

COLORECTAL CANCER ALLIANCE, INC.

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017**

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

COLORECTAL CANCER ALLIANCE, INC.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Colorectal Cancer Alliance, Inc.

We have audited the accompanying financial statements of Colorectal Cancer Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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

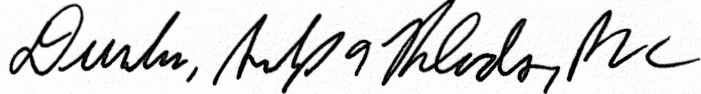
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorectal Cancer Alliance, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Certified Public Accountants
Chantilly, Virginia

June 20, 2019

COLORECTAL CANCER ALLIANCE, INC

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 and 2017

	ASSETS	
	2018	2017
Current Assets		
Cash and cash equivalents	\$ 1,058,239	\$ 1,667,178
Investments	3,584,415	4,003,428
Contributions receivable, current	597,775	791,180
Other receivables	75,886	189
Prepaid expenses	121,749	118,575
Total Current Assets	<u>5,438,064</u>	<u>6,580,550</u>
Property and Equipment, Net	<u>349,031</u>	<u>210,222</u>
Other Assets		
Contributions receivable, long-term	1,240,221	304,555
Security deposit	73,822	39,916
Total Other Assets	<u>1,314,043</u>	<u>344,471</u>
Total Assets	<u>\$ 7,101,138</u>	<u>\$ 7,135,243</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 431,884	\$ 272,771
Line of credit	355,753	424,000
Accrued expenses	826,418	348,850
Pledges payable, current	275,000	325,000
Deferred rent	72,027	200,592
Total Current Liabilities	<u>1,961,082</u>	<u>1,571,213</u>
Long-Term Liabilities		
Pledges payable, long-term	<u>247,000</u>	<u>402,000</u>
Total Liabilities	<u>2,208,082</u>	<u>1,973,213</u>
Net Assets		
Net assets without restrictions	2,945,775	4,278,994
Net assets with restrictions	1,947,281	883,036
Total Net Assets	<u>4,893,056</u>	<u>5,162,030</u>
Total Liabilities and Net Assets	<u>\$ 7,101,138</u>	<u>\$ 7,135,243</u>

See accompanying notes to the financial statements.

COLORECTAL CANCER ALLIANCE, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	2018			2017		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUES AND SUPPORT						
Grants and contributions	\$ 5,395,819	\$ 3,101,163	\$ 8,496,982	\$ 7,152,839	\$ 827,070	\$ 7,979,909
Merchandise income	229,411	-	229,411	316,423	-	316,423
Miscellaneous income	13,769	-	13,769	94,855	-	94,855
Investment income (loss)	(302,971)	-	(302,971)	585,212	-	585,212
Released from restrictions	2,036,918	(2,036,918)	-	489,034	(489,034)	-
Total Revenues and Support	<u>7,372,946</u>	<u>1,064,245</u>	<u>8,437,191</u>	<u>8,638,363</u>	<u>338,036</u>	<u>8,976,399</u>
EXPENSES						
Program services						
Prevention	4,706,307	-	4,706,307	3,770,346	-	3,770,346
Patient support	1,059,467	-	1,059,467	1,005,535	-	1,005,535
Community outreach	447,769	-	447,769	323,655	-	323,655
Research	418,797	-	418,797	453,779	-	453,779
Advocacy	289,215	-	289,215	244,177	-	244,177
Total program services	<u>6,921,555</u>	<u>-</u>	<u>6,921,555</u>	<u>5,797,492</u>	<u>-</u>	<u>5,797,492</u>
Fundraising	1,006,016	-	1,006,016	734,334	-	734,334
Management and general	778,594	-	778,594	801,765	-	801,765
Total Expenses	<u>8,706,165</u>	<u>-</u>	<u>8,706,165</u>	<u>7,333,591</u>	<u>-</u>	<u>7,333,591</u>
CHANGE IN NET ASSETS	(1,333,219)	1,064,245	(268,974)	1,304,772	338,036	1,642,808
NET ASSETS, BEGINNING	<u>4,278,994</u>	<u>883,036</u>	<u>5,162,030</u>	<u>2,974,222</u>	<u>545,000</u>	<u>3,519,222</u>
NET ASSETS, ENDING	<u>\$ 2,945,775</u>	<u>\$ 1,947,281</u>	<u>\$ 4,893,056</u>	<u>\$ 4,278,994</u>	<u>\$ 883,036</u>	<u>\$ 5,162,030</u>

See accompanying notes to the financial statements.

