

**Audited Financial Statements**

**OVARIAN CANCER  
NATIONAL ALLIANCE**

*For the Year Ended December 31, 2014  
with Summarized Financial Information for 2013*

# Ovarian Cancer National Alliance

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# Independent Auditor's Report on the Financial Statements

To the Board of Directors  
Ovarian Cancer National Alliance

We have audited the accompanying financial statements of Ovarian Cancer National Alliance (the Alliance), which comprise the statement of financial position as of December 31, 2014, 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.

## Auditor's 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 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 auditor's 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 Alliance'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 Alliance'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 Ovarian Cancer National Alliance as of December 31, 2014, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Summarized Comparative Information

The financial statements as of December 31, 2013, were audited by other auditors whose report thereon, dated June 9, 2014, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Washington, DC  
April 14, 2015

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# Ovarian Cancer National Alliance

## Statement of Financial Position as of December 31, 2014 with Summarized Financial Information for 2013

<b>December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,184,361	\$ 1,156,934
Investments	-	4,790
Pledges receivable	84,656	83,120
Deposits	24,390	26,853
Prepaid expenses	41,995	43,500
Inventory	6,861	-
Property and equipment, net	39,710	24,063
<b>Total assets</b>	<b>\$ 1,381,973</b>	<b>\$ 1,339,260</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 33,027	\$ 24,902
Contributions collected on behalf of others	89,462	-
Accrued salary	7,332	9,080
Deferred compensation liability	10,000	9,493
Accrued leave	19,349	16,963
Deferred income	19,897	5,697
Deferred rent	32,982	4,729
Total liabilities	212,049	70,864
Net assets		
Unrestricted		
Undesignated	721,294	737,613
Board designated	170,000	170,000
Total unrestricted	891,294	907,613
Temporarily restricted	278,630	360,783
Total net assets	1,169,924	1,268,396
<b>Total liabilities and net assets</b>	<b>\$ 1,381,973</b>	<b>\$ 1,339,260</b>

# Ovarian Cancer National Alliance

## Statement of Activities and Change in Net Assets for the Year Ended December 31, 2014 with Summarized Financial Information for 2013

	Unrestricted	Temporarily Restricted	Total	2013 Total
<b>Revenue and support</b>				
Contributions	\$ 1,097,152	\$ 177,005	\$ 1,274,157	\$ 1,169,226
Special event revenue (net of related direct benefit to donors of \$72,383 and \$28,307)	195,335	102,921	298,256	149,964
In-kind contributions	126,208		126,208	58,208
Registration fees	43,773		43,773	51,518
Membership dues	34,300		34,300	35,975
Other income	22,765		22,765	7,855
Net assets released from restrictions	362,079	(362,079)	-	-
Total revenue and support	1,881,612	(82,153)	1,799,459	1,472,746
<b>Expense</b>				
Program services				
Education and awareness	900,614	-	900,614	674,375
Policy and advocacy	369,732		369,732	360,733
Conferences	224,723		224,723	243,784
Partner member services	43,664		43,664	60,263
Research	4,693		4,693	1,141
Total program services	1,543,426	-	1,543,426	1,340,296
Supporting services				
General and administrative	178,361		178,361	134,784
Development	176,144		176,144	129,898
Total supporting services	354,505	-	354,505	264,682
Total expense	1,897,931	-	1,897,931	1,604,978
<b>Change in net assets</b>	(16,319)	(82,153)	(98,472)	(132,232)
Net assets, beginning of year	907,613	360,783	1,268,396	1,400,628
<b>Net assets, end of year</b>	\$ 891,294	\$ 278,630	\$ 1,169,924	\$ 1,268,396

See notes to the financial statements.

