



Financial Statements
March 31, 2015 and 2014
together with
Independent Auditor's Report

Susan K. Miller CPA, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rally Foundation, Inc.
Atlanta, Georgia

I have audited the accompanying financial statements of Rally Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2015 and the related statement 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rally Foundation, Inc. as of March 31, 2015, 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.

Susan K. Miller CPA, LLC

Certified Public Accountant

Prior Period Financial Statements

The financial statements of Rally Foundation, Inc. as of December 31, 2014, were audited by another firm whose report was dated August 25, 2014, who expressed an unmodified opinion on those statements.

Susan K. Miller CPA, LLC

Susan K. Miller CPA, LLC
Norcross, Georgia
August 24, 2015

RALLY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

| | Year Ended March 31, | |
|---|----------------------|---------------------|
| | 2015 | 2014 |
| ASSETS | | |
| Cash and cash equivalents | \$ 974,651 | \$ 1,028,484 |
| Pledges receivable | 935 | 100,325 |
| Prepaid deposits and other | 12,500 | 3,606 |
| Certificate of deposit | 250,250 | - |
| Furniture and equipment | 25,645 | 18,886 |
| Accumulated depreciation | (18,388) | (14,345) |
| Total Assets | \$ 1,245,593 | \$ 1,136,956 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 9,841 | \$ 27,036 |
| Accrued expenses | 17,242 | 13,178 |
| Grants payable | 944,889 | 647,950 |
| Total Liabilities | 971,972 | 688,164 |
| Net Assets | | |
| Unrestricted | 242,445 | 324,266 |
| Temporarily restricted | 31,176 | 124,526 |
| Total Net Assets | 273,621 | 448,792 |
| Total Liabilities and Net Assets | \$ 1,245,593 | \$ 1,136,956 |

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

RALLY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

| | Year Ended March 31, 2015 | 2014 |
|--|------------------------------|------------|
| CHANGE IN UNRESTRICTED NET ASSETS: | | |
| Support and revenue | | |
| Contributions | \$ 1,457,334 | \$ 921,876 |
| Special events | 906,327 | 996,572 |
| Interest income | 2,952 | 2,497 |
| Total support and revenue | 2,366,613 | 1,920,945 |
| Reclassifications - net assets released from donor restrictions | 124,526 | 31,096 |
| Total unrestricted revenues and reclassifications | 2,491,139 | 1,952,041 |
| Expenses | | |
| Program services: | | |
| Grants | 1,873,815 | 1,303,505 |
| Education and awareness | 297,652 | 291,212 |
| Special events | 310,090 | 356,885 |
| Fundraising | 44,586 | 55,923 |
| Administration | 46,817 | 42,859 |
| Total expenses | 2,572,960 | 2,050,384 |
| Change in unrestricted net assets | (81,821) | (98,343) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS: | | |
| Contributions | - | 100,020 |
| Special events | 31,176 | 24,506 |
| Net assets released from donor restrictions | (124,526) | (31,096) |
| Change in temporarily restricted net assets | (93,350) | 93,430 |
| Change in net assets | (175,171) | (4,913) |
| Net assets at beginning of year | 448,792 | 453,705 |
| Net assets at end of year | \$ 273,621 | \$ 448,792 |

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

RALLY FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31,

| | Program Services | | Fund-Raising | Admin. | 2015 |
|---------------------------|---------------------|-----------------------|------------------|------------------|---------------------|
| | Grants | Education & Awareness | | | Total |
| Grants for research | \$ 1,781,888 | \$ - | \$ - | \$ - | \$ 1,781,888 |
| Salaries & benefits | 57,304 | 123,566 | 5,066 | 26,839 | 212,775 |
| Accounting and audit fees | 5,537 | 14,346 | 502 | 4,782 | 25,167 |
| Depreciation | 889 | 2,305 | 81 | 768 | 4,043 |
| Insurance | 1,146 | 2,968 | 104 | 989 | 5,207 |
| Meals and entertainment | 339 | 3,528 | 482 | - | 4,349 |
| Office expenses | 3,899 | 13,706 | 1,133 | 3,462 | 22,200 |
| Outside services | 9,136 | 63,766 | 14,514 | 632 | 88,048 |
| Postage | - | - | 4,188 | - | 4,188 |
| Rent | 10,822 | 28,038 | 984 | 9,345 | 49,189 |
| Supplies | 151 | 25,717 | 15,613 | - | 41,481 |
| Travel | 692 | 13,677 | 913 | - | 15,282 |
| Website maintenance | 2,012 | 6,035 | 1,006 | - | 9,053 |
| Totals | <u>\$ 1,873,815</u> | <u>\$ 297,652</u> | <u>\$ 44,586</u> | <u>\$ 46,817</u> | <u>\$ 2,262,870</u> |

