying value is considered to be a reasonable estimate of the fair value.

Charitable remainder trusts receivable: The Foundation has interests in three irrevocable charitable remainder trusts for which it does not act as trustee. The fair value of these trust assets, which are reported at the market value of the investments reported by the trustees and adjusted based on the estimated life expectancy of the donor, have been identified as Level 3 in the fair value hierarchy. There were no changes in valuation techniques noted for 2016 and 2015.

Mutual funds: Prevent Cancer Foundation's holdings in publicly traded mutual funds consist principally of fixed income and equity securities carried at their aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily. Valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 16. Fair value of financial instruments (continued)

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 2,631,440	\$ -	\$ -	\$ 2,631,440
Fixed income				
ETF - fixed income				
iShares Core US Aggregate Bond	699,564	-	-	699,564
iShares 1-3 YR Credit Bond	338,958	-	-	338,958
iShares Floating Rate Bond	336,471	-	-	336,471
Mutual funds - fixed income				
Blackrock Strategic Income	301,106	-	-	301,106
Dodge & Cox Income Fund	642,082	-	-	642,082
Equities				
ETF - equity				
DB X-Trackers MSCI Japan	64,217	-	-	64,217
Deutsche X-Trackers MSCI Eur	156,948	-	-	156,948
iShares MSCI EAGE	232,490	-	-	232,490
iShares Russell Mid-Cap Value	266,404	-	-	266,404
iShares Russell Mid-Cap Growth	253,415	-	-	253,415
iShares Russell 1000 Growth Index Fund	504,108	-	-	504,108
iShares Russell 1000 Value Index Fund	348,917	-	-	348,917
Vanguard FTSE Emerging Markets	174,600	-	-	174,600
Mutual funds - equity				
MFS Value Fund Class I	419,207	-	-	419,207
Mainstay Epoch Global Equity	146,149	-	-	146,149
PNC Multi-Factor Small Cap Core	358,169	-	-	358,169
T Rowe Price Growth Stock	292,847	-	-	292,847
T. Rowe Price Value Fund Inc	337,746	-	-	337,746
Touchstone Sands Capital Select Growth Fund	244,769	-	-	244,769
Mutual Funds				
Blackrock Global Allocation	437,008	-	-	437,008
Charitable remainder trust receivables	-	-	433,246	-
Deferred compensation plan	188,698	-	-	188,698
<b>Total assets, at fair value</b>	<b>\$ 9,375,313</b>	<b>\$ -</b>	<b>\$ 433,246</b>	<b>\$ 9,808,559</b>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

### 16. Fair value of financial instruments (continued)

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 221,518	\$ -	\$ -	\$ 221,518
Fixed income				
ETF - fixed income				
iShares Core US Aggregate Bond	681,942	-	-	681,942
iShares 1-3 YR Credit Bond	348,748	-	-	348,748
iShares Floating Rate Bond	348,960	-	-	348,960
Mutual funds - fixed income				
Blackrock Strategic Income	345,314	-	-	345,314
Dodge & Cox Income Fund	682,136	-	-	682,136
PNC Total Return Advantage Fund Class Fund	682,351	-	-	682,351
Templeton Global Bond Fund AD	347,104	-	-	347,104
Equities				
ETF - equity				
iShares MSCI EAGE	341,005	-	-	341,005
iShares Russell Mid-Cap Value	253,513	-	-	253,513
iShares Russell Mid-Cap Growth	256,362	-	-	256,362
iShares Russell 1000 Growth Index Fund	515,446	-	-	515,446
iShares Russell 1000 Value Index Fund	342,664	-	-	342,664
Vanguard FTSE Emerging Markets	174,271	-	-	174,271
Mutual funds - equity				
Federated Strategic Value Dividend Fund	344,926	-	-	344,926
MFS Value Fund Class I	600,488	-	-	600,488
Mainstay Epoch Global Equity	330,277	-	-	330,277
PNC Multi-Factor Small Cap Core	350,729	-	-	350,729
T Rowe Price Growth Stock	521,274	-	-	521,274
T. Rowe Price Value Fund Inc	518,806	-	-	518,806
Touchstone Sands Capital Select Growth Fund	597,984	-	-	597,984
Mutual funds				
Blackrock Global Allocation	453,873	-	-	453,873
Charitable remainder trust receivables	-	-	459,251	-
Deferred compensation plan	182,202	-	-	182,202
<b>Total assets, at fair value</b>	<b>\$ 9,441,893</b>	<b>\$ -</b>	<b>\$ 459,251</b>	<b>\$ 9,901,144</b>

See independent auditor's report.

# Prevent Cancer Foundation

## Notes to Financial Statements June 30, 2016 and 2015

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### 16. Fair value of financial instruments (continued)

The following table presents the Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 459,251	\$ 467,974
Total gains or losses (realized/unrealized) included in changes in net assets	(26,005)	(8,723)
Purchases, issuances, and settlements	-	-
Transfers in and/or out of Level 3	-	-
Ending balance	<u>\$ 433,246</u>	<u>\$ 459,251</u>

The significant unobservable inputs used in the fair value measurement of the Foundation's Level 3 investments are subject to market risks resulting from changes in the market value of its investments.

### 17. Related party

Donated services were provided by a related party in connection with special events in the amount of \$95,000 and \$65,000 for the years ended June 30, 2016 and 2015, respectively.

During the ordinary course of business for the years ended June 30, 2016 and 2015, the Foundation paid for legal services from a law firm of which a member of the board of directors is a partner.

### 18. Subsequent events

The Foundation assessed events occurring subsequent to June 30, 2016 through October 13, 2016, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. There were no subsequent events to disclose.

See independent auditor's report.