

**CARING FOR CARCINOID  
FOUNDATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

# **CARING FOR CARCINOID FOUNDATION, INC.**

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**DECEMBER 31, 2013**

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**Business Advisors  
Certified Public Accountants**

To the Board of Directors  
Caring for Carcinoid Foundation, Inc.  
Boston, Massachusetts

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Caring for Carcinoid Foundation, Inc. (a nonprofit organization) which comprise the balance sheet as of December 31, 2013, 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 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 Caring for Carcinoid Foundation, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Report on Summarized Comparative Information**

We have previously audited Caring for Carcinoid Foundation, Inc.'s 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PAVENTO, RATCLIFFE, RENZI & CO. P.C.*

Franklin, Massachusetts  
October 27, 2014

**CARING FOR CARCINOID FOUNDATION, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2013 AND 2012**

|                                       | <u>2013</u>  | <u>2012</u>  |
|---------------------------------------|--------------|--------------|
| <u>Assets</u>                         |              |              |
| Current assets:                       |              |              |
| Cash & equivalents                    | \$ 1,306,689 | \$ 1,635,208 |
| Contributions receivable              | 1,352,276    | 286,459      |
| Prepaid expenses                      | 16,350       | 3,698        |
| Total current assets                  | 2,675,315    | 1,925,365    |
| Total assets                          | \$ 2,675,315 | \$ 1,925,365 |
| <br><u>Liabilities and Net Assets</u> |              |              |
| Current liabilities:                  |              |              |
| Accounts payable and accrued expenses | \$ 90,443    | \$ 49,805    |
| Grants payable                        | 1,109,500    | 737,500      |
| Total current liabilities             | 1,199,943    | 787,305      |
| Grants payable long term              | 573,000      | 537,500      |
| Net assets:                           |              |              |
| Unrestricted                          | (413,628)    | 300,560      |
| Temporarily restricted                | 1,316,000    | 300,000      |
| Total net assets                      | 902,372      | 600,560      |
| Total liabilities and net assets      | \$ 2,675,315 | \$ 1,925,365 |

*The accompanying notes are an integral part of these financial statements.*

**CARING FOR CARCINOID FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|  | <u>Unrestricted</u>        | Temporarily<br><u>Restricted</u> | <u>Total</u>             |
|--|----------------------------|----------------------------------|--------------------------|
| Public support and revenue:                  |                            |                                  |                          |
| Contributions, grants and sponsorships       | \$ 962,859                 | \$ 1,308,000                     | \$ 2,270,859             |
| Interest income                              | 459                        | -                                | 459                      |
| Release of temporarily restricted net assets | 292,000                    | (292,000)                        | -                        |
| Total revenue and support                    | <u>1,255,318</u>           | <u>1,016,000</u>                 | <u>2,271,318</u>         |
| Expenses:                                    |                            |                                  |                          |
| Program                                      | 1,668,868                  | -                                | 1,668,868                |
| Development                                  | 227,250                    | -                                | 227,250                  |
| General and administrative                   | 73,388                     | -                                | 73,388                   |
| Total expenses                               | <u>1,969,506</u>           | <u>-</u>                         | <u>1,969,506</u>         |
| Change in net assets                         | (714,188)                  | 1,016,000                        | 301,812                  |
| NET ASSETS, beginning of year                | <u>300,560</u>             | <u>300,000</u>                   | <u>600,560</u>           |
| NET ASSETS, end of year                      | <u><u>\$ (413,628)</u></u> | <u><u>\$ 1,316,000</u></u>       | <u><u>\$ 902,372</u></u> |

*The accompanying notes are an integral part of these financial statements.*

**CARING FOR CARCINOID FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | <u>Unrestricted</u> | Temporarily<br><u>Restricted</u> | <u>Total</u>      |
|--|---------------------|----------------------------------|-------------------|
| Public support and revenue:                        |                     |                                  |                   |
| Contributions, grants and sponsorships             | \$ 2,091,556        | \$ 300,000                       | \$ 2,391,556      |
| Interest income                                    | 131                 | -                                | 131               |
| Release of temporarily restricted net assets       | 255,000             | (255,000)                        | -                 |
| Total revenue and support                          | <u>2,346,687</u>    | <u>45,000</u>                    | <u>2,391,687</u>  |
| Expenses:  |                     |                                  |                   |
| Program  | 1,815,419           | -                                | 1,815,419         |
| Development  | 180,872             | -                                | 180,872           |
| General and administrative                         | 44,835              | -                                | 44,835            |
| Total expenses                                     | <u>2,041,126</u>    | <u>-</u>                         | <u>2,041,126</u>  |
| Change in net assets                               | 305,561             | 45,000                           | 350,561           |
| NET ASSETS, beginning of year                      | 294,527             | -                                | 294,527           |
| Adjustment to prior year ending net asset balances | (299,528)           | 255,000                          | (44,528)          |
| NET ASSETS, beginning of year, adjusted            | <u>(5,001)</u>      | <u>255,000</u>                   | <u>249,999</u>    |
| NET ASSETS, end of year                            | <u>\$ 300,560</u>   | <u>\$ 300,000</u>                | <u>\$ 600,560</u> |

