ELLIN & TUCKER

THE ULMAN CANCER FUND FOR YOUNG ADULTS
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ulman Cancer Fund for Young Adults

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Ulman Cancer Fund for Young Adults (Organization), which comprise the Statement of Financial Position as of December 31, 2016, 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 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 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 auditors consider 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT, CONTINUED

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ulman Cancer Fund for Young Adults as of December 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PRIOR PERIOD FINANCIAL STATEMENTS

The financial statements of The Ulman Cancer Fund for Young Adults as of December 31, 2015 were audited by other auditors whose report dated November 2, 2016 expressed an unmodified opinion on those statements.

Ellin & Tucker

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
December 15, 2017

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,054,839	$ 691,699
Current Portion of Unconditional Promises to Give (Note 4)	557,407	215,748
Other Receivables	65,307	17,000
Investments (Notes 3 and 4)	284,414	214,663
Prepaid Expenses and Other Current Assets	47,739	62,545
Total Current Assets	2,009,706	1,201,655
PROPERTY AND EQUIPMENT, NET (Note 2)	367,649	96,750
OTHER ASSETS		
Unconditional Promises to Give, Net of Current Portion (Note 4)	458,991	507,716
Deposits	2,292	8,632
Total Other Assets	461,283	516,348
Total Assets	$ 2,838,638	$ 1,814,753

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 74,720	$ 181,856
Deferred Revenue - Special Events	232,910	342,580
Obligation Under Capital Leases, Current Portion (Note 7)	9,424	2,915
Total Current Liabilities	317,054	527,351
OTHER LIABILITIES		
Obligation Under Capital Leases, Net of Current Portion (Note 7)	27,598	-
Total Liabilities	344,652	527,351
NET ASSETS		
Unrestricted	346,257	99,262
Temporarily Restricted (Note 5)	2,147,729	1,188,140
Total Net Assets	2,493,986	1,287,402
Total Liabilities and Net Assets	$ 2,838,638	$ 1,814,753

(See Independent Auditors' Report and Accompanying Notes)

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	$ 1,961,945	$ 1,204,084	$ 3,166,029	$ 1,956,573	$ 1,286,602	$ 3,243,175
Special Events, Net of Direct Expenses of $57,543 and $133,675	329,489	-	329,489	315,558	-	315,558
In-Kind Contributions	192,163	-	192,163	-	-	-
Other Income	50,337	-	50,337	31,862	-	31,862
Gain on Disposal of Property and Equipment	18,497	-	18,497	-	-	-
Interest and Dividends	8,342	-	8,342	6,282	-	6,282
Realized Gain on Investments	43	-	43	2,575	-	2,575
Unrealized Gain (Loss) on Investments	9,312	-	9,312	(28,746)	-	(28,746)
Net Assets Released from Restrictions	244,495	(244,495)	-	230,641	(230,641)	-
Total Revenue	2,814,623	959,589	3,774,212	2,514,745	1,055,961	3,570,706
EXPENSES						
Program Services	2,139,451	-	2,139,451	2,517,999	-	2,517,999
General and Administrative	135,429	-	135,429	116,054	-	116,054
Fundraising	292,748	-	292,748	237,585	-	237,585
Total Expenses	2,567,628	-	2,567,628	2,871,638	-	2,871,638
Change in Net Assets	246,995	959,589	1,206,584	(356,893)	1,055,961	699,068
NET ASSETS - BEGINNING OF YEAR	99,262	1,188,140	1,287,402	456,155	132,179	588,334
NET ASSETS - END OF YEAR	$ 346,257	$ 2,147,729	$ 2,493,986	$ 99,262	$ 1,188,140	$ 1,287,402

(See Independent Auditors' Report and Accompanying Notes)