COLORECTAL CANCER ALLIANCE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (268,974)	\$ 1,642,808
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	68,872	67,593
Loss on disposal of assets	124,876	-
Net realized and unrealized (gain) loss	414,040	(481,670)
Changes in operating assets and liabilities:		
Increase in contributions receivable	(742,261)	(395,730)
Decrease in charitable remainder trust receivable	-	157,262
Increase in prepaid expenses	(3,174)	(42,692)
(Increase) Decrease in security deposits	(33,906)	2,550
(Increase) Decrease in other receivables	(75,697)	103,081
Increase (Decrease) in accounts payable	159,113	(1,370)
Increase in accrued expenses	477,568	94,042
Decrease in deferred rent	(128,565)	(14,828)
Decrease in pledges payable	(205,000)	(25,000)
Net cash (used in) provided by operating activities	<u>(213,108)</u>	<u>1,106,046</u>
Cash Flows From Financing Activities		
Repayments made on line of credit	<u>(68,247)</u>	<u>(91,000)</u>
Net cash used in financing activities	<u>(68,247)</u>	<u>(91,000)</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	203,432	820,596
Purchases of investments	(198,459)	(282,550)
Purchases of property and equipment	<u>(332,557)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(327,584)</u>	<u>538,046</u>
Change in cash and cash equivalents	(608,939)	1,553,092
Cash and cash equivalents, beginning of period	<u>1,667,178</u>	<u>114,086</u>
Cash and cash equivalents, end of period	<u>\$ 1,058,239</u>	<u>\$ 1,667,178</u>
Supplemental Information		
Total cash paid for interest expense	<u>\$ 15,416</u>	<u>\$ 21,169</u>

See accompanying notes to the financial statements.

COLORECTAL CANCER ALLIANCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

		2018						
		Program Services					Support Services	
		Prevention	Patient Support	Community Outreach	Research	Advocacy	Fundraising	Management and General
								Total
Expenses								
Personnel	\$	997,542	\$ 528,721	\$ 81,682	\$ -	\$170,484	\$ 587,409	\$ 1,070,635
Projects		1,851,783	151,951	209,468	296,627	-	56,223	141,435
Professional fees		541,876	69,279	299	22,770	54,013	37,844	339,790
Facilities		7,238	2,011	34,525	-	-	-	554,836
Operations		128,627	2,197	9,884	221	-	41,741	363,440
Travel and entertainment		129,494	68,993	12,036	5,766	208	58,406	76,711
G & A allocation		1,049,747	236,315	99,875	93,413	64,510	224,393	(1,768,253)
Total Expenses	\$	<u>4,706,307</u>	<u>\$ 1,059,467</u>	<u>\$ 447,769</u>	<u>\$418,797</u>	<u>\$289,215</u>	<u>\$1,006,016</u>	<u>\$ 778,594</u>
								<u>\$ 8,706,165</u>
		2017						
		Program Services					Support Services	
		Prevention	Patient Support	Community Outreach	Research	Advocacy	Fundraising	Management and General
								Total
Expenses								
Personnel	\$	603,301	\$ 350,767	\$ 116,794	\$145,992	\$ 38,542	\$ 456,081	\$ 898,086
Projects		1,709,211	198,385	107,964	176,850	500	18,530	20,158
Professional fees		307,152	123,607	775	18,910	146,014	4,383	300,636
Facilities		18,375	4,870	1,793	30	-	1,208	721,094
Operations		109,304	2,452	9,219	219	-	38,897	352,090
Travel and entertainment		110,841	82,184	8,808	1,995	47	37,577	89,950
G & A allocation		912,162	243,270	78,302	109,783	59,074	177,658	(1,580,249)
Total Expenses	\$	<u>3,770,346</u>	<u>\$ 1,005,535</u>	<u>\$ 323,655</u>	<u>\$453,779</u>	<u>\$244,177</u>	<u>\$ 734,334</u>	<u>\$ 801,765</u>
								<u>\$ 7,333,591</u>

See accompanying notes to the financial statements.

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies

Colorectal Cancer Alliance, Inc. (“the Alliance”) was incorporated on March 18, 1999 as a 501(c)(3) exempt corporation under the laws of the state of Delaware. The Alliance is a national patient advocacy organization dedicated to increasing rates of screening and survivorship from colorectal cancer through patient support, education, research, and advocacy. Revenues consist principally of grants and contributions.