*The accompanying notes are an integral part of these financial statements.*

**CARING FOR CARCINOID FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012**

|                                     | 2013                |             |                             | 2012         |              |
|-------------------------------------|---------------------|-------------|-----------------------------|--------------|--------------|
|                                     | Program<br>Expenses | Development | General &<br>Administrative | Total        | Total        |
| Salaries                            | \$ 120,938          | \$ 107,812  | \$ 24,635                   | \$ 253,385   | \$ 209,766   |
| Employee benefits                   | 7,947               | 9,567       | 2,814                       | 20,328       | 17,345       |
| Payroll taxes                       | 9,890               | 8,817       | 2,015                       | 20,722       | 18,441       |
| Total salaries and related expenses | 138,775             | 126,196     | 29,464                      | 294,435      | 245,552      |
| Research grants                     | 1,432,010           | -           | -                           | 1,432,010    | 1,627,921    |
| Professional services               | -                   | 55,597      | 13,037                      | 68,634       | 70,501       |
| Occupancy                           | 14,132              | 12,598      | 2,879                       | 29,609       | 27,582       |
| Office expenses                     | 13,462              | 13,721      | 15,635                      | 42,818       | 14,967       |
| Information technology              | 1,250               | 10,647      | 8,600                       | 20,497       | 9,451        |
| Liability insurance                 | -                   | -           | 1,246                       | 1,246        | 1,112        |
| Conferences                         | 49,956              | -           | 345                         | 50,301       | -            |
| Travel                              | 18,973              | 5,896       | 1,600                       | 26,469       | 40,643       |
| Dues and subscriptions              | 310                 | 2,595       | 582                         | 3,487        | 3,397        |
| Total expenses                      | \$ 1,668,868        | \$ 227,250  | \$ 73,388                   | \$ 1,969,506 | \$ 2,041,126 |

*The accompanying notes are an integral part of these financial statements.*

**CARING FOR CARCINOID FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Total increase (decrease) in net assets  | \$ 301,812          | \$ 350,561          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                     |                     |
| (Increase) decrease in operating assets  |                     |                     |
| Contributions receivable   | (1,065,817)         | 10,264              |
| Prepaid expenses   | (12,652)            | (3,698)             |
| Increase (decrease) in liabilities   |                     |                     |
| Grants payable   | 407,500             | (125,592)           |
| Accounts payable and accrued expenses  | 40,638              | 12,791              |
| <br>Increase (decrease) due to prior period adjustment increasing accrued expenses             | <br>-               | <br>(44,528)        |
| Net cash provided (used) by operating activities   | <u>(328,519)</u>    | <u>199,798</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| None   |                     |                     |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                     |                     |
| None   |                     |                     |
| NET INCREASE (DECREASE) IN CASH CURRENT YEAR ACTIVITY  | (328,519)           | 199,798             |
| CASH AT BEGINNING OF YEAR  | <u>1,635,208</u>    | <u>1,435,410</u>    |
| CASH AT END OF YEAR  | <u>\$ 1,306,689</u> | <u>\$ 1,635,208</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:   |                     |                     |
| Noncash investing and financing activities:  |                     |                     |
| None   |                     |                     |

*The accompanying notes are an integral part of these financial statements.*



**CARING FOR CARCINOID FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Caring for Carcinoid Foundation, Inc. is a nonprofit corporation organized under Massachusetts General Laws Chapter 180; it is also a 501(c)(3) organization under the Internal Revenue Code of 1986 as amended. Its primary purpose is to support carcinoid cancer research in the public interest. It accomplishes this by funding breakthrough scientific research of carcinoid and related neuroendocrine tumors throughout the United States. In addition, it is committed to supporting patients, families, friends and caregivers by providing them with complete and up-to-date information. The Organization is supported by a range of donors throughout the United States.