	Program Services	General and Administrative	Fundraising	Total
Accounting and Legal Fees	$ 16,556	$ 22,900	$ 828	$ 40,284
Advertising and Branding	27,217	53	15,329	42,599
Automobile Repairs	1,741	119	3,858	5,718
Bad Debt	-	6,903	-	6,903
Bank Charges	151	7,971	1,251	9,373
Community Outreach	782,805	-	112,862	895,667
Credit Card Processing Fees	41,353	567	5,499	47,419
Depreciation	17,612	754	739	19,105
Dues and Subscriptions	7,271	2,964	410	10,645
Employee Benefits	71,033	3,201	18,876	93,110
Insurance	35,513	6,644	4,140	46,297
Interest	181	3,344	-	3,525
Meetings and Conferences	16,004	491	309	16,804
Office Expenses	6,724	2,506	778	10,008
Payroll Taxes	29,198	4,212	4,865	38,275
Postage and Delivery	9,549	200	446	10,195
Printing and Publications	5,243	79	1,238	6,560
Rent	79,120	1,953	13,786	94,859
Salaries and Wages	836,225	68,667	95,531	1,000,423
Scholarships	51,981	-	-	51,981
Support Groups	4,000	-	-	4,000
Telephone	10,116	89	1,554	11,759
Travel	48,148	1,432	4,851	54,431
Utilities	10,086	174	2,120	12,380
Website	31,624	206	3,478	35,308
	$ 2,139,451	$ 135,429	$ 292,748	$ 2,567,628

(See Independent Auditors' Report and Accompanying Notes)

	Program Services	General and Administrative	Fundraising	Total
Accounting and Legal Fees	$ 37,332	$ 22,961	$ 28,000	$ 88,293
Advertising and Branding	12,252	-	671	12,923
Automobile Repairs	1,752	-	-	1,752
Bank Charges	67,608	419	1,449	69,476
Community Outreach	983,586	-	87,115	1,070,701
Depreciation	18,077	425	2,765	21,267
Dues and Subscriptions	7,668	930	3,973	12,571
Employee Benefits	85,397	751	3,032	89,180
Insurance	34,562	4,371	300	39,233
Interest	471	679	-	1,150
Meetings and Conferences	23,726	-	39	23,765
Office Expenses	12,916	2,087	457	15,460
Payroll Taxes	63,417	1,520	8,267	73,204
Postage and Delivery	11,860	277	166	12,303
Printing and Publications	22,972	-	1,375	24,347
Rent	141,523	-	-	141,523
Salaries and Wages	801,311	73,672	81,885	956,868
Scholarships	64,541	-	8,750	73,291
Support Groups	3,848	-	-	3,848
Telephone	10,339	585	1,300	12,224
Travel	90,115	699	3,460	94,274
Utilities	1,509	313	-	1,822
Website	21,217	6,365	4,581	32,163
	$ 2,517,999	$ 116,054	$ 237,585	$ 2,871,638

(See Independent Auditors' Report and Accompanying Notes)

	2016	2015
OPERATING ACTIVITIES		
Change in Net Assets	$ 1,206,584	$ 699,068
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	25,275	21,267
Net Realized and Unrealized (Gain) Loss on Investments	(83,566)	26,171
(Loss) Gain on Sale of Property and Equipment	(18,497)	761
Donation of Property and Equipment	(192,163)	-
Net Changes in:		
Unconditional Promises to Give	(292,934)	(721,814)
Other Receivables	(33,307)	(15,076)
Prepaid Expenses	14,806	23,724
Deposit	6,340	-
Accounts Payable and Accrued Expenses	(107,136)	68,001
Deferred Revenue - Special Events	(109,670)	(61,259)
Deferred Rent	-	(25,276)
Net Cash Provided by Operating Activities	415,732	15,567
INVESTING ACTIVITIES		
Purchases of Property and Equipment	(80,295)	(51,227)
Proceeds from Sale of Property and Equipment	22,000	-
Proceeds from Sale of Investments	121,300	83,740
Purchases of Investments	(107,485)	(97,995)
Net Cash Used in Investing Activities	(44,480)	(65,482)
FINANCING ACTIVITIES		
Payments on Capital Lease Obligations	(8,112)	(2,959)
Net Change in Cash	363,140	(52,874)
CASH - BEGINNING OF YEAR	691,699	744,573
CASH - END OF YEAR	$ 1,054,839	$ 691,699
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	$ 3,525	$ 1,150
Property and Equipment Acquired Under Capital Leases	$ 42,219	$ -

(See Independent Auditors' Report and Accompanying Notes)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Ulman Cancer Fund for Young Adults (Organization) provides support programs, education and resources, free of charge, to young adults affected by cancer and their families and friends. The Organization also promotes awareness and prevention of cancer through various programs and printed material.

