

CURE CHILDHOOD CANCER, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

CURE CHILDHOOD CANCER, INC.

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CURE CHILDHOOD CANCER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
A LETTER FROM THE EXECUTIVE DIRECTOR
JUNE 30, 2017 AND 2016

Dear Donors and Interested Parties:

I would like to present to you the CURE Childhood Cancer annual financial statements and give you an update on our year. We are so proud of the incredible impact we have made over the past twelve months in the lives of children with cancer and their families.

Our most urgent focus is to support research which will increase survival in children diagnosed with cancer. Yet we are looking for better methods of treatment than today's chemotherapy and radiation, which damage young, growing bodies and often leave children with a lifetime of health problems. To that end, we awarded more than \$3.5 million in research grants to top scientists in the field. The focus of our awards was on research aimed at solving the most difficult to cure childhood cancers and getting new treatments to the bedside. Following our June 2016 board meeting where funding decisions were made, we notified researchers of their awards to be paid in fiscal year 2017. Unfortunately, we were unaware that accounting rules consider grants made when notification is provided to the recipient rather than in the period the grant is intended for and when payment will be made. Thus, the rules require us to accrue those research grants in our 2016 fiscal year, even though they were intended for and paid out in our 2017 fiscal year. Since this accounting adjustment (see Note C in the notes to the audited financial statements) does not give an accurate picture in our financial statements of our true mission related expenses, we feel it very important to give you an adjusted (non-GAAP) view of our program expenses. The financials show that we had approximately \$3.4 million of program expenses in 2017 and approximately \$5.8 million in 2016. Had the grants been recorded as intended (i.e. in the period for which the grant was intended and will be paid), the financials would show approximately \$5.5 million in program expenses in 2017 and approximately \$3.7 million in 2016 – this is how we are measuring ourselves. Additionally, with this same adjustment, we would have a program to total expense ratio of 88.5% for 2017 versus 86.7% for 2016 with the grant movement. We have put procedures in place to ensure we communicate the grants at the beginning of our fiscal year moving forward. We also note that there is no impact on our cash flows as a result of this adjustment.

Patient and family support is also a crucial part of our mission. We come alongside families at diagnosis and remain part of their journey for as long as they need us. During our 2016 fiscal year, we increased the amount of financial assistance given to families in crisis by 26% over the year prior. We also quadrupled the number of counseling sessions provided to patients, survivors, siblings and parents. We hosted more than 100 parents at our bereavement weekends. Additionally, through CURE's Open Arms Meal Program, staff and volunteers served lunches and dinners to more than 10,000 hospitalized patients and their families in Atlanta and Savannah.

These numbers are both impressive and important. But our work is not in numbers, it is in people. For that reason, I share a recent note from a mom whose son is going through treatment:

"CURE always goes over and beyond! When we were lost and in a whirlwind, you were there to help provide guidance. Not only to our family personally, but in the hospital, we see what you do for all of the families. You continue to give. Not only are you helping families, but through research, fellowships, and to help find a cure. For all of these generosities, we are grateful."

We will not rest until there is a cure for all children with cancer.

Sincerely,

Kristin Connor
Executive Director

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CURE Childhood Cancer, Inc.

We have audited the accompanying financial statements of CURE Childhood Cancer, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the financial position of CURE Childhood Cancer, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

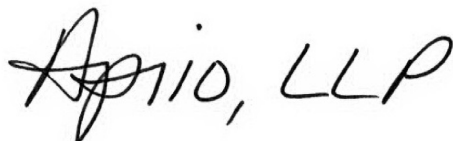
Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Adjustments to Prior Period Financial Statements

The financial statements of CURE Childhood Cancer, Inc. as of June 30, 2016 were audited by other auditors whose report dated January 6, 2017, expressed an unmodified opinion on those financial statements. As discussed in Note C to the financial statements, the Company has restated its June 30, 2016 financial statements to correct certain errors. The other auditors reported on the financial statements prior to the revision.

