

PREVENT CANCER FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Prevent Cancer Foundation

We have audited the accompanying financial statements of **Prevent Cancer Foundation** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, 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 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 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 **Prevent Cancer Foundation** as of June 30, 2018 and 2017, 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
November 26, 2018

Prevent Cancer Foundation

Statements of Financial Position June 30,

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,330,542	\$ 1,991,292
Grants and pledges receivable - current	178,832	147,705
Investments - general	4,443,585	3,412,373
Prepaid expenses	78,007	57,376
	<u>6,030,966</u>	<u>5,608,746</u>
Property and equipment, net of accumulated depreciation	98,850	110,804
Other assets		
Investments - donor restricted and board designated funds	6,693,016	6,560,170
Grants and pledges receivable - noncurrent	-	10,000
Deposits	22,636	28,636
Charitable gift annuities	184,335	190,199
Interests in remainder trusts	316,308	454,427
Deferred compensation plan	276,038	234,959
	<u>7,492,333</u>	<u>7,478,391</u>
Total assets	<u><u>\$ 13,622,149</u></u>	<u><u>\$ 13,197,941</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 132,211	\$ 170,394
Grants payable	886,373	1,057,907
	<u>1,018,584</u>	<u>1,228,301</u>
Long-term liabilities		
Deferred rent	67,093	12,904
Charitable gift annuities	55,011	59,911
Deferred compensation plan	276,038	234,959
	<u>398,142</u>	<u>307,774</u>
Total liabilities	<u>1,416,726</u>	<u>1,536,075</u>
Net assets		
Unrestricted	10,377,135	9,481,222
Temporarily restricted	1,549,875	1,902,231
Permanently restricted	278,413	278,413
	<u>12,205,423</u>	<u>11,661,866</u>
Total liabilities and net assets	<u><u>\$ 13,622,149</u></u>	<u><u>\$ 13,197,941</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, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue				
Contributions	\$ 2,194,189	\$ 113,766	\$ -	\$ 2,307,955
Bequests and other income	390,952	-	-	390,952
In-kind contributions	172,812	-	-	172,812
Special events	4,406,395	64,910	-	4,471,305
Less: Costs of direct benefits to donors	(290,437)	-	-	(290,437)
Net assets released from restrictions	575,566	(575,566)	-	-
Total support and revenue	<u>7,449,477</u>	<u>(396,890)</u>	<u>-</u>	<u>7,052,587</u>
Expenses				
Program				
Research	1,336,271	-	-	1,336,271
Education and public awareness	2,753,072	-	-	2,753,072
Community outreach	1,115,900	-	-	1,115,900
Management and general	660,597	-	-	660,597
Fundraising	1,176,687	-	-	1,176,687
Total expenses	<u>7,042,527</u>	<u>-</u>	<u>-</u>	<u>7,042,527</u>
Change in net assets before investment income	406,950	(396,890)	-	10,060
Investment income	488,963	44,534	-	533,497
Change in net assets	895,913	(352,356)	-	543,557
Net assets, beginning of year	9,481,222	1,902,231	278,413	11,661,866
Net assets, end of year	<u>\$ 10,377,135</u>	<u>\$ 1,549,875</u>	<u>\$ 278,413</u>	<u>\$ 12,205,423</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, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue				
Contributions	\$ 1,713,654	\$ 705,886	\$ -	\$ 2,419,540
Bequests and other income	238,527	-	-	238,527
In-kind contributions	297,912	-	-	297,912
Special events	4,169,266	66,115	-	4,235,381
Less: Costs of direct benefits to donors	(233,752)	-	-	(233,752)
Net assets released from restrictions	1,446,434	(1,446,434)	-	-
Total support and revenue	<u>7,632,041</u>	<u>(674,433)</u>	<u>-</u>	<u>6,957,608</u>
Expenses				
Program				
Research	1,368,893	-	-	1,368,893
Education and public awareness	3,379,908	-	-	3,379,908
Community outreach	1,138,359	-	-	1,138,359
Management and general	504,434	-	-	504,434
Fundraising	1,037,515	-	-	1,037,515
Total expenses	<u>7,429,109</u>	<u>-</u>	<u>-</u>	<u>7,429,109</u>
Change in net assets before investment loss	202,932	(674,433)	-	(471,501)
Investment income	<u>904,000</u>	<u>62,956</u>	<u>-</u>	<u>966,956</u>
Change in net assets	1,106,932	(611,477)	-	495,455
Net assets, beginning of year	<u>8,374,290</u>	<u>2,513,708</u>	<u>278,413</u>	<u>11,166,411</u>
Net assets, end of year	<u>\$ 9,481,222</u>	<u>\$ 1,902,231</u>	<u>\$ 278,413</u>	<u>\$ 11,661,866</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, 2018