*(a) Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for Not-for-Profit Organizations. The accrual method recognizes income as it is earned and expenses as they are incurred.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein may be classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

*(b) Comparative Financial Information*

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

*(c) Contributed Support*

The Organization recognizes all contributed support when it is received or unconditionally pledged. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

**CARING FOR CARCINOID FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(c) Contributed Support (Continued)*

If a restriction is fully satisfied in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Pledges receivable includes unconditional promises to give that are expected to be collected within one year and are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year the promise is received. Accretion of the discount is included in contributions and gifts revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

*(d) In-Kind Support*

The Organization records various types of in-kind support including professional services, advertising and materials. Contributed professional services are recognized 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 donations. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

*(e) Property and Equipment*

Property and equipment acquisitions are recorded at cost or fair market value when received. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Expenditures for major renewals in excess of \$5,000 are capitalized.

*(f) Cash and Cash Equivalents*

Cash equivalents are included in cash. The Organization considers interest-bearing investments due on demand as cash equivalents.

*(g) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CARING FOR CARCINOID FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(2) TAX STATUS

Caring for Carcinoid Foundation, Inc. is an exempt organization under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The corporation is also exempt from Massachusetts income taxes.

Caring for Carcinoid Foundation, Inc. has identified its tax status as a tax-exempt entity as a tax position; however, it has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. Its Federal and state income tax returns are generally open for examination for the past three years.

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give on behalf of individual and foundation donors. These receivables are considered low risk because a significant portion represents commitments from either large, well-established foundations or individual donors with a long-term relationship with the Organization. Therefore, no allowance for uncollectible amounts is deemed necessary.

(4) NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 are available for the following purposes:

|   | <u>2013</u>        | <u>2012</u>      |
|---|--------------------|------------------|
| Unrestricted purposes after the passage of time | \$1,308,000        | \$250,000        |
| Restricted as to use                            | <u>8,000</u>       | <u>50,000</u>    |
|   | <u>\$1,316,000</u> | <u>\$300,000</u> |

(5) RESEARCH GRANTS PAYABLE

The Organization awards multi-year research grants to fund scientific research of carcinoid and related neuroendocrine tumors. Grants payable as of December 31, 2013 are as follows:

|                         |                    |
|-------------------------|--------------------|
| Payable in fiscal year: |                    |
| 2014                    | \$1,109,500        |
| 2015                    | <u>573,000</u>     |
|                         | <u>\$1,682,500</u> |

(6) FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Expenditures not directly chargeable to programs are allocated in relation to programs based on payroll expense.

**CARING FOR CARCINOID FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(7) OCCUPANCY

Office space is leased on a tenant-at-will basis. Physical space needs are minimal due to the nature of the Organization's activities. Rent expense totaled \$28,706 and \$26,594 for fiscal years ending December 31, 2013 and 2012, respectively.

(8) ACCRUAL FOR COMPENSATED ABSENCES

Employees are permitted to accrue a specific number of hours of vacation pay which is payable upon termination of the employee. Sick leave is not paid upon termination. Accrued vacation time at fiscal year-end was minimal and, therefore, no accrual was deemed necessary as of December 31, 2013 and 2012.

(9) CONCENTRATIONS OF CREDIT RISK

Cash

The Organization maintains cash balances at a highly rated financial institution. The total of all accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2013, the Organization's uninsured cash balances total \$1,159,000.

Contributions receivable

An award from one foundation comprised 81% of total contributions receivable as of December 31, 2013.

(10) CONCENTRATIONS AND RELATED PARTY ACTIVITY

The Organization receives substantial contributions from foundations. Contributions from one foundation totaled 50% of total support and revenue for the year ended December 31, 2013. Contributions from one foundation related to a board member totaled 0% and 63% of total support and revenue for the years ended December 31, 2013 and 2012, respectively.

Contributions receivable as of December 31, 2012 includes a pledge from the above-mentioned board member for \$250,000 that was paid in fiscal year 2013.

**CARING FOR CARCINOID FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

(11) PRIOR PERIOD ADJUSTMENT

Adjustments were made to Net Assets, beginning of year 2012, due to the following:

|  | Unrestricted<br>Net Assets | Temporarily<br>Restricted Net<br>Assets | Total              |
|--|----------------------------|---|--------------------|
| Fiscal year 2011 activity did not include bonus and payroll accruals & related expenses attributable to 2011 and paid in 2012. | \$ (44,528)                | \$ -                                    | \$ (44,528)        |
| Fiscal year 2011 did not segregate temporarily restricted net assets (time restrictions) from unrestricted net assets.         | <u>(255,000)</u>           | <u>255,000</u>                          | <u>-</u>           |
|  | <u>\$(299,528)</u>         | <u>\$255,000</u>                        | <u>\$ (44,528)</u> |

(12) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 27, 2014, which is the date the financial statements were available to be issued.