As part of our audit of the June 30, 2017 financial statements, we also audited adjustments described in Note C that were applied to restate the June 30, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2016 financial statements of the CURE Childhood Cancer, Inc. other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2016 financial statements as a whole.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

Atlanta, Georgia

February 26, 2018

CURE CHILDHOOD CANCER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	2017	As Restated 2016
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,352,304	\$ 2,040,522
Contributions receivable	86,623	77,878
Prepaid expenses	30,596	22,000
Other assets	8,965	-
Total current assets	1,478,488	2,140,400
Deposits	21,563	5,178
Investments, at fair value	1,693,275	978,114
Intangible assets, net	16,319	23,500
Furniture and equipment, net	1,495	2,752
Total assets	\$ 3,211,140	\$ 3,149,944
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 54,231	\$ 29,447
Deferred revenue	183,444	206,427
Grants payable	379,559	2,188,687
Other current liabilities	-	2,456
Total current liabilities	617,234	2,427,017
<u>Long-term liabilities:</u>		
Grants payable	-	113,822
Long-term accrued expenses	101,450	60,580
Total long-term liabilities	101,450	174,402
Total liabilities	718,684	2,601,419
<u>Net assets</u>		
Unrestricted	2,459,440	516,474
Temporarily restricted	15,216	14,251
Permanently restricted	17,800	17,800
Total net assets	2,492,456	548,525
Total liabilities and net assets	\$ 3,211,140	\$ 3,149,944

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues and other support</u>				
Contributions	\$ 3,058,503	\$ 1,312,485	\$ -	\$ 4,370,988
Fundraising events, net	1,409,791	-	-	1,409,791
Donated goods and services	212,495	-	-	212,495
Investment return	84,838	760	-	85,598
Other	14,229	-	-	14,229
Net assets released from restrictions	<u>1,312,280</u>	<u>(1,312,280)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>6,092,136</u>	<u>965</u>	<u>-</u>	<u>6,093,101</u>
<u>Expenses</u>				
Program	3,435,378	-	-	3,435,378
Supporting services:				
General and administrative	386,285	-	-	386,285
Fundraising	<u>327,507</u>	<u>-</u>	<u>-</u>	<u>327,507</u>
Total expenses	<u>4,149,170</u>	<u>-</u>	<u>-</u>	<u>4,149,170</u>
Change in net assets	1,942,966	965	-	1,943,931
Net assets at beginning of year	<u>516,474</u>	<u>14,251</u>	<u>17,800</u>	<u>548,525</u>
Net assets at end of year	<u>\$ 2,459,440</u>	<u>\$ 15,216</u>	<u>\$ 17,800</u>	<u>\$ 2,492,456</u>

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016 (AS RESTATED)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues and other support</u>				
Contributions	\$ 2,560,876	\$ 837,614	\$ -	\$ 3,398,490
Fundraising events, net	1,404,167	-	-	1,404,167
Donated assets and services	235,652	-	-	235,652
Investment return	(14,705)	699	-	(14,006)
Other	6,389	-	-	6,389
Net assets released from restrictions	<u>837,077</u>	<u>(837,077)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>5,029,456</u>	<u>1,236</u>	<u>-</u>	<u>5,030,692</u>
<u>Expenses</u>				
Program (Note C)	5,798,050	-	-	5,798,050
Supporting services:				
General and administrative	311,707	-	-	311,707
Fundraising	<u>254,597</u>	<u>-</u>	<u>-</u>	<u>254,597</u>
Total expenses	<u>6,364,354</u>	<u>-</u>	<u>-</u>	<u>6,364,354</u>
Change in net assets	(1,334,898)	1,236	-	(1,333,662)
Net assets at beginning of year	<u>1,851,372</u>	<u>13,015</u>	<u>17,800</u>	<u>1,882,187</u>
Net assets at end of year	<u>\$ 516,474</u>	<u>\$ 14,251</u>	<u>\$ 17,800</u>	<u>\$ 548,525</u>

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				General and Administrative	Fundraising	Total
	Research	Education	Patient and Family Support	Total			
Grants	\$ 1,466,849	\$ -	\$ -	\$ 1,466,849	\$ -	\$ -	\$ 1,466,849
Salaries and related expenses	-	358,068	589,644	947,712	166,642	209,260	1,323,614
Patient and family support	-	-	330,981	330,981	-	-	330,981
Marketing and advertising	-	269,822	-	269,822	-	6,701	276,523
Community education	-	91,510	-	91,510	12,085	40,004	143,599
Donated goods and services	-	-	108,866	108,866	-	6,554	115,420
Rent	-	19,866	45,410	65,276	17,974	11,352	94,602
Bank charges	-	-	-	-	94,569	-	94,569
Third party events	-	21,087	5,370	26,457	-	43,834	70,291
Newsletter	-	69,285	-	69,285	-	-	69,285
Software and technology	-	4,305	9,838	14,143	37,380	2,460	53,983
Office expenses	-	8,322	19,020	27,342	15,796	4,755	47,893
Professional fees	-	-	-	-	32,693	-	32,693
Other	-	5,012	6,301	11,313	7,543	1,575	20,431
Depreciation and amortization	-	1,772	4,050	5,822	1,603	1,012	8,437
Total expenses	<u>\$ 1,466,849</u>	<u>\$ 849,049</u>	<u>\$ 1,119,480</u>	<u>\$ 3,435,378</u>	<u>\$ 386,285</u>	<u>\$ 327,507</u>	<u>\$ 4,149,170</u>