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Accounting and auditing	\$ -	\$ -	\$ -	\$ -	\$ 30,500	\$ -	\$ 30,500	\$ 30,500
Audio/Staging	-	29,424	-	29,424	-	58,731	58,731	88,155
Advertising	105	255,627	2,646	258,378	122	45,976	46,098	304,476
Awards	-	995	96	1,091	-	1,263	1,263	2,354
Bank charges	-	-	-	-	1,611	405	2,016	2,016
Bad debt	-	-	-	-	19,000	-	19,000	19,000
Catering	287	136,121	398	136,806	331	331	662	137,468
Computer services	527	1,728	629	2,884	524	8,057	8,581	11,465
Consultant fees	-	172,593	-	172,593	-	66	66	172,659
Contributions	-	-	1,850	1,850	-	-	-	1,850
Copying	-	32	-	32	-	-	-	32
Creative fees	-	594	12	606	-	66	66	672
Credit card discount expense	-	-	-	-	86,287	-	86,287	86,287
Cultivation	-	150	-	150	-	-	-	150
Data entry	-	-	-	-	-	2,245	2,245	2,245
Decorators/Exhibitors	-	-	-	-	-	35,000	35,000	35,000
Delivery and shipping	-	6,083	1,670	7,753	1,259	5,568	6,827	14,580
Depreciation	5,152	15,455	7,135	27,742	5,944	5,944	11,888	39,630
Design and layout	109	22,059	151	22,319	126	47,910	48,036	70,355
Employee relations	428	1,319	592	2,339	494	494	988	3,327
Equipment lease	3,540	17,703	5,456	26,699	4,084	5,482	9,566	36,265
Furniture and equipment	81	242	112	435	93	93	186	621
Gifts	20	2,900	1,300	4,220	1,655	7,914	9,569	13,789
Grants	834,320	194,249	450,952	1,479,521	-	-	-	1,479,521
Honorariums	10,200	-	8,000	18,200	-	800	800	19,000
Incidentals	-	100	-	100	-	-	-	100
Insurance - general	28,313	84,939	40,254	153,506	32,669	32,669	65,338	218,844
Legal	2,238	6,714	3,099	12,051	2,582	2,859	5,441	17,492
Lodging	8,526	44,654	2,121	55,301	77	2,492	2,569	57,870

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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, 2018

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Maintenance	\$ 147	\$ 440	\$ 203	\$ 790	\$ 169	\$ 189	\$ 358	\$ 1,148
Meals	2,543	7,721	1,015	11,279	2,389	7,656	10,045	21,324
Media services	-	91,240	-	91,240	4	18	22	91,262
Media services - in-kind	-	172,812	-	172,812	-	-	-	172,812
Meetings	5	15	7	27	6	6	12	39
Membership and dues	18,378	19,251	1,602	39,231	1,336	2,171	3,507	42,738
Mileage and parking	1,584	5,071	3,551	10,206	1,336	10,404	11,740	21,946
Payroll taxes and processing	23,082	69,247	31,960	124,289	26,633	26,633	53,266	177,555
Photography	117	5,371	366	5,854	135	5,923	6,058	11,912
Postage	260	5,501	363	6,124	300	6,818	7,118	13,242
Premiums	-	4,795	-	4,795	-	24,930	24,930	29,725
Printing	535	67,316	3,274	71,125	618	33,474	34,092	105,217
Professional services	9,006	133,452	27,981	170,439	10,391	320,762	331,153	501,592
Rent	45,641	136,923	63,195	245,759	52,662	52,662	105,324	351,083
Registration fees	365	1,308	600	2,273	837	(108)	729	3,002
Retirement	12,274	36,821	16,994	66,089	14,162	14,162	28,324	94,413
Salaries	296,284	888,851	410,239	1,595,374	341,865	341,866	683,731	2,279,105
Site rental	-	4,513	1,200	5,713	-	-	-	5,713
Software and support	-	20,356	-	20,356	7,427	32,526	39,953	60,309
Stipend	-	1,000	2,000	3,000	-	-	-	3,000
Storage	112	336	330	778	129	2,021	2,150	2,928
Subscriptions	246	5,612	-	5,858	1,178	517	1,695	7,553
Supplies	1,146	16,286	13,029	30,461	1,235	4,021	5,256	35,717
Taxes and licenses	1,051	3,154	1,456	5,661	3,788	1,213	5,001	10,662
Telephone	2,182	6,563	3,021	11,766	2,518	2,518	5,036	16,802
Temporary services	1,824	4,025	1,833	7,682	1,526	11,527	13,053	20,735
Training	1,224	3,690	1,695	6,609	1,413	2,056	3,469	10,078
Transportation and per diem	24,419	47,721	3,513	75,653	1,182	8,357	9,539	85,192
	<u>\$ 1,336,271</u>	<u>\$ 2,753,072</u>	<u>\$ 1,115,900</u>	<u>\$ 5,205,243</u>	<u>\$ 660,597</u>	<u>\$ 1,176,687</u>	<u>\$ 1,837,284</u>	<u>\$ 7,042,527</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, 2017

