

**CANCER101, INC.  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2009 AND 2008**

**CANCER101, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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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, 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 2008 financial statements and, in our report dated August 19, 2009, 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, 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  
March 22, 2010

CANCER101, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 119,727	\$ 188,079
Investments	29,509	-
Contributions receivable	349,050	4,000
Other receivables	-	7,546
Inventory - planners	35,530	71,009
Planners in production	88,000	-
Prepaid expenses	11,543	415
<b>Total current assets</b>	633,359	271,049
 Property and equipment net of accumulated depreciation and amortization of \$49,170 and \$40,336 in 2009 and 2008 respectively	 10,674	 18,219
<b>TOTAL ASSETS</b>	\$ 644,033	\$ 289,268
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 655	\$ 70,658
Accrued expenses	9,000	28,250
<b>Total current liabilities</b>	9,655	98,908
 <b>Net assets:</b>		
Net assets - unrestricted	311,233	79,319
Net assets - temporarily restricted	323,145	111,041
<b>Total net assets</b>	634,378	190,360
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 644,033	\$ 289,268

See accompanying notes and auditors' report.

CANCER101, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total (for Comparative Purposes Only)
<b>Revenue:</b>				
Contributions	\$ 485,224	\$ 306,000	\$ 791,224	\$ 317,058
Planner Sales	35,820	-	35,820	-
Special events revenue (net)	24,684	-	24,684	169,963
Other revenue	932	-	932	4,931
In-kind donation	31,005	-	31,005	-
	577,665	306,000	883,665	491,952
Net assets released from restrictions	93,896	(93,896)	-	-
<b>Total revenues</b>	<b>671,561</b>	<b>212,104</b>	<b>883,665</b>	<b>491,952</b>
<b>Expenses:</b>				
Program	294,530	-	294,530	304,868
Management and general	123,667	-	123,667	62,035
Fund raising	21,450	-	21,450	44,707
<b>Total expenses</b>	<b>439,647</b>	<b>-</b>	<b>439,647</b>	<b>411,610</b>
<b>Increase in net assets</b>	<b>231,914</b>	<b>212,104</b>	<b>444,018</b>	<b>80,342</b>
Net assets - beginning of year	79,319	111,041	190,360	110,018
<b>Net assets - end of year</b>	<b>\$ 311,233</b>	<b>\$ 323,145</b>	<b>\$ 634,378</b>	<b>\$ 190,360</b>

See accompanying notes and auditors' report.

CANCER101, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 444,018	\$ 80,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,834	18,890
<b>(Increase)decrease in assets:</b>		
Contributions receivable	(345,050)	(3,500)
Other receivable	7,546	(3,801)
Inventory	35,479	-
Planners in process	(88,000)	-
Prepaid expenses	(11,128)	(67,245)
<b>Increase(decrease) in liabilities:</b>		
Accounts payable and accrued expenses	(70,003)	70,657
Accrued expenses	(19,250)	8,804
Deferred Revenue	-	(7,490)
<b>Net cash provided by operating activities</b>	<b>(37,554)</b>	<b>96,657</b>
<b>Cash flows from investing activities:</b>		
Website development	-	(1,450)
Purchase of equipment	(1,289)	-
Purchase of investment	(29,509)	-
<b>Net cash provided by investing activities</b>	<b>(30,798)</b>	<b>(1,450)</b>
<b>Increase in cash</b>	<b>(68,352)</b>	<b>95,207</b>
Cash - beginning of year	188,079	92,872
<b>Cash - end of year</b>	<b>\$ 119,727</b>	<b>\$ 188,079</b>

See accompanying notes and auditors' report.

CANCER101, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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 women with breast cancer and their families. 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. The Organization's net assets consist of the following:

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.

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, 2009 AND 2008

2. **Summary of significant accounting policies: (continued)**

**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.

**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.

**Property and equipment:**

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 based on the estimated useful lives of the assets.

**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.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. **Accounts receivable:**

Accounts receivable of \$349,000 and \$4,000 at December 31, 2009 and 2008 (respectively) represents pledge commitments not collected at year end. Bad debt expense at year end was \$6,000 and 17,700, respectively.