See independent auditors' report accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 (AS RESTATED)

	Program Services				Total	General and		Total
	Research	Fellowships	Education	Patient and Family Support		Administrative	Fundraising	
Grants	\$ 3,069,441	\$ 763,755	\$ -	\$ -	\$ 3,833,196	\$ -	\$ -	\$ 3,833,196
Salaries and related expenses	-	-	275,452	531,909	807,361	141,345	208,237	1,156,943
Patient and family support	-	-	-	457,746	457,746	-	-	457,746
Marketing and advertising	-	-	281,758	-	281,758	6,337	-	288,095
Community education	-	-	123,583	-	123,583	-	-	123,583
Donated goods and services	-	-	-	118,864	118,864	2,000	18,869	139,733
Rent	-	-	20,761	37,637	58,398	9,997	15,898	84,293
Bank charges	-	-	-	-	-	73,578	-	73,578
Newsletter	-	-	69,956	-	69,956	-	-	69,956
Software and technology	-	-	3,650	6,618	10,268	32,549	2,795	45,612
Office expenses	-	-	8,430	15,821	24,251	12,558	6,455	43,264
Professional fees	-	-	-	-	-	21,533	-	21,533
Other	-	-	6,932	4,382	11,314	11,580	1,975	24,869
Depreciation and amortization	-	-	481	874	1,355	230	368	1,953
Total expenses	\$ 3,069,441	\$ 763,755	\$ 791,003	\$ 1,173,851	\$ 5,798,050	\$ 311,707	\$ 254,597	\$ 6,364,354

See independent auditors' report accompanying notes

CURE CHILDHOOD CANCER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2017	As Restated 2016
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 1,943,931	\$ (1,333,662)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,256	1,756
Amortization	7,181	197
Realized gain on sales of investments	(28,769)	(3,701)
Unrealized gain (loss) on investments	(27,550)	42,815
Donated stock	(97,075)	(66,314)
Deferred lease incentives	-	(10,577)
(Increase) decrease in assets:		
Contributions receivable	(8,744)	(25,233)
Prepaid expenses	(8,596)	-
Other assets	(8,965)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	22,330	(2,621)
Deferred revenue	(22,983)	133,352
Grant payable	(1,922,950)	1,446,279
Family funds held in trust	-	(23,938)
Long-term accrued expenses	40,870	60,580
Net cash provided (used) by operating activities	(110,064)	218,933
<u>Cash flows from investing activities:</u>		
Purchase of intangible assets	-	(23,500)
Proceeds from sale of investments	94,405	141,513
Purchase of investments	(656,174)	(69,267)
Payment of security deposit	(16,385)	-
Net cash provided (used) by investing activities	(578,154)	48,746
Net increase (decrease) in cash and cash equivalents	(688,218)	267,679
Cash and cash equivalents at beginning of year	2,040,522	1,772,843
Cash and cash equivalents at end of year	\$ 1,352,304	\$ 2,040,522

See independent auditors' report and accompanying notes

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note A

Description of Operations

CURE Childhood Cancer, Inc. (CURE) is a nonprofit organization dedicated to conquering childhood cancer through funding targeted research and through support of patients and their families. CURE was incorporated on November 26, 1975, under the laws of the state of Georgia. CURE is located in Georgia; substantially serves Georgia; and, is substantially supported through grants and contributions. Program activities include the following:

Research:

CURE is focused on supporting childhood cancer experts, locally and nationally, who are working daily to discover the ultimate solution. While most organizations are focused on treatment, facilities, education or a program related to what today's knowledge and medicine can offer, CURE is focused on expanding the platform of research to uncover new treatments that speed healing, are less invasive and less damaging, and that can eradicate the cancer itself. CURE has close co-operative relationships with many international and national groups involved in childhood cancer including The National Institute of Health, The National Cancer Institute, and The Children's Oncology Group.

