

**CANCER101, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010 AND 2009**

CANCER101, INC.
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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Independent Auditors' Report

Board of Directors
CANCER101, INC.
New York, New York

We have audited the accompanying statements of financial position of CANCER101, Inc. (a nonprofit organization) as of December 31, 2010 and 2009 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CANCER101's 2009 financial statements and, in our report dated March 22, 2010, we expressed an unqualified opinion on those financial statements

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CANCER101, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fuoco Group, LLP

Hauppauge, New York
April 20, 2011

CANCER101, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 206,034	\$ 119,727
Investments	79,983	29,509
Contributions receivable	83,635	349,050
Inventory - planners	24,644	35,530
Deposits - planner production	191,363	88,000
Prepaid expenses	11,832	11,543
Total current assets	597,491	633,359
Fixed assets net of accumulated depreciation and amortization of \$70,114 and \$49,170 in 2010 and 2009, respectively	64,630	10,674
TOTAL ASSETS	\$ 662,121	\$ 644,033
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 3,641	\$ 655
Accrued expenses	33,760	9,000
Total current liabilities	37,401	9,655
Net assets:		
Net assets - unrestricted	172,336	311,233
Net assets - temporarily restricted	452,384	323,145
Total net assets	624,720	634,378
TOTAL LIABILITIES AND NET ASSETS	\$ 662,121	\$ 644,033

See accompanying notes and auditors' report.

CANCER101, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total (for Comparative Purposes Only)
Revenue:				
Contributions	\$ 437,962	\$ 452,384	\$ 890,346	\$ 791,224
Planner Sales	28,324	-	28,324	35,820
Special events revenue (net)	-	-	-	24,684
Other revenue	16,740	-	16,740	932
In-kind donation	105,583	-	105,583	31,005
	<u>588,609</u>	<u>452,384</u>	<u>1,040,993</u>	<u>883,665</u>
Net assets released from restrictions	323,145	(323,145)	-	-
Total revenues	<u>911,754</u>	<u>129,239</u>	<u>1,040,993</u>	<u>883,665</u>
Expenses and losses:				
Program	758,733	-	758,733	294,530
Management and general	183,979	-	183,979	123,667
Fund raising	107,939	-	107,939	21,450
Total expenses and losses	<u>1,050,651</u>	<u>-</u>	<u>1,050,651</u>	<u>439,647</u>
(Decrease) increase in net assets	(138,897)	129,239	(9,658)	444,018
Net assets - beginning of year	<u>311,233</u>	<u>323,145</u>	<u>634,378</u>	<u>190,360</u>
Net assets - end of year	<u><u>\$ 172,336</u></u>	<u><u>\$ 452,384</u></u>	<u><u>\$ 624,720</u></u>	<u><u>\$ 634,378</u></u>

See accompanying notes and auditors' report.

CANCER101, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (9,658)	\$ 444,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,944	8,834
Unrealized loss on investment	3,673	
(Increase)decrease in assets:		
Contributions receivable	265,415	(345,050)
Other receivable	-	7,546
Inventory	10,886	35,479
Deposits - planner production	(103,363)	(88,000)
Prepaid expenses	(289)	(11,128)
Increase(decrease) in liabilities:		
Accounts payable and accrued expenses	2,986	(70,003)
Accrued expenses	24,760	(19,250)
Net cash provided (used) by operating activities	215,354	(37,554)
Cash flows from investing activities:		
Website development	(74,900)	-
Purchase of equipment	-	(1,289)
Investments	(54,147)	(29,509)
Net cash (used) by investing activities	(129,047)	(30,798)
Increase (decrease) in cash	86,307	(68,352)
Cash - beginning of year	119,727	188,079
Cash - end of year	\$ 206,034	\$ 119,727

See accompanying notes and auditors' report.

CANCER101, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. Background:

Nature of organization:

CANCER101, Inc. (the Organization) is a corporation organized under the New York State Not-for-Profit Corporation Law. The Organization provides support to cancer patients and their caregivers. The Organization is located in New York City.

The primary sources of revenue are contributions and special events income.

2. Summary of significant accounting policies:

Basis of accounting and financial statement presentation:

The accompanying financial statements are presented under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Organization's programs, administration and fundraising.

The Organization presents its financial statements in accordance with Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, "Not-for-Profit-Entities." Under FASB ASC No. 958, the Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and change in net assets.

Unrestricted – net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

Temporarily restricted – net assets of the Organization which have been limited by donor-imposed stipulations or by law, that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently restricted – net assets of the Organization which have been restricted by donors to be maintained in perpetuity by the Organization.

The Organization does not possess any permanently restricted net assets.

Expenses are allocated into functional categories depending upon the ultimate purpose of the expenditure. The Organization also presents a statement of cash flows in accordance with FASB ASC 958.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, there is no provision for federal or state income tax.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Revenue recognition:

Contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor.

CANCER101, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2. Summary of significant accounting policies: (continued)

Inventory:

Inventory is stated at cost and consists of planners.

Cash and cash equivalents:

Cash and cash equivalents represents cash held in banks, money market accounts held by investment brokers, and short-term investments. The Organization considers all short-term investments with maturity of three months or less to be cash equivalents.

Bad debt:

The Organization uses the allowance method of accounting for bad debts.

