

MINNESOTA OVARIAN CANCER ALLIANCE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

**MINNESOTA OVARIAN CANCER ALLIANCE
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YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Minnesota Ovarian Cancer Alliance
Minneapolis, Minnesota

We have audited the accompanying financial statements of Minnesota Ovarian Cancer Alliance (a nonprofit corporation), 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.

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 auditor considers 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 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.

Board of Directors
Minnesota Ovarian Cancer Alliance

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Ovarian Cancer Alliance as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As described in Note 8 to the financial statements, Minnesota Ovarian Cancer Alliance made an adjustment to restate net assets as January 1, 2014 to properly classify net assets related to funds that had previously been classified as endowment funds in error. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 11, 2015

**MINNESOTA OVARIAN CANCER ALLIANCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	886,539
Prepaid Expenses		23,539
Inventory		11,210
Pledges Receivable		7,000
Accounts Receivable		506
Investments		560,619
Total Current Assets		1,489,413

PROPERTY AND EQUIPMENT

Building and Improvements		309,781
Land		37,404
Office Equipment		39,943
Website		85,613
Total Property and Equipment		472,741

Accumulated Depreciation		(120,046)
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Net Property and Equipment		352,695
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Total Assets		\$ 1,842,108
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	2,321
Accrued Expenses		24,122
Grants and Awards Payable		317,960
Pledges Payable		25,000
Total Current Liabilities		369,403

LONG-TERM LIABILITIES

Pledges Payable, Net of Current		75,000
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Total Liabilities		444,403
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NET ASSETS

Unrestricted Net Assets		1,367,376
Temporarily Restricted Net Assets		30,329
Total Net Assets		1,397,705

Total Liabilities and Net Assets		\$ 1,842,108
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See accompanying Notes to Financial Statements.

MINNESOTA OVARIAN CANCER ALLIANCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions	\$ 344,307	\$ 120,416	\$ -	\$ 464,723
Special Event Revenue (Net of Direct Benefit Expense of \$140,811)	500,948	-	-	500,948
Interest and Investment Income	29,659	-	-	29,659
In-Kind Contributions	255,238	-	-	255,238
Net Assets Released from Restrictions	118,154	(118,154)	-	-
Total Revenues	1,248,306	2,262	-	1,250,568
EXPENSES				
Program Services	1,127,466	-	-	1,127,466
Management and General	115,473	-	-	115,473
Fundraising	126,850	-	-	126,850
Total Expenses	1,369,789	-	-	1,369,789
INCREASE (DECREASE) IN NET ASSETS	(121,483)	2,262	-	(119,221)
Net Assets - Beginning of Year, As Previously Stated	1,328,176	18,777	169,973	1,516,926
Restatement - Note 9	160,683	9,290	(169,973)	-
Net Assets - Beginning of Year, As Restated	1,488,859	28,067	-	1,516,926
NET ASSETS - END OF YEAR	\$ 1,367,376	\$ 30,329	\$ -	\$ 1,397,705

See accompanying Notes to Financial Statements.

**MINNESOTA OVARIAN CANCER ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

FUNCTIONAL EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 243,235	\$ 78,933	\$ 38,529	\$ 360,697
Benefits	12,300	4,203	1,975	18,478
Payroll Tax	17,981	5,874	2,837	26,692
Professional Fees	-	8,925	-	8,925
Supplies	19,253	2,200	4,006	25,459
Printing and Publications	6,696	487	11,398	18,581
Software Fees	5,582	-	5,723	11,305
Postage, Shipping and Delivery	7,061	370	7,040	14,471
Telephone	6,484	2,125	1,033	9,642
Occupancy	7,680	2,524	1,295	11,499
Taxes and Licenses	6,289	1,217	1,440	8,946
Insurance	2,532	-	415	2,947
Travel	6,828	472	2,921	10,221
Research	686,599	-	-	686,599
Equipment Rental and Maintenance	60	-	-	60
Education and Conferences	1,210	-	-	1,210
Depreciation	26,199	3,322	2,609	32,130
Promotions	32,891	-	33,401	66,292
Miscellaneous	38,586	3,361	11,517	53,464
Employee Training	-	1,460	-	1,460
Software	-	-	711	711
Total Functional Expenses	<u>\$ 1,127,466</u>	<u>\$ 115,473</u>	<u>\$ 126,850</u>	<u>\$ 1,369,789</u>

See accompanying Notes to Financial Statements.