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Accounting and auditing	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
Audio/Staging	-	21,186	-	21,186	-	48,680	48,680	69,866
Advertising	405	152,687	1,759	154,851	351	62,060	62,411	217,262
Awards	-	759	-	759	-	10,595	10,595	11,354
Bank charges	-	-	-	-	9,745	-	9,745	9,745
Bad debt	-	-	-	-	-	(13,000)	(13,000)	(13,000)
Catering	179	112,795	203	113,177	156	7,544	7,700	120,877
Computer services	477	1,277	526	2,280	402	4,276	4,678	6,958
Consultant fees	-	218,647	585	219,232	7,436	20,690	28,126	247,358
Contributions	5,750	-	-	5,750	250	-	250	6,000
Copying	-	51	-	51	-	-	-	51
Credit card discount expense	-	(13)	-	(13)	16,716	-	16,716	16,703
Decorators/Exhibitors	-	-	-	-	-	65,629	65,629	65,629
Delivery and shipping	27	4,398	4,443	8,868	1,805	3,645	5,450	14,318
Depreciation	3,112	8,506	3,527	15,145	2,697	2,905	5,602	20,747
Design and layout	64	16,321	72	16,457	55	13,986	14,041	30,498
Employee relations	163	476	185	824	141	210	351	1,175
Equipment lease	1,980	11,773	4,244	17,997	1,716	9,881	11,597	29,594
Furniture and equipment	862	2,355	977	4,194	747	804	1,551	5,745
Gifts	255	4,140	250	4,645	1,738	9,708	11,446	16,091
Grants	857,092	235,000	566,092	1,658,184	-	-	-	1,658,184
Honorariums	13,200	1,900	12,050	27,150	-	800	800	27,950
Incidentals	150	137	-	287	-	-	-	287
Insurance - general	27,957	76,417	32,685	137,059	24,230	26,094	50,324	187,383
Legal	3,766	10,293	4,268	18,327	3,264	3,569	6,833	25,160
List rentals	-	3,402	-	3,402	-	233	233	3,635
Lodging	4,685	37,371	2,449	44,505	-	5,815	5,815	50,320

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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, 2017