Fair Value Measurements

Effective January 1, 2009, we adopted the provisions of FASB ASC 820-10 which provides a framework for measuring fair value under GAAP. It 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. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Management has resolved that assets and liabilities are recorded at cost which approximates fair value.

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

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Subsequent Events

The Organization has evaluated subsequent events and transactions that occurred through March 22, 2010, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

CANCER101, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3. Accounts receivable:

Accounts receivable of \$83,586 and \$349,000 at December 31, 2010 and 2009 (respectively) represents pledge commitments not collected at year end. Bad debt expense at year end was \$6,000 as of December 31 2009.

4. Fixed assets:

The client website and online planner are recorded at cost and amortized on the straight-line method over three years, the estimated useful life of the asset. Property and equipment is stated at cost when purchased or fair market value at the date of donation. Depreciation is computed using the straight-line method over three to five years, based on the estimated useful lives of the assets.

The details of property, and equipment, accumulated depreciation and the estimated useful lives as of December 31, 2010 and 2009 are as follows:

	2010	2009
Website	\$ 130,254	\$ 55,354
Equipment	4,490	4,490
Total property and equipment	134,744	59,844
Less:		
Accumulated depreciation and amortization	(70,114)	(49,170)
Net property and equipment	\$ 64,630	\$ 10,674

Depreciation expense for the years ended December 31, 2010 and 2009 was \$20,944 and \$8,834, respectively.

5. Temporarily Restricted Net Assets:

Temporarily restricted net assets of \$452,384 in 2010 and \$323,145 in 2009 are restricted for the production of planners.

6. Concentration of credit risk:

The Organization's financial instruments consist of cash and accounts receivable. At December 31, 2010 and 2009, no cash amounts were in excess of insured limits and the organization does not have a material concentration of credit risk with respects to accounts receivable.

7. Commitments:

In January 2008, the Organization signed a one year renewable lease for office space. The monthly payments are \$1,250. Rent expense was \$15,000 at December 31, 2010 and \$14,435 at December 31, 2009.

8. Contributions Receivable:

Contributions receivable consist of general operating and planner contributions. Management has determined that the contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2010 and 2009.

CANCER101, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

9. Investments:

Investments consist of mutual funds and are carried at fair value based on quoted prices in active markets and are summarized as follows:

December 31, 2010		December 31, 2009	
<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
\$83,555	\$79,983	\$29,837	\$29,509

10. In-kind Donations:

The Organization records in-kind contributions for professional services. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received contributed professional services during the year ended December 31, 2010 and 2009, with a fair value on the dates of donation of \$105,583 and \$31,005, respectively.

Independent Auditors' Report on Supplementary Information

Board of Directors
CANCER101, Inc.
New York, New York

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fuoco Group, LLP

Hauppauge, New York
April 20, 2011

Independent Auditors' Report on Supplementary Information

Board of Directors
CANCER101, Inc.
New York, New York

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Fuoco Group, LLP

Hauppauge, New York
April 20, 2011

CANCER101, INC.
ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

SCHEDULE OF SPECIAL EVENTS

<u>Special Events</u>	<u>2010</u>	<u>2009</u>
Revenues:		
Spring Event	\$ -	61,670
Total revenue	<u>-</u>	<u>61,670</u>
Expenditures:		
Printing and copying	-	3,789
Event costs	-	33,197
Total expenditures	<u>-</u>	<u>36,986</u>
Special events revenue (net)	<u>\$ -</u>	<u>\$ 24,684</u>

SCHEDULE OF FUNCTIONAL EXPENSES

	<u>2010</u>			<u>2009</u>	
	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total</u>	<u>Total (for Comparative Purposes Only)</u>
Planners:					
Postage	\$ 38,391	\$ -	\$ -	\$ 38,391	\$ 11,762
Printing	491,886	-	-	491,886	64,985
Production	45,349	-	-	45,349	9,249
Total planner costs	<u>575,626</u>	<u>-</u>	<u>-</u>	<u>575,626</u>	<u>85,996</u>
Salaries and wages	76,950	31,888	38,000	146,838	146,966
Employee benefits	20,513	8,501	10,130	39,144	32,767
Amortization and depreciation	17,802	3,142	-	20,944	8,834
Bad debt	-	-	-	-	6,000
Bank fees	-	344	-	344	1,692
E-Commerce Fees	-	-	1,270	1,270	2,486
Graphic and website design	13,732	-	-	13,732	17,681
Legal fees - services donated in-kind	-	105,583	-	105,583	31,005
Miscellaneous	6,043	2,836	-	8,879	3,470
Occupancy and insurance	14,586	3,104	1,129	18,819	18,197
Postage and shipping	-	3,380	53	3,433	3,747
Printing and copying	5,407	-	7,216	12,623	8,563
Professional fees	-	13,750	45,891	59,641	36,832
Supplies	2,498	833	-	3,331	3,776
Telephone	12,848	4,283	-	17,131	11,171
Travel and meetings	12,728	2,662	4,250	19,640	20,464
Unrealized loss on investment	-	3,673	-	3,673	-
Total expenses	<u>\$ 758,733</u>	<u>\$ 183,979</u>	<u>\$ 107,939</u>	<u>\$ 1,050,651</u>	<u>\$ 439,647</u>

See accompanying notes and auditors' report.