# Ovarian Cancer National Alliance

## Statement of Functional Expenses for the Year Ended December 31, 2014 with Summarized Financial Information for 2013

	Program services						Support Services			2014 Total	2013 Total
	Education and Awareness	Policy and Advocacy	Conferences	Partner Member Services	Research	Total Program Expenses	General and Administrative	Development	Total Support Services		
Salaries	\$ 297,545	\$ 122,403	\$ 46,347	\$ 22,575	\$ 1,355	\$ 490,225	\$ 96,508	\$ 56,176	\$ 152,684	\$ 642,909	\$ 602,147
Employee taxes and benefits	64,730	26,768	9,848	4,992	295	106,633	25,832	12,203	38,035	144,668	132,420
Contract services	185,601	97,361	7,379	2,881	181	293,403	11,617	20,690	32,307	325,710	299,789
Meeting expense	39,133	18,873	104,245	1,674	90	164,015	978	12,206	13,184	177,199	131,954
Occupancy costs	65,396	27,021	10,153	4,991	312	107,873	21,286	12,349	33,635	141,508	125,259
Office operating expense	47,835	11,433	8,506	2,923	96	70,793	7,238	33,905	41,143	111,936	73,186
Travel expense	32,951	31,964	9,439	66	2,141	76,561	84	843	927	77,488	53,648
Organizational expense	25,572	22,735	7,060	1,480	93	56,940	6,312	11,764	18,076	75,016	61,779
Processing/service charges	12,794	5,267	1,987	976	61	21,085	4,165	2,408	6,573	27,658	18,411
Scholarships and contributions	-	398	17,737	88	6	18,229	-	-	-	18,229	33,026
Equipment and software	6,319	2,643	945	489	30	10,426	2,083	1,210	3,293	13,719	9,541
Depreciation and amortization expense	5,079	2,106	792	389	24	8,390	1,660	983	2,643	11,033	11,550
Honoraria and stipends	3,487	-	-	-	-	3,487	-	1,163	1,163	4,650	750
Donated services/materials	114,172	760	285	140	9	115,366	598	10,244	10,842	126,208	51,518
<b>Total expenses</b>	<b>\$ 900,614</b>	<b>\$ 369,732</b>	<b>\$ 224,723</b>	<b>\$ 43,664</b>	<b>\$ 4,693</b>	<b>\$ 1,543,426</b>	<b>\$ 178,361</b>	<b>\$ 176,144</b>	<b>\$ 354,505</b>	<b>\$ 1,897,931</b>	<b>\$ 1,604,978</b>

See notes to the financial statements.

# Ovarian Cancer National Alliance

## Statements of Cash Flows for the Year Ended December 31, 2014 with Summarized Financial Information for 2013

<b>Year Ended December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (98,472)	\$ (132,232)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,033	11,550
Loss on disposal	4,500	-
Donated securities	(9,002)	(4,693)
Realized and unrealized gains on securities	(81)	(148)
Bad debt expense	1,218	1,350
Changes in assets and liabilities:		
Pledges receivable	(2,754)	85,739
Deposits	2,463	-
Prepaid expenses	1,505	(26,972)
Inventory	(6,861)	-
Accounts payable	8,125	(37,834)
Contributions collected on behalf of others	89,462	-
Accrued salary	(1,748)	(10,119)
Deferred compensation liability	507	9,018
Accrued leave	2,386	4,380
Deferred income	14,200	(3,303)
Deferred rent	28,253	(48,794)
Total adjustments	143,206	(19,826)
Net cash provided by (used in) operating activities	44,734	(152,058)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment, net	(31,180)	(5,467)
Proceeds from sales of investments	13,873	5,709
Net cash (used in) provided by investing activities	(17,307)	242
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,427</b>	<b>(151,816)</b>
Cash and cash equivalents, beginning of year	1,156,934	1,308,750
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,184,361</b>	<b>\$ 1,156,934</b>
<b>Supplemental disclosures of cash flow information</b>		
Donated stock liquidated to cash	\$ 9,002	\$ 4,693

See notes to the financial statements.