	Program services				Support services			Total expenses
	Research	Education and public awareness	Community outreach	Total	Management and general	Fundraising	Total	
Maintenance	\$ 907	\$ 2,499	\$ 1,028	\$ 4,434	\$ 786	\$ 846	\$ 1,632	\$ 6,066
Meals	2,115	5,902	1,071	9,088	3,914	6,158	10,072	19,160
Media services	-	201,362	-	201,362	76	-	76	201,438
Media services - in-kind	-	297,912	-	297,912	-	-	-	297,912
Meetings	-	1,636	-	1,636	-	-	-	1,636
Membership and dues	17,666	9,434	990	28,090	757	4,885	5,642	33,732
Mileage and parking	459	3,055	1,051	4,565	8,297	9,301	17,598	22,163
Payroll taxes and processing	23,713	64,817	26,875	115,405	20,552	22,133	42,685	158,090
Photography	-	36,277	210	36,487	-	7,100	7,100	43,587
Postage	483	26,463	548	27,494	419	4,157	4,576	32,070
Premiums	-	-	-	-	-	13,848	13,848	13,848
Printing	1,051	72,688	3,986	77,725	911	30,993	31,904	109,629
Professional services	12,811	647,246	33,626	693,683	9,629	241,836	251,465	945,148
Rent	37,587	102,737	42,890	183,214	32,575	35,081	67,656	250,870
Registration fees	-	4,665	-	4,665	966	17,081	18,047	22,712
Retirement	9,541	26,079	10,813	46,433	26,269	8,905	35,174	81,607
Salaries	304,943	833,511	345,602	1,484,056	264,284	284,614	548,898	2,032,954
Site rental	1,839	4,765	400	7,004	-	-	-	7,004
Software and support	-	25,210	-	25,210	8,251	27,776	36,027	61,237
Stipend	-	-	1,053	1,053	-	-	-	1,053
Storage	166	453	1,065	1,684	143	2,003	2,146	3,830
Subscriptions	259	5,229	-	5,488	1,957	6,292	8,249	13,737
Supplies	1,340	8,861	20,193	30,394	981	3,415	4,396	34,790
Taxes and licenses	-	-	-	-	10,533	-	10,533	10,533
Telephone	2,243	6,170	2,522	10,935	1,927	2,077	4,004	14,939
Temporary services	9,225	12,672	5,072	26,969	3,878	12,742	16,620	43,589
Training	624	1,748	707	3,079	541	621	1,162	4,241
Transcribing services	-	538	-	538	-	-	-	538
Transportation and per diem	21,797	58,101	4,342	84,240	4,916	9,935	14,851	99,091
	<u>\$ 1,368,893</u>	<u>\$ 3,379,908</u>	<u>\$ 1,138,359</u>	<u>\$ 5,887,160</u>	<u>\$ 504,434</u>	<u>\$ 1,037,515</u>	<u>\$ 1,541,949</u>	<u>\$ 7,429,109</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,

2018

2017

Cash flows from operating activities

Change in net assets	\$ 543,557	\$ 495,455
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	39,629	20,747
Realized and unrealized gains on investments and change in value of interest in remainder trusts	(430,025)	(804,401)
Donated stock	13,385	2,539
Decrease in allowance for doubtful accounts	-	(13,000)
(Increase) decrease in operating assets		
Grants and pledges receivable	(21,127)	131,181
Prepaid expenses	(20,631)	(7,835)
Deposits	6,000	17,710
Charitable gift annuities	5,864	(1,143)
Deferred compensation plan	(41,079)	(46,261)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(38,183)	(77,927)
Grants payable	(171,534)	235,023
Deferred income	54,189	(36,971)
Charitable gift annuities	(4,900)	2,120
Deferred compensation plan	41,079	46,261
Net cash used in operating activities	<u>(23,776)</u>	<u>(36,502)</u>

Cash flows from investing activities

Purchase of property and equipment	(27,675)	(34,263)
Proceeds from sale of investments	3,819,993	2,902,520
Purchase of investments	<u>(4,429,292)</u>	<u>(3,096,823)</u>
Net cash used in investing activities	<u>(636,974)</u>	<u>(228,566)</u>

Net change in cash and cash equivalents

(660,750)

(265,068)

Cash and cash equivalents, beginning of year

1,991,292

2,256,360

Cash and cash equivalents, end of year

\$ 1,330,542

\$ 1,991,292

Supplemental disclosure of cash flow information

Cash paid for interest	<u>\$ -</u>	<u>\$ -</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, 2018 and 2017

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 \$172,812 and \$297,912 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017

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.

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. The change in value of interests in remainder trusts was (\$138,119) and \$21,181 for the years ended June 30, 2018 and 2017, respectively.

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, 2018 and 2017

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, 2018 and 2017, estimated compensated absences of \$47,456 and \$77,372, 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. FDIC insurance on interest bearing accounts is \$250,000 per depositor, per insured bank. At June 30, 2018 and 2017, the Foundation's cash balances were approximately \$1,257,015 and \$1,527,000 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.