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

Basis of Accounting

The Alliance maintains its accounting records and prepares its financial statements on the accrual basis of accounting, which reflects revenue when earned and expenses when incurred.

Basis of Presentation

The accompanying financial statements were prepared in accordance with the provisions of the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This pronouncement requires not-for-profit Organizations to report information regarding their financial position and activities according into two classes of net assets as follows:

- *Without Donor Restrictions* – represents resources which have met applicable award restrictions and/or resources generated by sources other than from the award.

- *With Donor Restrictions* – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

- As of December 31, 2018, and 2017, the Alliance had net assets with donor restrictions \$1,947,281 and \$883,036, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Alliance considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash and cash equivalents.

Investments

Investments are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of revenues, expenses and changes in net assets unless the income or loss is restricted by donor or law.

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable are presented at net realizable value. Management periodically reviews the status of contributions receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As of December 31, 2018, and 2017, management believes all receivables to be collectible. Accordingly, no allowance for doubtful accounts has been established. For the years ended December 31, 2018 and 2017 uncollectible pledges in the amount of \$59,592 and \$-0- were written off, respectively.

Other Receivables

Other receivables consist primarily of amounts to be received from sales of merchandise and inflatable walk-through colons. The entire amount of other receivables is expected to be collected within one year and is recorded at net realizable value as of December 31, 2018 and 2017. Accordingly, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation for all assets with an initial cost exceeding \$3,000. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives, which range from three to seven years. Upon the retirement or disposal of assets, the costs and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the revenue or expenses. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.

Income Tax Status

The Alliance is exempt under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions and from excise taxes as an Organization that is not a private foundation as defined in Section 509(a) thereof. No provision for federal or state income taxes has been included in the financial statements. For the years ended December 31, 2018 and 2017, there was no unrelated business income, accordingly, no federal or state income taxes have been recorded.

Uncertain Tax Positions

As of December 31, 2018, the Alliance has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended June 30, 2015, and the six-month period ended December 31, 2016, and the year ended December 31, 2017.

Recently Issued Accounting Standards

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Alliance adopted the provisions of this new standard in the current year. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 5). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies (Concluded)

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor or grantor restrictions that limit the use of donated assets. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Alliance receives donations in the form of free advertising and similar services that would otherwise be purchased in the normal course of business. Total in-kind donations were \$4,967 and \$15,547, for the years ended December 31, 2018 and 2017, respectively, and were valued based on comparable market rates. This amount is reflected in grants and contributions in the accompanying statements of activities.

Merchandise sales consist of sales of various products offered on the Organization's website aimed at promoting and spreading awareness for Colon cancer, as well as sales of inflatable walk-through colons, meant to be an educational tool featuring the various stages of disease.

Revenue from all other sources is recognized when earned.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Alliance to concentration of credit and market risk consist of cash equivalents and investments. Cash equivalents and investments are maintained at various high-quality financial institutions. The Alliance maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Alliance has not experienced any losses on its cash and equivalents or on its investments to date. Management periodically assess the financial condition of these financial institutions and believes that the risk of any credit loss is minimal. The Alliance's investments do not represent significant concentration of market risk inasmuch as the investment portfolio is adequately diversified.

Advertising Costs

Advertising costs are expensed as incurred.

NOTE 2 – Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Management*, the Alliance 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 hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Investments and Fair Value Measurements (Concluded)

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Alliance has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- *Money market funds* – The fair value is equal to the reported net asset value of the fund.

Investment income for the years ended December 31, 2018 and 2017, consists of the following:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 111,069	\$103,542
Net realized and unrealized gain (loss)	<u>(414,040)</u>	<u>481,670</u>
Total	<u><u>\$ (302,971)</u></u>	<u><u>\$ 585,212</u></u>

The following table presents the Alliance's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 241,727	\$ -	\$ -	\$ 241,727
Fixed income	737,660	-	-	737,660
Equity funds	1,861,731	-	-	1,861,731
Common stocks	418,758	-	-	418,758
Other	<u>324,539</u>	<u>-</u>	<u>-</u>	<u>324,539</u>
Total	<u><u>\$3,584,415</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$3,584,415</u></u>

The following table presents the Alliance's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 175,988	\$ -	\$ -	\$ 175,988
Fixed income	788,509	-	-	788,509
Equity funds	1,554,382	-	-	1,554,382
Common stocks	875,787	-	-	875,787
Other	<u>608,762</u>	<u>-</u>	<u>-</u>	<u>608,762</u>
Total	<u><u>\$4,003,428</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$4,003,428</u></u>