# Ovarian Cancer National Alliance

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Ovarian Cancer National Alliance (the Alliance), a non-profit organization chartered in 1997 in the District of Columbia. The Alliance was formed for the purpose of educating women and health care providers concerning risk factors, early warning signs, and early detection methods of ovarian cancer, and to disseminate information regarding treatment options for ovarian cancer, including diagnostic testing and therapy, and basic science needed to understand the causes and progress of the disease, and to advocate on behalf of women with ovarian cancer on a range of public policy issues.

Income tax status: The Alliance is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation under Section 501(a)(2).

The Alliance believes that it has appropriate support for income tax positions it has taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the current and three prior years remain open for examination by taxing authorities.

Basis of accounting: The Alliance prepares its financial statements on the accrual basis of accounting. Consequently, revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Use of estimates: Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, the Alliance considers all highly liquid investment available for current use with a maturity of three months or less to be cash equivalents.

Investments: The Alliance maintains a brokerage account to receive and sell donated securities. The Alliance received a total of \$9,002 in donated securities during the year ended December 31, 2014. The donated securities are recorded as contribution income in the accompanying statements of activities. Total realized and unrealized gains of \$81 for the year ended December 31, 2014, are included in other income in the accompanying statements of activities.

In accordance with generally accepted accounting principles, investments held in the brokerage account are reported at fair value. All donated securities have been liquidated as of December 31, 2014.

Pledges receivable: The Alliance recognizes unconditional promises to give as pledges receivable in the period in which a donor provides a commitment to make a contribution. Management periodically reviews the status of all promises to give for collectability. Each balance is assessed based on management's knowledge of and relationship with the donor and the age of the balance. As a result of these reviews, balances deemed to be uncollectible are charged directly to bad debt. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for uncollectible promises to give had been recorded. Bad debt expense for the year ended December 31, 2014 was \$1,218. Pledges receivable at December 31, 2014 are expected to be collected within one year.



# Ovarian Cancer National Alliance

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventory: Inventory consists of branded merchandise sold to promote the Alliance's mission. It is stated at the lower of cost or market determined by the first-in-first-out (FIFO) method. Management assesses the salability of inventory on a periodic basis and has determined that all merchandise inventory is fully salable; consequently, no allowance for obsolete inventory has been recorded at December 31, 2014.

Net assets:

Unrestricted: Unrestricted net assets are those whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Designated net assets at December 31, 2014 consists of a reserve of \$170,000, which is an amount designated by the Alliance's Board of Directors to be used for future operations.

Temporarily restricted: Temporarily restricted net assets represent funds whose use is limited by donor-imposed stipulations.

Contributions: Contributions received from individuals, corporations, and foundations are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of donor restrictions. When a restriction is satisfied (that is, when a stipulated purpose restriction is accomplished or when a time restriction expires), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues.

Special events: The Alliance holds Galas for which a portion of the proceeds represents both a contribution and a payment for the direct benefits received by the participant at the event. Typically, direct benefits to donors relate to the cost of meals and entertainment provided at the special events. The estimated contribution portion of the revenue recorded for events that are scheduled to occur after year-end is recorded as temporarily restricted revenue.

Program revenue: Conference registration fee revenue is deferred with corresponding costs treated as prepaid expenses until the respective programs are completed. Membership dues are recognized ratably over the membership period to which they apply; the portion of dues not yet recognized as income is classified as deferred revenue. Revenue from awareness merchandise sales and other activities is recognized when it is earned.

Functional allocation of expense: The costs of providing various program and supporting services activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Joint costs: Costs associated with the Alliance's annual Galas and certain periodic mailings that meet the requirements for treatment as joint costs in accordance with generally accepted accounting principles are allocated between development and program services. The costs are allocated based on management's analysis of the nature of the events and mailings. For the year ended December 31, 2014, the Alliance had joint costs totaling \$289,693, of which \$72,423 was allocated to development and \$217,270 was allocated to program services.

# Ovarian Cancer National Alliance

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prior-year comparative totals: 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 the Alliance's 2013 financial statements from which the summarized information was derived.

Subsequent events: Subsequent events have been evaluated through April 14, 2015, which is the date the financial statements were available to be issued.