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Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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. F During the year ended June 30, 2018, the Organization paid transportation benefits for employees that were subject to unrelated business income tax beginning January 1, 2018. The provision for income taxes for this imputed unrelated business income was \$2,575 and is included in taxes and licenses on the Statement of Functional Expenses for the year ended June 30, 2018. The Organization did not have a liability for unrelated business income for the year ended June 30, 2017.

The material jurisdictions subject to potential examination by taxing authorities include the U.S. and Virginia. The Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years that remain subject to examination by the IRS are fiscal years 2015 through 2018.

New accounting pronouncements

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information on liquidity, retains the option to present the cash flow statement on a direct or indirect method, and includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. Early adoption of ASU 2016-14 is permitted. The requirements of this statement are effective for Prevent Cancer Foundation for the year ending June 30, 2019. Prevent Cancer Foundation has not evaluated the impact of this statement.

The FASB has issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Organization plans to adopt the standard on its effective date, which for the Organization is July 1, 2019. The Organization has not evaluated the impact of this statement.

The FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies how entities will determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution and how they will determine whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization plans to adopt the standard on its effective date, which for the Organization is July 1, 2019. The Organization has not evaluated the impact of this statement.

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Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

2. Significant accounting policies (continued)

New accounting pronouncements (continued)

The FASB has issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. The Organization plans to adopt the standard on its effective date, which for the Organization is July 1, 2020. The Organization has not evaluated the impact of this statement.

3. Grants and pledges receivable

Grants and pledges receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Pledges - Combined Federal Campaign	\$ 70,886	\$ 94,705
Other receivables	126,946	82,000
Allowance for uncollectible amounts	<u>(19,000)</u>	<u>(19,000)</u>
	<u>\$ 178,832</u>	<u>\$ 157,705</u>

The preliminary allocation to the Foundation for the 2017 - 2018 CFC pledge drive was \$66,155 (net of fees), none of which was received as of June 30, 2018. The outstanding balance is expected to be received in fiscal year 2019.

The preliminary allocation to the Foundation for the 2015- 2016 and 2016- 2017 CFC pledge drives was \$239,121 (net of fees), \$208,220 of which was received as of June 30, 2018. \$15,421 and \$10,749 of the receivable balance was written off in the years ended June 30, 2018 and 2017, respectively. The outstanding balance is expected to be received in fiscal year 2019.

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

The entire balance of other receivables as of June 30, 2018 is expected to be collected in less than one year. \$72,000 of the other receivables balance as of June 30, 2017 was expected to be collected in less than and year and \$10,000 was expected to be collected in more than one year.

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Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

4. Investments

The fair market value of securities held at June 30, 2018 and 2017, was as follows:

	<u>2018</u>	<u>2017</u>
Cash and money market funds	\$ 1,272,409	\$ 507,427
Fixed income	3,713,159	3,285,383
Equities	5,725,036	5,692,733
Mutual funds	<u>425,997</u>	<u>487,000</u>
Fair value per statements of financial position	<u>\$ 11,136,601</u>	<u>\$ 9,972,543</u>

Investment income for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Realized and unrealized gains and change in value of interest in remainder trusts	\$ 291,906	\$ 783,220
Interest and dividend income	293,817	232,961
Investment fees	<u>(52,226)</u>	<u>(49,225)</u>
	<u>\$ 533,497</u>	<u>\$ 966,956</u>

5. Property and equipment

Property and equipment consisted of the following at June 30:

	<u>2018</u>			
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Office furniture and equipment	<u>\$ 204,940</u>	<u>\$ 106,090</u>	<u>\$ 39,629</u>	3 - 10 years
	<u>2017</u>			
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Depreciation expense</u>	<u>Useful life</u>
Office furniture and equipment	<u>\$ 184,148</u>	<u>\$ 73,344</u>	<u>\$ 20,747</u>	3 - 10 years

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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 \$184,335 and \$190,199 as of June 30, 2018 and 2017, respectively, and the anticipated liability to the donors was \$55,011 and \$59,911 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 2018 and 2017 totaling \$1,479,521 and \$1,658,184, 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 \$886,373 and \$1,057,907 as of June 30, 2018 and 2017, 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 \$500,000 and \$745,000 at June 30, 2018 and 2017, respectively.