**MINNESOTA OVARIAN CANCER ALLIANCE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (119,221)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	32,130
Realized Loss on Investments	1,167
Unrealized Gains on Investments	(21,119)
Contributed Property and Equipment	(65,394)
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(299)
Pledges Receivable	1,760
Prepaid Expenses	(6,466)
Inventory	(3,977)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	1,603
Accrued Expenses	(3,389)
Grants and Awards Payable	147,960
Pledges Payable	100,000
Net Cash Provided by Operating Activities	64,755

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(29,110)
Proceeds from Sale of Investments	7,516
Purchase of Equipment	(6,139)
Net Cash Used by Investing Activities	(27,733)

NET INCREASE IN CASH

37,022

Cash and Cash Equivalents - Beginning of Year

849,517

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 886,539

NON-CASH ITEMS

Contributed Property and Equipment

\$ 65,394

See accompanying Notes to Financial Statements.

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Minnesota Ovarian Cancer Alliance, Inc. (the Organization) is a statewide organization dedicated to raising awareness, providing support to women and families impacted by the disease, and funding the research needed to detect ovarian cancer early and treat it properly. The Organization also works to educate the Minnesota medical community about the symptoms of ovarian cancer, appropriate diagnosis and related issues of ovarian cancer. The Organization is made up of a network of more than 1,000 survivors and 45,000 supporters with a full range of programs encompassing education to the public and healthcare professionals, support groups, and programming and research. The Organization has awarded over \$5 million to research projects for ovarian cancer research in Minnesota.

Basis of Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets Classifications

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These net assets also include those funds that are designated for specific purposes by the board of directors.

Temporarily Restricted – Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets, such as time or purpose restrictions. When a time restriction expires or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released after satisfaction from restrictions.

Permanently Restricted – Permanently restricted net assets include funds that have been restricted by the donor to be held in perpetuity. At December 31, 2014, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, Minnesota Ovarian Cancer Alliance considers all highly liquid debt instruments with an initial maturity of less than three months to be cash or cash equivalents. The Organization maintains cash in accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Inventory

Inventories are stated at the lower of cost or market determined on the first in, first out (FIFO) basis.

Pledges Receivable

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability for donors to meet their obligations. It is the Organization's policy to charge off uncollectible receivables when management determines that a receivable will not be collected. There was no allowance for doubtful promises at December 31, 2014. All contributions receivable at December 31, 2014 are expected to be collected within one year.

Investments

Investments, which consist entirely of certificates of deposit and mutual funds, are carried at fair value, based on quoted prices in an active market. Investment gains and losses are recognized in the statements of activities in the period in which they occur.

The Organization's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

Property and Equipment

Property and equipment with a value greater than \$1,500 are recorded at cost. Donated property and equipment is recorded at fair market value at the date of donation. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities.

Depreciation on property and equipment is provided on a straight line basis over the estimated useful lives of the assets. Estimated economic useful lives are as follows:

Building and Improvements	7-39 Years
Office Equipment	3-7 Years
Web Design Costs	3 Years

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Grants and Awards Payable

Grant commitments are recognized in the year in which they are authorized by the Organization's Board of Directors. All grants payable as of December 31, 2014 are expected to be paid within one year.

Pledges Payable

Contribution commitments are recognized in the year in which they are committed. All contributions payable as of December 31, 2014 is expected to be paid out in amounts of \$25,000 over the next 4 years.

Fair Value Measurement

The Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety:

Financial assets and liabilities recorded on the Statement of Activities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Investments whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Investments and financial liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

In-Kind Contributions

Donated services are recognized as contributions if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated materials are valued at market value at the date of donation. The following contributed goods and services were received in 2014:

Website Maintenance and Design	\$	91,125
Printing and Publications		5,480
Miscellaneous Goods and Services		5,000
Promotional Expenses		64,885
Video		14,660
Molly Cade Memorial Golf Tournament		1,000
Walk/Run Event		20,303
GALA Event		52,785
Total Contributed Goods and Services	<u>\$</u>	<u>255,238</u>

The Organization utilizes and relies upon the services of volunteers; however there is no reasonable basis for estimating the value of the services and, accordingly, no support or corresponding program service expense has been reflected in these financial statements.

Functional Expense Allocation

The Organization's financial statements segregate expenses by function, including program services and management and general. Expenses are charged directly to specific functions when practicable. Expenses not identified as relating to specific functions are allocated on an appropriate basis.