Fellowships:

Because the future for children with cancer rests on the doctors and researchers who are being trained today, CURE fully funds two pediatric oncology fellows and building towards endowing a third at the Emory University School of Medicine. CURE believes it is crucial to have new teams of skilled researchers prepared to carry on the search for the cure.

Education:

CURE is committed to furthering education on issues surrounding childhood cancer. CURE publishes The CURE Report three times each year and we publish a monthly electronic newsletter. CURE has a robust education program directed to survivorship and wellness of families and directed to educating the public about childhood cancer, research and the needs of families.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note A

Description of Operations (Continued)

Patient and Family Support:

CURE supports children with cancer and their families as well as the frontline caregivers whose compassionate care and skill are instrumental to a child's health and healing. *Early Outreach* assists families with a new diagnosis in facing their fear and anxiety by providing practical information, encouragement, and other items useful to families throughout their journey. *Critical Needs Care* is dedicated to addressing the most critical and urgent needs of childhood cancer patients and their families. *Family Emergency Funds* provide emergency financial assistance; *Open Arms* delivers meals to both the Egleston and Scottish Rite campuses of the AFLAC Cancer Center at Children's Healthcare of Atlanta (CHOA) and Children's Memorial Hospital of Savannah (CMH); *Bereavement Care* provides essential bereavement support to families who have lost a child to cancer; and, *Partners in Caring* counseling program that provides professional counseling services to families at minimal to no cost. *Caring for the Caregiver* is aimed at addressing the emotional strain felt by the frontline caregivers of children with cancer and their families at the two campuses of CHOA and CMH.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash Equivalents:

CURE considers all highly liquid investments with an original maturity of 3 months or less when purchased to be cash equivalents.

Concentration of Credit Risk:

CURE maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such balances, at times, may exceed FDIC limits. CURE has not experienced any such losses and does not believe that it is exposed to any significant risk on its cash and cash equivalents.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note B

Summary of Significant Accounting Policies (Continued)

Contributions Receivable:

Contributions receivable are recognized when a donor makes an unconditional promise to give to CURE. Conditional promises are not recorded as support until the conditions are substantially met. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction has been met or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions receivable that are expected to be received in future years are recorded at the present value of expected future receipts. As of June 30, 2017 and 2016, all contributions receivable are due in less than one year and therefore no discount to present value was considered necessary.

Investments:

Investments are carried at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations, or by law. Investment income and gains and losses on investments whose use is temporarily restricted by explicit donor stipulation, or by law, but whose restrictions expire in the same reporting period as earned, are reported as unrestricted investment income.

Investments consist of equity securities and are reported at their fair values in the statements of financial position. All equity securities held by CURE are considered to be available-for-sale securities. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurements:

CURE applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note B

Summary of Significant Accounting Policies (Continued)

The three general valuation techniques that may be used to measure fair value are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities inactive markets that CURE has the ability to access.

Level 2 Inputs to the valuation methodology include:

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

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

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

Furniture and Equipment:

Furniture and equipment are stated at cost for purchased assets or fair value on the date of donation for donated assets and amounted to \$19,461 as of both June 30, 2017 and 2016. CURE reviews for capitalization all expenditures greater than \$1,000. Assets received by donation generally follow the same capitalization policy. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which has been determined to be between 5 and 7 years. As of June 30, 2017 and 2016, accumulated depreciation totaled \$17,966 and \$16,709, respectively.

Impairment of Long-Lived Assets:

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. No impairment loss has been recognized during the years ended June 30, 2017 and 2016.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note B

Summary of Significant Accounting Policies (Continued)

Intangible Assets:

At June 30, 2017 and 2016, intangible assets included website development in the amount of \$23,500 which was placed into service during the year ended June 30, 2017. Amortization is computed using the straight-line method over the estimated useful lives of the respective assets which has been determined to be three years. As of June 30, 2017, accumulated amortization totaled \$7,181.

Net Asset Classification:

The accompanying financial statements have been prepared in accordance with standards set for accounting for contributions received and contributions made and also financial statements for not-for-profit organizations and the associated industry accounting and audit guide. Under these guidelines, contributions of cash and other assets are classified as one of the following categories:

Unrestricted – The part of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted – The part of the net assets resulting (a) from contributions and other inflows of assets whose use by CURE is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CURE pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of CURE pursuant to those stipulations.