8. In-kind contributions

In-kind contributions for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Public service announcements	\$ 172,812	\$ 297,912
Contributions for special events	<u>89,144</u>	<u>48,702</u>
	<u>\$ 261,956</u>	<u>\$ 346,614</u>

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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, 2018 and 2017 is as follows:

	2018			Net
	Revenue	Direct benefit expenses	Other expenses	
Gala	\$ 1,738,177	\$ 234,136	\$ 186,659	\$ 1,317,382
Sarah Howard	64,910	19,265	12,997	32,648
5K Race	182,614	37,036	60,720	84,858
Awesome Games	2,485,604	-	319,903	2,165,701
	<u>\$ 4,471,305</u>	<u>\$ 290,437</u>	<u>\$ 580,279</u>	<u>\$ 3,600,589</u>

	2017			Net
	Revenue	Direct benefit expenses	Other expenses	
Gala	\$ 1,667,968	\$ 191,260	\$ 214,894	\$ 1,261,814
Sarah Howard	66,115	7,775	24,281	34,059
5K Race	281,768	34,717	78,577	168,474
Awesome Games	2,219,530	-	214,992	2,004,538
	<u>\$ 4,235,381</u>	<u>\$ 233,752</u>	<u>\$ 532,744</u>	<u>\$ 3,468,885</u>

Approximately 35% and 32%, respectively, of the Organization's support and revenue for the years ended June 30, 2018 and 2017 was derived from the Awesome Games special event. Awesome Games Done Quick has committed to Prevent Cancer Foundation for 2019, but any changes in the benefitting charity in future years would have a significant impact on Prevent Cancer Foundation.

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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:

	2018	
	<u>Fundraising</u>	<u>Education</u>
Direct mailings	<u>\$ 23,005</u>	<u>\$ 13,916</u>

	2017	
	<u>Fundraising</u>	<u>Education</u>
Direct mailings	<u>\$ 11,973</u>	<u>\$ 29,229</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, 2018 and 2017 was \$351,083 and \$250,870, respectively.

Minimum rentals due under this agreement are as follows for the years ending June 30:

2019	303,783
2020	312,897
2021	322,283
2022	<u>275,250</u>
	<u>\$ 1,214,213</u>

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

12. Retirement plan

The Foundation maintains a 401(k) 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 \$76,413 and \$63,607 were made for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the President was the only participant in the Plan. Contributions in the amount of \$18,000 were made on her behalf for the years ended June 30, 2018 and 2017. Fair market value of the Plan was \$276,038 and \$234,959 as of June 30, 2018 and 2017, 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, 2018 and 2017 were as follows:

	2017	Additions	Releases	2018
Restricted to future periods				
Contributions receivable for the Combined Federal campaign	\$ 94,705	\$ 70,885	\$ 94,705	\$ 70,885
Contributions receivable and other	60,000	80,000	110,000	30,000
Charitable gift annuities	130,288	-	964	129,324
Interest in remainder trusts	454,427	(138,119)		316,308
	<u>739,420</u>	<u>12,766</u>	<u>205,669</u>	<u>546,517</u>
Restricted for specific activities or purpose				
Educational Campaign	-	101,000	64,734	36,266
Partnership grants	50,000	-	50,000	-
Scientific research for colorectal and prostate cancer	155,054	-	150,000	5,054
Sarah Howard fund	585,443	64,910	105,163	545,190
	<u>790,497</u>	<u>165,910</u>	<u>369,897</u>	<u>586,510</u>
Portion of donor-restricted endowment subject to a time restriction under UPMIFA for research grants	372,314	44,534	-	416,848
	<u>\$ 1,902,231</u>	<u>\$ 223,210</u>	<u>\$ 575,566</u>	<u>\$ 1,549,875</u>