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2018 and 2017:

<u>2018</u>		<u>Depreciation</u>	<u>Accumulated</u>
	<u>Cost</u>	<u>Expense</u>	<u>Depreciation</u>
Furniture and Equipment	\$470,720	\$68,872	\$121,689
Total	<u>\$470,720</u>	<u>\$68,872</u>	<u>\$121,689</u>
 <u>2017</u>			
	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated</u>
		<u>Expense</u>	<u>Depreciation</u>
Furniture and Equipment	\$231,559	\$39,843	\$173,964
Leasehold Improvements	<u>222,002</u>	<u>27,750</u>	<u>69,375</u>
Total	<u>\$453,561</u>	<u>\$67,593</u>	<u>\$243,339</u>

NOTE 4 – Line of Credit

On June 24, 2017, The Alliance signed a revolving line of credit agreement in the amount of \$750,000 bearing interest at the bank's prime interest rate, with a minimum rate of 3.00%, now maturing in February 1, 2019. Interest is payable monthly. The line of credit is secured by all investments of the Alliance. Interest expense paid on the line of credit for the years ended December 31, 2018 and 2017, was \$15,416 and \$21,169, respectively. The balance outstanding on the line as of December 31, 2018 and 2017 was \$355,753 and \$424,000, respectively.

NOTE 5 – Liquidity and Availability of Financial Assets

The Alliance monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Alliance has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Cash and cash equivalents	\$1,058,239
Accounts receivable	673,661
Prepaid expenses	121,749
Investments	<u>3,584,415</u>
	<u>\$5,438,064</u>

The Alliance has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 60 days of normal operating expenses, which are, on average, \$1,441,000.

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Pension Plan

The Alliance maintains an IRC Section 401(k) retirement plan, which covers substantially all employees. The Alliance may elect to match employees' contributions for all persons who have completed at least 1,000 hours of service during the Plan year. Pension contributions for the years ended December 31, 2018 and 2017 were \$48,167 and \$38,598, respectively. All contributions are immediately vested.

NOTE 7 – Lease Commitments and Equipment lease

The Alliance signed a lease agreement for office space effective December 1, 2015, extending the term through 2023. The Alliance amended the current lease to expand and take over the square footage of the floor through October 2029. Additionally, the Alliance operates under various storage, small equipment, and similar leases, all of which expire on various dates through October 2020. In December 2018, the Alliance entered into two new equipment leases for 48 months payable at \$1,100 and \$1,900, respectively. Rent is payable monthly in the amount of \$36,721 and includes a provision for an annual rent escalation of 2.5%. Rent expense for the year ended December 31, 2018 and 2017 was \$312,071 and \$246,599, respectively.

Future minimum lease payments for the office lease are as follows as of December 31, 2018:

2019	\$ 601,258
2020	612,651
2021	625,018
2022	637,352
2023	618,796
Thereafter	<u>3,577,905</u>
Total	<u>\$6,672,980</u>

NOTE 8 – Net Assets with Restrictions

Net assets with restrictions consist of donor-imposed restrictions that expire upon the passage of time or purpose restrictions. Assets are released from restriction and reclassified to net assets without restrictions as the Alliance fulfills the donor stipulation or upon passage of time.

As of December 31, 2018, and 2017, net assets with restrictions consisted of the following:

	<u>2018</u>	<u>2017</u>
Prevention	\$ 889,903	\$495,428
Fundraising	856,000	-
Patient Support	125,000	193,804
Research	<u>76,378</u>	<u>193,804</u>
Total Net Assets with Restrictions	<u>\$1,947,281</u>	<u>\$883,036</u>

COLORECTAL CANCER ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 –Net Assets with Restrictions (Concluded)

Net assets were released from donor restrictions by incurring expenses, satisfying the purpose or time restrictions specified by donors as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Prevention	\$1,601,250	\$149,034
Research	220,143	245,000
Patient Support	<u>215,525</u>	<u>95,000</u>
Total Net Assets	<u>\$2,036,918</u>	<u>\$489,034</u>

NOTE 9 – Functional Allocation of Expenses

The costs of providing various programs and other activities have been allocated between program, management and general expenses based on direct identification when possible, and allocation when an expenditure benefits more than one program or function. Expenses that require allocation are allocated based on a personnel-cost or square-footage basis.

NOTE 10 – Subsequent Events

The Alliance has evaluated subsequent events through June 20, 2019, the date which the financial statements were available to be issued.