### B. CONCENTRATIONS

Credit risk: The Alliance maintains demand deposits with commercial banks and other financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Alliance.

### C. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$1,000 are recorded at cost, or at estimated fair market value if donated. Property and equipment are depreciated using the straight-line method over their estimated useful lives, generally three to five years. Property and equipment consisted of the following at December 31, 2014:

Furniture and equipment	\$	84,455
Less accumulated depreciation and amortization		<u>(44,745)</u>
	\$	<u><b>39,710</b></u>

Depreciation expense was \$11,033 for the year ended December 31, 2014.

# Ovarian Cancer National Alliance

## Notes to the Financial Statements

### D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31,:

	<u>2013</u>	<u>Additions</u>	<u>Releases from Restriction</u>	<u>2014</u>
Gala	\$ 113,324	\$ 102,921	\$ (113,324)	\$ 102,921
Conference	103,000	101,500	(103,000)	101,500
Advocate Leaders	30,000	25,500	(30,000)	25,500
Conference scholarships	35,959	4,505	(17,737)	22,727
Policy and advocacy	-	34,500	(19,518)	14,982
Ask the Experts Education Series	-	8,500	-	8,500
General time restrictions	-	2,500	-	2,500
Survivors Teaching Students ®	48,500	-	(48,500)	-
Website	30,000	-	(30,000)	-
	<u>\$ 360,783</u>	<u>\$ 279,926</u>	<u>\$ (362,079)</u>	<u>\$ 278,630</u>

### E. IN-KIND CONTRIBUTIONS

Donated materials and services are recognized as in-kind contributions in accordance with accounting principles generally accepted in the United States of America. Donated special event and conference items are recognized at fair value. Donated services are recognized at fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Alliance.

The contributed consulting, marketing, and accounting services and special event items and services were allocated among program and supporting services expenses, and the contributed items for the conference were recorded as conference expense.

Exclusive of the donated securities described in Note A, in-kind contributions consisted of the following for year ended December 31, 2014:

Special event services	\$ 26,000
Consulting services	55,000
Marketing	27,638
Special event items	13,592
Tax preparation fees	3,978
Conference items	-
	<u>\$ 126,208</u>

### F. RETIREMENT PLANS

The Alliance maintains a 403(b) defined contribution retirement plan that covers all employees meeting minimum age and service requirements. Participation in the plan is optional. Employees may elect to defer a percentage of compensation subject to plan limits. The Alliance makes discretionary matching contributions up to a maximum of 6% of each employee's compensation. The Alliance has also accrued \$10,000 as of December 31, 2014, for the establishment of a 457(b) deferred compensation plan for certain eligible executives.

Retirement plan expense for the year ended December 31, 2014 was \$30,598.

### G. PROGRAM SERVICES

The following significant program services are included in the accompanying financial statements:

Public policy and advocacy: The Alliance is the national public policy arm of the ovarian cancer movement and works with members of Congress and the medical and scientific communities to improve outcomes for women with ovarian cancer and their families. The Alliance helps increase funding for critical ovarian cancer research and educates women and their physicians about the symptoms and guidelines for diagnosis and treatment of the disease. In addition to its advocacy work, the Alliance educates survivors, family members, and caregivers to be proactive on behalf of their loved ones and take appropriate action to get the care they need.

Education and Awareness: Until an early detection test is developed, the best way to save lives is to educate women and their health care providers about the warning signs of ovarian cancer. The Alliance works nationally to communicate its message through local and national campaigns, events, and programs. The Alliance's *Survivors Teaching Students: Saving Women's Lives*® program helps tomorrow's clinicians understand how to identify the symptoms and risk factors associated with ovarian cancer. More than half of the accredited medical schools in the United States now offer this program to their third year students. The program is being expanded to include nursing schools and nurse practitioners. In cooperation with the scientific and medical advisory Board committee, practice guidance was produced to educate women and their physicians on next steps to consider when symptoms appear.