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

13. Temporarily restricted net assets (continued)

	2016	Additions	Releases	2017
Restricted to future periods				
Contributions receivable for the Combined Federal campaign	\$ 160,866	\$ 94,705	\$ 160,866	\$ 94,705
Contributions receivable and other	60,000	40,000	40,000	60,000
Charitable gift annuities	131,265	-	977	130,288
Interest in remainder trusts	433,246	21,181	-	454,427
	<u>785,377</u>	<u>155,886</u>	<u>201,843</u>	<u>739,420</u>
Restricted for specific activities or purpose				
Partnership grants	100,000	50,000	100,000	50,000
Scientific research for colorectal and prostate cancer	205,054	-	50,000	155,054
Think About the Link	535,435	500,000	1,035,435	-
Sarah Howard fund	578,484	66,115	59,156	585,443
	<u>1,418,973</u>	<u>616,115</u>	<u>1,244,591</u>	<u>790,497</u>
Portion of donor-restricted endowment subject to a time restriction under UPMIFA for research grants	309,358	62,956	-	372,314
	<u>\$ 2,513,708</u>	<u>\$ 834,957</u>	<u>\$ 1,446,434</u>	<u>\$ 1,902,231</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.

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Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

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.

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Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

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:

	2018			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Donor restricted endowment funds	\$ -	\$ 416,848	\$ 278,413	\$ 695,261
Board designated funds (not subject to UPMIFA)	5,997,755	-	-	5,997,755
Total	<u>\$ 5,997,755</u>	<u>\$ 416,848</u>	<u>\$ 278,413</u>	<u>\$ 6,693,016</u>
	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted endowment funds	\$ -	\$ 372,314	\$ 278,413	\$ 650,727
Board designated funds (not subject to UPMIFA)	5,909,443	-	-	5,909,443
Total	<u>\$ 5,909,443</u>	<u>\$ 372,314</u>	<u>\$ 278,413</u>	<u>\$ 6,560,170</u>

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Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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>
Board designated funds as of June 30, 2016	\$ 5,336,516	\$ 309,358	\$ 278,413	\$ 5,924,287
Investment return				
Investment income	\$ 144,356	\$ 15,916	\$ -	\$ 160,272
Net appreciation	457,162	50,188	-	507,350
Investment fees	<u>(28,591)</u>	<u>(3,148)</u>	<u>-</u>	<u>(31,739)</u>
Total investment return	572,927	62,956	-	635,883
Contributions to perpetual endowment	-	-	-	-
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Board designated funds as of June 30, 2017	\$ 5,909,443	\$ 372,314	\$ 278,413	\$ 6,560,170
Investment return				
Investment income	\$ 161,163	\$ 18,118	\$ -	\$ 179,281
Net appreciation	271,618	29,833	-	301,451
Investment fees	<u>(30,469)</u>	<u>(3,417)</u>	<u>-</u>	<u>(33,886)</u>
Total investment return	402,312	44,534	-	446,846
Contributions to perpetual endowment	-	-	-	-
Amounts appropriated for expenditure	<u>(314,000)</u>	<u>-</u>	<u>-</u>	<u>(314,000)</u>
Donor restricted endowment and Board designated funds as of June 30, 2018	\$ 5,997,755	\$ 416,848	\$ 278,413	\$ 6,693,016

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Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017.

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.

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Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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.

Interest in remainder trusts: 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 2018 and 2017.

Mutual funds and ETFs: 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.

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Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

16. Fair value of financial instruments (continued)

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments and charitable gift annuities				
Money market funds	\$ 1,275,087	\$ -	\$ -	\$ 1,275,087
Fixed income				
Mutual funds - fixed income				
Blackrock Strategic Income	506,576	-	-	506,576
Blackrock Total Return	932,060	-	-	932,060
Dodge & Cox Income Fund	920,079	-	-	920,079
Metropolitan West Unconstrained Bond Fund	515,817	-	-	515,817
Western Asset Return	910,073	-	-	910,073
Equities				
ETF - equity				
iShares Core Dividend Growth	525,958	-	-	525,958
iShares MSCI EAFE	363,580	-	-	363,580
iShares Edge MSCI Min Vol USA	430,809	-	-	430,809
iShares Russell Mid-Cap Value	301,751	-	-	301,751
iShares Russell Mid-Cap Growth	342,044	-	-	342,044
iShares Russell 1000 Value Index Fund	493,895	-	-	493,895
iShares Russell 1000 Growth Index Fund	1,200,442	-	-	1,200,442
Lazard Global Listed Infrastructure	406,469	-	-	406,469
Vanguard Emerging Markets	199,100	-	-	199,100
Vanguard FTSE Emerging Markets	3,376	-	-	3,376
Mutual funds - equity				
MFS Value Fund Class I	467,169	-	-	467,169
PNC Multi-Factor Small Cap Core	479,409	-	-	479,409
T Rowe Price Growth Stock	235,955	-	-	235,955
T. Rowe Price Value Fund Inc	385,290	-	-	385,290
Mutual Funds				
Blackrock Global Allocation	425,997	-	-	425,997
Interests in remainder trusts	-	-	316,308	316,308
Deferred compensation plan				
Equities - AB Wealth Appreciaiton	276,038	-	-	276,038
Total assets, at fair value	<u>\$ 11,596,974</u>	<u>\$ -</u>	<u>\$ 316,308</u>	<u>\$ 11,913,282</u>

