

DRAFT
FOR DISCUSSION
PURPOSES ONLY

CANCER 101, INC.

FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

DECEMBER 31, 2006

CANCER 101, INC.

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Independent Auditor's Report

**Board of Directors
Cancer 101, Inc.**

We have audited the accompanying balance sheet of Cancer 101, Inc. as December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year 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 Cancer 101's 2005 financial statements and, in our report dated February 12, 2007, we expressed an unqualified opinion on those financial statements.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cancer 101, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Cancer 101, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

July 31, 2008

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CANCER 101, INC.

BALANCE SHEET

DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 40,365	\$ 14,042
Contributions receivable (current)	6,000	3,970
Other receivables		1,369
Prepaid expenses	29,933	6,000
Website (net of accumulated amortization)	<u>20,691</u>	
Total assets	<u>\$ 96,989</u>	<u>\$ 25,381</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 19,417</u>	
Net assets (Exhibit B)		
Net assets - unrestricted	27,572	\$ 25,381
Net assets - temporarily restricted (Note 3)	<u>50,000</u>	
Total net assets	<u>77,572</u>	<u>25,381</u>
Total liabilities and net assets	<u>\$ 96,989</u>	<u>\$ 25,381</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CANCER 101, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2006

(With Summarized Comparative Financial Information
for the Year Ended December 31, 2005)

	2006			2005
	Unrestricted	Temporarily Restricted	Total	
Revenues				
Contributions	\$ 174,456	\$ 50,000	\$ 224,456	\$ 54,237
Special events revenue	13,130		13,130	131,303
Other revenue	310		310	
Total revenues	<u>187,896</u>	<u>50,000</u>	<u>237,896</u>	<u>185,540</u>
Expenses (Exhibit C)				
Program	119,363		119,363	74,374
Management and general	36,032		36,032	1,987
Fund raising	25,275		25,275	3,765
Special events	5,035		5,035	89,974
Total expenses	<u>185,705</u>		<u>185,705</u>	<u>170,100</u>
Change in net assets (Exhibit D)	2,191	50,000	52,191	15,440
Net assets - beginning of year	<u>25,381</u>		<u>25,381</u>	<u>9,941</u>
Net assets - end of year (Exhibit A)	<u>\$ 27,572</u>	<u>\$ 50,000</u>	<u>\$ 77,572</u>	<u>\$ 25,381</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CANCER 101, INC.

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2006

(With Summarized Comparative Financial Information
for the Year Ended December 31, 2005)

	Program	Management and General	Fund Raising	Special Events	Total
	2006	2006	2006	2006	2005
Salaries and wages	\$ 66,513	\$ 9,502	\$ 19,004	\$	\$ 95,019
Employee benefits	12,135	1,734	3,468		17,337
Contracted services					\$ 45,182
Supplies	2,369	1,185	394		3,948
Telephone	2,258	282	282		2,822
Books and subscriptions	214	92			306
Printing and copying	212	212	212	212	848
Travel and meetings	4,437				4,437
Dining	1,260	210	630		2,100
Postage and shipping	8,274	459	184	276	9,193
Production					8,976
Credit card processing fees		795			795
Web development					2,430
Consultants		16,247	500		16,747
Bank fees		1,790			1,790
Occupancy	9,627	1,805	601		12,033
Catering, rental, etc.				4,547	4,547
Amortization	10,345				10,345
Miscellaneous	1,719	1,719			3,438
Total expenses (Exhibit B)	\$ 119,363	\$ 36,032	\$ 25,275	\$ 5,035	\$ 185,705
					\$ 170,100

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CANCER 101, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 52,191	\$ 15,440
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization expense	10,345	
Increase in assets		
Contributions receivable	(2,030)	(1,369)
Accounts receivable		(3,970)
Prepaid expenses and other receivables	(22,564)	(6,000)
Increase in liabilities		
Accounts payable and accrued expenses	<u>19,417</u>	<u> </u>
Net cash provided by operating activities	57,359	4,101
Cash flows from investing activities		
Website acquisition	<u>(31,036)</u>	<u> </u>
Change in net cash	<u>26,323</u>	<u>4,101</u>
Cash - beginning of year	<u>14,042</u>	<u>9,941</u>
Cash - end of year	<u>\$ 40,365</u>	<u>\$ 14,042</u>

See independent auditor's report

The accompanying notes are an integral part of these statements.

CANCER 101, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 1 - NATURE OF ORGANIZATION

Cancer 101, Inc., located in New York City, is a not-for-profit agency. Cancer 101, Inc. provides support to women with breast cancer, and their families.

The primary source of revenue is contributions.

Cancer 101, Inc. is exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis.

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 and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net assets - Unrestricted net assets include net assets having no restriction as to use or purpose imposed by donors. They include resources under the full control of the Board of Directors for use in achieving the purposes of Cancer 101, Inc. Temporarily restricted net assets are those whose use by Cancer 101 has been limited by donors to a specific purpose.

Unconditional promises - Unconditional promises to give cash or other assets that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

CANCER 101, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions - Contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Website - The client website is recorded at cost and amortized on the straight-line method over three years, the estimated useful life of the asset.

Functional expenses - The costs of providing Cancer 101, Inc.'s services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Cancer 101, Inc.'s financial statements for the year ended December 31, 2005, from which the summarized information was derived.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

Planners	\$ <u>50,000</u>
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