Permanently Restricted – The part of the net assets resulting (a) from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CURE, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Grant Expenses:

Grant expenses are recognized when a payment is made to a grantee, or in the period the grantee is notified of the award, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. As of June 30, 2017 and 2016, any discount to present value was determined to be immaterial.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note B

Summary of Significant Accounting Policies (Continued)

Functional Expenses:

CURE allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Expenses common to several functions are allocated according to a formula developed by management.

Donated Goods and Services:

Donated goods and services are reflected as revenue in the accompanying statement of activities at their estimated fair values at the date of receipt. No amounts have been reflected in the statement of activities for donated volunteer services because they do not meet the criteria for revenue recognition. During the year ended June 30, 2017 and 2016, donated goods and services totaled \$451,579 and \$235,652, respectively.

Advertising and Marketing:

Advertising and marketing costs are expensed as incurred. For the year ended June 30, 2017 and 2016, advertising expense totaled \$276,523 and \$288,095, respectively.

Income Taxes:

CURE is a nonprofit organization and qualifies under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization for both federal and state income tax purposes. Accordingly, CURE has provided for no income taxes in the accompanying financial statements. CURE applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 *Income Taxes*. There were no unrecognized tax benefits or related liabilities at June 30, 2017 and 2016. CURE is no longer subject to income tax examinations for tax years prior to 2013.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note C

Adjustments to Prior Period Financial Statements

In June 2016, CURE's Board of Directors approved certain grant awards and accordingly CURE notified the recipients of their respective awards. The grants awarded were intended to be a component of CURE's operating budget and reflected in the financial statements for the year ended June 30, 2017. Since the grants awarded were considered to be unconditional in nature and therefore in accordance with GAAP, the obligations and expenses were to be recognized at the date the recipients were notified of the awards. An adjustment was recorded to the financial statements for the year ended June 30, 2016 to recognize such obligations. The adjustment had no impact on the cash flow of CURE for the years ended June 30, 2017 or 2016.

A second adjustment was recorded to the financial statements for the year ended June 30, 2016 to accrue certain expenses.

The effect of these corrections on the financial statements is summarized below:

Statement of Financial Position as of June 30, 2016

	Previously Reported	Increase (Decrease)	As Restated
Grant awards payable	\$ 220,226	\$ 2,082,283	\$ 2,302,509
Long-term accrued expenses	40,580	20,000	60,580
Unrestricted net assets	2,618,757	(2,102,283)	516,474

Statement of Activities for the year ended June 30, 2016

	Previously Reported	Increase (Decrease)	As Restated
Program expenses	\$ 3,699,767	\$ 2,098,283	\$ 5,798,050
General and administrative expenses	309,707	2,000	311,707
Fundraising expenses	252,597	2,000	254,597

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

	Previously Reported	Increase (Decrease)	As Restated
Grants	\$ 1,830,913	\$ 2,002,283	\$ 3,833,196
Salaries and related expenses	1,136,943	20,000	1,156,943
Patient and family support	377,746	80,000	457,746

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note D

Investments

Investments consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Mortgage pools	\$ 14,430	\$ 19,980
Exchange traded funds	524,202	307,268
Bond mutual funds	359,432	180,975
Equity mutual funds	<u>795,211</u>	<u>469,891</u>
Total investments	1,693,275	978,114
Cash and cash equivalents	<u>213,514</u>	<u>848,332</u>
Total investment portfolio	<u>\$ 1,906,789</u>	<u>\$ 1,826,446</u>

In accordance with the ASC 820, CURE's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. CURE's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The components of investment return are as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 45,978	\$ 41,423
Realized gains	28,769	3,701
Unrealized gains	27,550	(42,815)
Less: investment expenses	<u>(16,699)</u>	<u>(16,315)</u>
	<u>\$ 85,598</u>	<u>\$ (14,006)</u>

Note E

Grants Payable

Funding commitments are approved by CURE's Board of Directors based on recommendations provided by CURE's Scientific Advisory Council. Upon notification to grant recipients, CURE records a grant payable for those awards that are in substance unconditional. Outstanding required payments under the grant agreements are due as follows as of June 30:

	<u>2017</u>	<u>As Restated 2016</u>
Due in one year or less	\$ 379,559	\$ 2,188,687
Due after one year through five years	<u>-</u>	<u>113,822</u>
	<u>\$ 379,559</u>	<u>\$ 2,302,509</u>

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note F
Endowment

CURE's endowment includes one donor-restricted endowment fund and a quasi-endowment fund designated by the Board of Directors to function similarly to an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function similarly to an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The state of Georgia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2008. CURE has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent the explicit donor stipulations to the contrary. Accordingly, the classification of permanently restricted net assets includes (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 made in accordance with the direction of the applicable donor gift instrument at the time the accumulation 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 CURE in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CURE considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