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Prevent Cancer Foundation

Notes to Financial Statements

June 30, 2018 and 2017

16. Fair value of financial instruments (continued)

Assets measured at fair value on a recurring basis are summarized below as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Investments and charitable gift annuities				
Money market funds	\$ 508,943	\$ -	\$ -	\$ 508,943
Fixed income				
ETF - fixed income				
iShares Core US Aggregate Bond	894,916	-	-	894,916
iShares 1-3 YR Credit Bond	298,238	-	-	298,238
iShares Floating Rate Bond	301,701	-	-	301,701
Vanguard Total Bond Market	913,141	-	-	
Mutual funds - fixed income				
Blackrock Strategic Income	306,685	-	-	306,685
Dodge & Cox Income Fund	642,840	-	-	642,840
Equities				
ETF - equity				
Deutsche X-Trackers MSCI Eur	190,127	-	-	190,127
iShares Core Dividend Growth	481,357	-	-	481,357
iShares Edge MSCI Min Vol USA	397,165	-	-	397,165
iShares MSCI EAFE	354,558	-	-	354,558
iShares Russell Mid-Cap Value	287,251	-	-	287,251
iShares Russell Mid-Cap Growth	292,113	-	-	292,113
iShares Russell 1000 Growth Index Fund	1,480,728	-	-	1,480,728
iShares Russell 1000 Value Index Fund	474,569	-	-	474,569
Vanguard FTSE Emerging Markets	196,147	-	-	196,147
Mutual funds - equity				
Mainstay Epoch Global Equity	152,784	-	-	152,784
MFS Value Fund Class I	471,393	-	-	471,393
PNC Multi-Factor Small Cap Core	426,660	-	-	426,660
T. Rowe Price Growth Stock	218,304	-	-	218,304
T. Rowe Price Value Fund Inc	386,122	-	-	386,122
Mutual funds				
Blackrock Global Allocation	487,000	-	-	487,000
Interests in remainder trusts	-	-	454,427	454,427
Deferred compensation plan		-	-	
Equities - AB Wealth Appreciaton	234,959	-	-	234,959
Total assets, at fair value	\$ 10,397,701	\$ -	\$ 454,427	\$ 10,852,128

See independent auditor's report.

Prevent Cancer Foundation

Notes to Financial Statements June 30, 2018 and 2017

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>2018</u>	<u>2017</u>
Beginning balance	\$ 454,427	\$ 433,246
Total gains or losses (realized/unrealized) included in changes in net assets	<u>(138,119)</u>	<u>21,181</u>
Ending balance	<u>\$ 316,308</u>	<u>\$ 454,427</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

Design services were provided for the Gala by a company owned by a board member. The Foundation paid \$70,000 for these services during the year ended June 30, 2018. Additionally, donated services were provided in the amount of \$85,000 and \$30,000 for the years ended June 30, 2018 and 2017, respectively.

During the ordinary course of business for the years ended June 30, 2018 and 2017, 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, 2018 through November 26, 2018, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements.

PCF has unrealized losses on investments subsequent to June 30, 2018. The value of PCF's investments – general on October 31, 2018, the most recent statement date, was \$4,096,343. \$300,000 of this change in value was attributable to a transfer from the investment portfolio, not unrealized losses. The value of PCF's investments – donor restricted and board designated funds on October 31, 2018, the most recent statement date, was \$6,604,426. Based on PCF's long term outlook on the investment portfolio, management expects this decline to be temporary.

In November 2018, PCF signed a contract committing to approximately \$300,000 of expenses related to their Awesome Games special event to be held in January 2019. No other events have occurred that would require adjustments to or disclosure in the financial statements.

See independent auditor's report.