Income Taxes

Minnesota Ovarian Cancer Alliance is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and Minnesota Statute 290.05. It is classified as an organization that is not a private foundation under Section 509(a)(1) of the IRC and contributions by donors are tax deductible.

The Organization follows accounting standards for uncertain tax positions and files as a tax-exempt organization. During 2014, the Organization has not recognized any liability for uncertain tax positions. Minnesota Ovarian Cancer Alliance's tax returns are subject to review and examination by federal and state authorities.

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

In preparing these financial statements, Minnesota Ovarian Cancer Alliance has evaluated events and transactions for potential recognition or disclosure through June 11, 2015, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments are comprised of the following at December 31, 2014:

Cash and Cash Equivalents	\$ 54,053
Certificates of Deposit	207,796
US Equities	178,431
Fixed Income	116,449
International Equities	3,890
Total	<u><u>\$ 560,619</u></u>

Investment income is comprised of the following at December 31, 2014:

Interest and Dividends	\$ 9,707
Net Realized and Unrealized Gains	19,952
Total Investment Income	<u><u>\$ 29,659</u></u>

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets measured at fair value on a recurring basis at December 31, 2014 are as follows:

	Level 1	Level 2	Level 3	Total
US Equities	\$ 178,431	\$ -	\$ -	\$ 178,431
Fixed Income	116,449	-	-	116,449
International Equities	3,890	-	-	3,890
Total Investments at Fair Value	<u>298,770</u>	<u>-</u>	<u>-</u>	<u>298,770</u>
Cash and Cash Equivalents	-	-	-	54,053
Certificates of Deposit	-	-	-	207,796
Total Investments	<u>\$ 298,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,619</u>

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of December 31,

Building and Improvements	\$ 309,781
Land	37,404
Equipment	39,943
Website	85,613
Accumulated Depreciation	<u>(120,046)</u>
Total	<u>\$ 352,695</u>

Depreciation is taken on the straight-line method over the estimated economic useful lives of the property and equipment. Total depreciation was \$32,130 for the year ended December 31, 2014.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2014 consist of the following amounts:

MOCA Dream Awards	\$ 5,000
Lubov Fund	9,131
Parade Awareness Initiative	2,597
Rychwalski Fund	13,601
Total Temporarily Restricted Net Assets	<u>\$ 30,329</u>

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended December 31, 2014 are as follows:

MOCA Dream Awards	\$ 50,000
Research Grants	58,500
Lubov Fund	6,584
Education	2,000
Parade Awareness Initiative	1,070
Net Assets Released from Restriction	<u>\$ 118,154</u>

NOTE 6 BENEFIT PLAN

During 2013, the Organization established a matching contribution to a 403(b) retirement plan that was effective beginning January 1, 2014. The Organization provides a 100% matching contribution up to 3% of participant compensation for all employees. Participant contributions are 100% vested. Organization matching contributions become 100% vested after five years of employment. For vesting purposes, total length of employment will be used to determine the vested percentage of matching contributions. During the year ended December 31, 2014, the Organization contributed \$9,905 to this retirement plan.

NOTE 7 RELATED PARTY TRANSACTIONS

Revenue recognized from members of the Board of Directors totaled \$23,261 for the year ended December 31, 2014.

NOTE 8 ALLOCATION OF JOINT COSTS

During the year ended December 31, 2014, the Organization conducted activities that included appeals for contributions as part of their Teal Strides event and incurred joint costs of \$95,490. Of these costs, \$47,745 was allocated to both fundraising expense and program expense.

MINNESOTA OVARIAN CANCER ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9 RESTATEMENT

Minnesota Ovarian Cancer Alliance restated its beginning net assets as of January 1, 2014 to properly account for three funds that were previously recorded as permanently restricted endowments. During 2014, it was determined that these funds were not intended to be held in perpetuity. The restrictions on use of two of the three funds had expired prior to 2014. The third fund was determined to be temporarily restricted for a specified purpose. The impact of this restatement on net assets as of January 1, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning Net Assets, as Previously Stated	\$ 1,328,176	\$ 18,777	\$ 169,973	\$ 1,516,926
Snyder Fund	74,922	-	(74,922)	-
Lubov Fund	-	9,290	(9,290)	-
Ross Fund	85,761	-	(85,761)	-
Beginning Net Assets, as Restated	<u>\$ 1,488,859</u>	<u>\$ 28,067</u>	<u>\$ -</u>	<u>\$ 1,516,926</u>