Return Objectives and Risk Parameters

CURE has adopted investment and spending policies for endowment assets that strive to expand the purchasing power of the endowment fund while providing for distributions based on its spending policy. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that approximate the stated spending objectives plus the consumer price index assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount with the primary objective for the Fund being preservation and growth of principal.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note F

Endowment (Continued)

Spending Policy

CURE has a policy of distributing annually 5% of the endowment fund's previous 12 month average balance. However, the Board of Directors have the right in any given year to spend any amount in excess or below this stated amount, as they deem appropriate. The Board of Directors has set a minimum balance for the endowment fund at \$1,000,000. The endowment fund can be reduced below this threshold only with approval from both the Finance Committee and the Executive Committee.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CURE 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). CURE targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The composition of and changes in endowment net assets for the years ended June 30, 2017 and 2016, are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 1,814,335	\$ 13,015	\$ 17,800	\$ 1,845,150
Investment income	39,727	699	-	40,426
Investment fees	(16,315)	-	-	(16,315)
Net depreciation	<u>(42,815)</u>	<u>-</u>	<u>-</u>	<u>(42,815)</u>
Endowment net assets, June 30, 2016	\$ 1,794,932	\$ 13,714	\$ 17,800	\$ 1,826,446
Investment income	68,732	760	-	69,492
Investment fees	(16,699)	-	-	(16,699)
Net appreciation	<u>27,550</u>	<u>-</u>	<u>-</u>	<u>27,550</u>
Endowment net assets, June 30, 2017	<u>\$ 1,874,515</u>	<u>\$ 14,474</u>	<u>\$ 17,800</u>	<u>\$ 1,906,789</u>

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
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Note G

Temporarily and Permanently Restricted Net Assets

Temporarily restricted and permanently restricted net assets consist of the following:

	June 30, 2017		June 30, 2016	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Patient and family support	\$ 742	\$ -	\$ 537	\$ -
Leukemia research	14,474	-	13,714	-
Meli Arant Memorial Research Fund	<u>-</u>	<u>17,800</u>	<u>-</u>	<u>17,800</u>
	<u>\$ 15,216</u>	<u>\$ 17,800</u>	<u>\$ 14,251</u>	<u>\$ 17,800</u>

In 1988 the Meli Arant Memorial Research Fund (The Fund) was established to honor the memory of Raymel Eugenia (Meli) Arant. The Fund was established as a perpetual fund and is maintained in the amount of cumulative gifts made to the Fund. Income shall be used to support leukemia research and such other related purposes deemed appropriate.

Note H

Operating Leases

CURE leases certain office equipment and office space under noncancelable leases. Future minimum lease payments required under these operating leases as of June 30, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 68,457
2019	178,285
2020	182,304
2021	186,486
2022	190,059
Thereafter	<u>129,761</u>
	<u>\$ 935,352</u>

For the years ended June 30, 2017 and 2016, rent expense was \$94,602 and \$84,293, respectively.

CURE signed a lease for office space on March 15, 2017 that was to commence on October 1, 2017. The lease provides for a 5 month rent abatement, starting on commencement date. In addition, the lease provides for a beneficial occupancy period allowing move-in prior to October 1, 2017, without additional rent payments due. CURE moved into this location on July 29, 2017.

CURE CHILDHOOD CANCER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note I

Related Party Transactions

During the years ended June 30, 2017 and 2016, CURE received contributions in the approximate amount of \$291,000 and \$265,000, respectively, from board members, their related entities, or from donor advised funds directed by them.

During the year ended June 30, 2016, CURE engaged in business transactions with a business that is majority owned by a board member. The amounts paid for those services approximated \$305,500.

Note J

Retirement Plan

CURE sponsors a SIMPLE IRA Plan for its employees. During the year ended June 30, 2017 and 2016, matching contributions approximated \$27,100 and \$20,500, respectively.

Note K

Subsequent Events

Subsequent to June 30, 2017, CURE awarded grants in the approximate amount of \$3,036,000.

CURE evaluated subsequent events through February 26, 2018, when these financial statements were available to be issued. Aside from the grants awarded referenced in the preceding paragraph, CURE is not aware of any significant events that occurred subsequent to the statement of financial position date, but prior to the issuance of this report, that would have a material impact on the financial statements.