Partner member services: The Alliance provides a variety of opportunities and educational materials about many topics of interest to member organizations as well as telephone and in-person technical assistance.

Conferences: The Alliance, through its annual conference and outreach activities, supports local, regional, and national partner members in their efforts to inform women about the symptoms of ovarian cancer. The conferences are the signature national venue that bring survivors and professionals together to learn about new developments in the scientific and medical community, explore the landscape of clinical trials, network with friends, and learn how to leverage their personal experiences to advocate on Capitol Hill for increased ovarian cancer funding and support.

Research: The Alliance provides grants to research institutions to conduct research on ovarian cancer with the intent of finding a cure for ovarian cancer and improving the lives of individuals with ovarian cancer.

### H. COMMITMENTS AND CONTINGENCIES

Office lease prior to May 2014: In the year ending December 31, 2011, the Alliance entered into an agreement for a long-term lease of office space in Washington, DC that initially was to expire in February 2019. The lease was amended in 2013 to change the termination date to May 2014. Monthly payments included base rent that escalated over time and the payment of other building expenses not included in the covered services. A security deposit of \$26,853 relating to this lease was included in the statement of financial position as of December 31, 2013.

Office lease effective May 2014: Effective May 2014, the Alliance entered into a lease agreement for new office space in Washington, DC which extends through July 2019. The terms of the lease include an abatement of the first three months' rent and scheduled annual rent increases of 2.5%. The Alliance also pays a portion of operating costs each month. A security deposit of \$24,390 relating to this lease is included in the statement of financial position as of December 31, 2014.

# Ovarian Cancer National Alliance

## Notes to the Financial Statements

### H. COMMITMENTS AND CONTINGENCIES – CONTINUED

Occupancy cost is recognized on the straight-line basis over the lease term, with the difference between the straight-line rent and the actual rent payments being recorded as a component of deferred rent in the accompanying statements of financial position. At December 31, 2014, the difference between straight-line rent and actual rent payments under the 2014 lease was \$32,982. Deferred rent of \$4,729 at December 31, 2013 relates to the accumulated difference between straight-line rent and actual rent payments made under the amended 2011 lease.

Office rent expense totaled \$141,508 for the year ended December 31, 2014.

Equipment lease: In December 2014, the Alliance entered in to a five-year operating lease for certain office equipment.

Future minimum rentals under the 2014 operating leases are as follows:

	<u>Office</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 131,510	\$ 3,708	\$ 135,218
2016	134,799	3,708	138,507
2017	138,167	3,708	141,875
2018	141,607	3,708	145,315
2019	84,171	3,708	87,879
	<u>\$ 630,254</u>	<u>\$ 18,540</u>	<u>\$ 648,794</u>

Event contracts: The Alliance has entered into contracts for certain 2015 gala benefit costs. The contracts contain guaranteed minimums for food and beverage, facilities rental, and honorarium expenses with cancellation penalties that vary based on the nearness to the date of the event. The Alliance has made a total of \$34,293 in deposits under these contracts which are included in prepaid expenses in the accompanying statement of financial position as of December 31, 2014.

Contributions collected on behalf of others: During the year ended December 31, 2014, the Alliance signed a memorandum of understanding with the Entertainment Industry Foundation on behalf of its program Stand Up To Cancer (SU2C). The Alliance is helping to fund an Ovarian Cancer Dream Team dedicated to ovarian cancer research by providing \$1,500,000 over a four-year period, provided the Alliance has sufficient funds available to make its planned annual installments. The Alliance made its first scheduled payment of \$375,000 to the Ovarian Cancer Dream Team in March 2015.

The Alliance has received signed commitments from supporters of SU2C: Ovarian Cancer Dream Team. Funds received by these supporters will be used to pay the Alliance's annual installments of the Ovarian Cancer Dream Team funding. In the event that the Alliance does not receive all of the funds committed by supporters, it will not continue with the Ovarian Cancer Dream Team and will return any unspent funds to the donors. Amounts collected from supporters totaled \$89,462 as of December 31, 2014.