ACCOUNTING STANDARDS CODIFICATION

All references in the financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. The Codification is the single source of authoritative GAAP in the United States.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. The financial statement presentation follows the reporting requirements of the Codification for not-for-profit organizations, under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets represent economic resources of the Organization which are expendable for any purpose in performing the primary objectives of the Organization under the discretionary control of the Board of Directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets include all contributions restricted for specific purposes by the donors or designated for use in a specific time period.

Permanently Restricted Net Assets

Permanently restricted net assets are contributions designated by the donors to be invested in perpetuity. There were no permanently restricted net assets at December 31, 2016 and 2015.

(See Independent Auditors' Report)

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP 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 revenue and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

At times, the Organization may have bank deposits that exceed the federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

REVENUE RECOGNITION

Pledges and contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received and unconditional promises to give are measured at their fair values and reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

INVESTMENTS

Investments are reported at fair value in the Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets. See Note 3 for a discussion of fair value measurements.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Donations of property and equipment are recorded as in-kind contributions at their estimated fair value.

INCOME TAXES

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined the Organization is not a private organization within the meaning of Section 509(a) of the Code.

(See Independent Auditors' Report)

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

ADVERTISING

The Organization expenses advertising costs as incurred. Advertising costs amounted to $42,599 and $12,923 for the years ended December 31, 2016 and 2015, respectively.

DONATED GOODS AND SERVICES

Donated 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. There were no donated services for the years ended December 31, 2016 and 2015.

In addition, volunteers have donated many hours to support the Organization. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

FUNCTIONAL EXPENSES

Functional expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 15, 2017, the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Land and Buildings	$ 279,113	$ 44,314
Computer Equipment	51,402	48,960
Vehicles	23,245	34,628
Race Equipment	9,141	36,534
Furniture and Fixtures	42,473	10,388
	405,374	174,824
Less: Accumulated Depreciation	37,725	78,074
	$ 367,649	$ 96,750

Depreciation expense on property and equipment was $19,105 and $21,267 for the years ended December 31, 2016 and 2015, respectively.

NOTE 3 INVESTMENTS

Cost and fair value of investments consisted of the following at December 31, 2016 and 2015:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Mortgage Backed Securities	$ 12,263	$ 15,336	$ 12,263	$ 15,571
Common Stocks and Mutual Funds	206,617	214,505	158,478	168,770
Master Limited Partnerships	52,734	54,573	34,449	30,322
Total Investments	$ 271,614	$ 284,414	$ 205,190	$ 214,663

The Fair Value Measurements and Disclosures Topic of the Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

(See Independent Auditors' Report)

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities 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;

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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held at period end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is a quoted price in an active market.

Mortgage Backed Securities: Certain bonds and government securities are valued at the closing price reported in the market in which they are traded. Other bonds and government securities are valued based on yields currently available on comparable bonds of issuers with similar credit ratings.

Master Limited Partnerships: Valued at quoted market prices in an active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2016:

	Level 1	Level 2	Total
Mortgage Backed Securities	$ -	$ 15,336	$ 15,336
Common Stocks:			
Consumer	20,956	-	20,956
Communication Services	13,333	-	13,333
Financial Services	36,354	-	36,354
Healthcare	16,680	-	16,680
Technology	9,702	-	9,702
Total Common Stocks	97,025	-	97,025
Mutual Funds:			
Exchange Traded Funds	80,525	-	80,525
Precious Metals	15,426	-	15,426
Specialty	21,529	-	21,529
Total Mutual Funds	117,480	-	117,480
Master Limited Partnerships	54,573	-	54,573
Total	$ 269,078	$ 15,336	$ 284,414

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2015:

	Level 1	Level 2	Total
Mortgage Backed Securities	$ -	$ 15,571	$ 15,571
Common Stocks:			
Basic Materials	3,647	-	3,647
Consumer	8,913	-	8,913
Communication Services	4,622	-	4,622
Energy	3,018	-	3,018
Financial Services	24,045	-	24,045
Healthcare	13,739	-	13,739
Industrials	8,389	-	8,389
Technology	8,147	-	8,147
Total Common Stocks	74,520	-	74,520

(See Independent Auditors' Report)

	Level 1	Level 2	Total
Mutual Funds:			
Exchange Traded Funds	60,661	-	60,661
Fixed Income	15,062	-	15,062
Precious Metals	3,770	-	3,770
Specialty	14,756	-	14,756
Total Mutual Funds	94,249	-	94,249
Master Limited Partnerships	30,323	-	30,323
Total	$ 199,092	$ 15,571	$ 214,663

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2016 are as follows:

Due in Less than One Year	$ 410,750
Due in One to Five Years	698,405
	1,109,155
Less: Discount to Net Present Value	92,757
Unconditional Promises to Give - Net	$ 1,016,398

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

The Organization's net assets were restricted for the following programs at December 31, 2016 and 2015:

	2016	2015
Scholarships	$ 70,858	$ 15,211
Shearer Fund	118,802	165,321
Housing Project	94,029	125,665
Capital Campaign	1,840,616	881,943
Other	23,424	-
	$ 2,147,729	$ 1,188,140

(See Independent Auditors' Report)

NOTE 6 ALLOCATION OF JOINT COSTS

The Organization incurred joint costs of $8,439 and $19,922 for the years ended December 31, 2016 and 2015, respectively, relating to several special events. The following amounts were allocated to the respective functions:

	2016	2015
Education and Advocacy Program	$ 2,342	$ 2,604
Fundraising	6,097	17,318
	$ 8,439	$ 19,922

NOTE 7 CAPITAL LEASES

The Organization entered into capital leases for a copier and furniture. The assets are being depreciated over their useful lives. The following is a summary of property held under capital leases:

	2016	2015
Property under Capital Leases	$ 50,556	$ 14,285
Less: Accumulated Depreciation	(9,771)	(12,857)
	$ 40,785	$ 1,428

Future minimum lease payments under capital lease obligations as of December 31, 2016 are as follows:

Year Ending December 31,	2017	$ 12,119
	2018	10,110
	2019	10,110
	2020	10,110
	2021	1,299
		43,748
Less: Amount Representing Interest		6,726
		$ 37,022

(See Independent Auditors' Report)

NOTE 8 OPERATING LEASES

The Organization leases office facilities under operating leases which expire through March 2021.

Future minimum rentals due under these arrangements are as follows:

Year Ending December 31,	2017	$ 140,559
	2018	145,069
	2019	145,534
	2020	135,078
	2021	33,977

Total rent expense for office facilities was $94,859 and $141,427 for the years ended December 31, 2016 and 2015, respectively.

The Organization subleases a portion of office space to a tenant under an operating lease expiring in 2018. At December 31, 2016, future minimum lease payments to be received under the lease agreement are approximately as follows:

Year Ending December 31,	2017	$ 46,812
	2018	47,982

Sublease income was $45,662 and $30,000 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

In 2016, the Organization purchased five houses from East Baltimore Development Inc. (EBDI) for the purpose of rehabilitating the houses for use by cancer patients receiving treatment and their families. As part of that transaction, an in-kind contribution was recorded for the difference between the purchase price and estimated fair value based on appraisals. In addition, the Organization has an agreement with EBDI in which EBDI has certain rights to the houses until rehabilitation of the properties is completed. In connection with the rehabilitation of the properties, in July 2017, the Organization obtained a $945,000 construction loan.

The Organization has a contract with a local hospital to provide funding for a portion of hospital employees' salaries who assist with certain of the Organization's programs. The contract provides for payment up to $25,000 per year, based on the level of services provided, for a three-year period.

(See Independent Auditors' Report)

NOTE 10 RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for eligible employees. Participants who elect to contribute a percentage of their salary to the plan will receive a matching contribution of an amount up to 3% of the employee's salary. For the years ended December 31, 2016 and 2015, retirement plan expenses were $26,020 and $20,906, respectively.