**CANCER101, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**4. Property and equipment:**

The details of property, and equipment, accumulated depreciation and the estimated useful lives as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>	<u>Remaining Estimated Useful Lives</u>
Website	\$ 55,354	\$ 55,354	3 years
Equipment	<u>4,490</u>	<u>3,201</u>	3 – 5 years
Total property and equipment	59,844	58,555	
Less:			
Accumulated depreciation and amortization	<u>(49,170)</u>	<u>(40,336)</u>	
Net property and equipment	<u>\$ 10,674</u>	<u>\$ 18,219</u>	

Depreciation expense for the years ended December 31, 2009 and 2008 was \$8,834 and \$18,890, respectively.

**5. Temporarily Restricted Net Assets:**

Temporarily restricted net assets consists of production of planners for \$323,145 at December 31, 2009 and \$111,041 at December 31, 2008.

**6. Concentration of credit risk:**

The Organization's financial instruments consist of cash and accounts receivable. At December 31, 2009 and 2008, 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 \$14,435 at December 31, 2009 and \$15,000 at December 31, 2008.

**8. Contributions Receivable:**

Contributions receivable consist of general operating and planner contributions. At December 31, 2009 and 2008, all contribution receivable are expected to be collected during the next year. Management has determined that the contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2009 and 2008.

**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 at December 31, 2009:

<u>Cost</u>	<u>Fair Value</u>
\$29,837	\$29,509

**10. 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.

On April 27, 2010, the Organization settled a pending lawsuit for \$22,000 regarding the 2008 Boathouse Gala. The check is to be made payable to the plaintiff's attorney within twenty-one days from the settlement date.

**CANCER101, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**11. 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, 2009, with a fair value on the dates of donation of \$31,005.

The Organization would like to recognize Latham and Watkins for donating their time and expertise of 620 hours.



Independent Auditors' Report on Supplementary Information

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

Our report on our audits of the statements of financial position of CANCER101, Inc., for December 31, 2009 and 2008 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expense 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  
March 22, 2010

CANCER101, INC.  
 ADDITIONAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

SCHEDULE OF SPECIAL EVENTS

<u>Special Events</u>	<u>2009</u>	<u>2008</u>
Revenues:		
Boathouse Gala	\$ -	\$ 294,870
Annual Golf Classic	-	156,167
Spring Event	61,670	-
Total revenue	<u>61,670</u>	<u>451,037</u>
Expenditures:		
Printing and copying	3,789	1,949
Postage and shipping	-	197
Event costs	33,197	278,928
Total expenditures	<u>36,986</u>	<u>281,074</u>
Special events revenue (net)	<u>\$ 24,684</u>	<u>\$ 169,963</u>

SCHEDULE OF FUNCTIONAL EXPENSES

	<u>2009</u>				<u>2008</u>
	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total</u>	<u>Total (for Comparative Purposes Only)</u>
Salaries and wages	\$ 109,053	\$ 34,413	\$ 3,500	\$ 146,966	\$ 127,558
Bad debt	-	6,000	-	6,000	17,700
Employee benefits	24,314	7,673	780	32,767	34,702
Supplies	2,832	944	-	3,776	5,578
Telephone	8,378	2,793	-	11,171	6,089
Printing and copying	64,985	-	8,563	73,548	5,847
Travel and meetings	11,636	3,660	5,168	20,464	6,591
Postage and shipping	11,762	3,707	40	15,509	6,332
Professional fees	-	23,815	-	23,815	10,975
Legal fees	-	31,005	-	31,005	-
Graphic and website design	39,897	-	-	39,897	138,606
E-Commerce Fees	-	-	2,486	2,486	6,297
Bank fees	-	1,692	-	1,692	2,799
Occupancy and insurance	14,164	3,171	912	18,247	19,616
Amortization and depreciation	7,509	1,325	-	8,834	18,890
Miscellaneous	-	3,470	-	3,470	4,030
Total expenses	<u>\$ 294,530</u>	<u>\$ 123,667</u>	<u>\$ 21,450</u>	<u>\$ 439,647</u>	<u>\$ 411,610</u>

See accompanying notes and auditors' report.