| | Program Services | | Fund-Raising | Admin. | 2014 |
|---------------------------|---------------------|-----------------------|------------------|------------------|---------------------|
| | Grants | Education & Awareness | | | Total |
| Grants for research | \$ 1,238,071 | \$ - | \$ - | \$ - | \$ 1,238,071 |
| Salaries & benefits | 45,991 | 90,491 | 10,137 | 23,875 | 170,494 |
| Accounting and audit fees | 3,667 | 13,063 | 1,833 | 4,355 | 22,918 |
| Depreciation | 517 | 1,843 | 259 | 615 | 3,234 |
| Insurance | 733 | 2,611 | 366 | 871 | 4,581 |
| Meals and entertainment | 166 | 15,635 | 313 | - | 16,114 |
| Office expenses | 2,818 | 12,626 | 1,924 | 3,349 | 20,717 |
| Outside services | 674 | 104,984 | 28,414 | 772 | 134,844 |
| Postage | 84 | 898 | 3,132 | - | 4,114 |
| Rent | 7,597 | 27,064 | 3,798 | 9,022 | 47,481 |
| Supplies | - | 3,416 | 4,350 | - | 7,766 |
| Travel | 751 | 11,273 | 179 | - | 12,203 |
| Website maintenance | 2,436 | 7,308 | 1,218 | - | 10,962 |
| Totals | <u>\$ 1,303,505</u> | <u>\$ 291,212</u> | <u>\$ 55,923</u> | <u>\$ 42,859</u> | <u>\$ 1,693,499</u> |

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

RALLY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

| | Year Ended March 31, 2015 | 2014 |
|---|------------------------------|----------------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (175,171) | \$ (4,913) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 4,043 | 3,234 |
| Changes in assets and liabilities: | | |
| Pledges receivable | 99,390 | (100,214) |
| Prepaid deposits and other | (8,894) | 11,075 |
| Interest earned on certificate of deposit | (250) | - |
| Accounts payable | (17,195) | 21,380 |
| Accrued expenses | 4,064 | 6,250 |
| Grants payable | 296,939 | 212,950 |
| Net cash provided by operating activities | <u>202,926</u> | <u>149,762</u> |
| Cash flows from investment activities | | |
| Investment in certificate of deposit | (250,000) | - |
| Increase in furniture and equipment | (6,759) | - |
| Net cash used by investing activities | <u>(256,759)</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (53,833) | 149,762 |
| Cash and cash equivalents at beginning of year | <u>1,028,484</u> | <u>878,722</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 974,651</u></u> | <u><u>\$ 1,028,484</u></u> |

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

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

Note 1 - **Summary of Significant Accounting Policies**

Nature of Activities

Rally Foundation, Inc. (Rally Foundation), a non-profit organization located in Atlanta, Georgia, empowers volunteers across the United States to raise awareness and funds specifically for childhood cancer research to find better treatments with fewer long-term side effects and, ultimately, cures for childhood cancers. Rally Foundation receives most of its support from contributions made by individuals, businesses, and foundations located throughout the United States.

Basis of Accounting

The accompanying financial statements have been provided on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Rally Foundation 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) based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, with original maturities of three months or less.

Income Taxes

Rally Foundation is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c) (3) and Georgia Revenue and Taxation Code Section 48-7-25. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, Rally Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for fiscal years ended March 31, 2015 and 2014.

Management of the organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

Note 1 - **Summary of Significant Accounting Policies (continued)**

Pledges Receivable

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.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases in those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted.

Subsequent Events - Date of Management Evaluation

Management has evaluated subsequent events through August 24, 2015 the date on which the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - **Concentration of Credit Risk**

Rally Foundation maintains cash balances at financial institutions located in Georgia. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 on all accounts. At March 31, 2015, there was an uninsured balances of \$250 included in a certificate of deposit (see note 4).

Note 3 - **Pledges Receivable**

The pledges receivable represent amounts pledged to benefit Rally Foundation before March 31, 2015 and March 31, 2014, respectively. The pledged amounts of \$935 and \$100,325 were received by the date of the audit report in the following fiscal year. There are not any conditional pledges receivable.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

Note 4 - **Certificate of Deposit**

The certificate of deposit is scheduled to mature in July 2016 and earns interest at .61% annually. The certificate is held at a bank and is federally insured up to \$250,000. The certificate is reported at the original investment plus accrued interest.

Note 5 - **Furniture and Equipment**

The organization capitalizes furniture and equipment costing over \$500. Lesser amounts are expensed. Purchased furniture and equipment is capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight line method over their estimated useful lives; currently all assets are estimated to have a five year life.

Note 6 - **Grants Payable**

The grants payable represent the net present value of commitments by the board of directors to fund specific pediatric cancer research projects and consisted of:

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Gross contributions payable | \$ 944,889 | \$ 647,950 |
| The gross amounts of grants payable are due as follows: | | |
| Less than one year | \$ 944,889 | \$ 647,950 |
| One to five years | - | - |
| | <u>\$ 944,889</u> | <u>\$ 647,950</u> |

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

Note 7 - **Restricted Net Assets**

The temporarily restricted net assets at March 31, 2015 and 2014 consist of the following:

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|------------------|
| Pledges receivable | \$935 | \$100,325 |
| Received for future events in subsequent fiscal year | 30,241 | 24,201 |
| | <u>\$31,176</u> | <u>\$124,526</u> |

Rally Foundation did not have any permanently restricted assets.

Note 8 - **Contributed Services**

Contributions of services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. Rally Foundation received various services including rent, non-litigation related legal services, marketing, printing, photography, and special event entertainment services, which met these criteria. The total amount of donated services received in fiscal years ended March 31, 2015 and 2014 was approximately \$138,000 and \$185,000 respectively.

This amount was recorded as contribution revenue and charged to the related expense account.

Many individuals volunteer their time and perform a variety of tasks that assist Rally Foundation with specific programs, fund-raising, and various committee assignments. Approximately 5000 volunteers gave their time during the year ended March 31, 2015. The value of these services did not meet the criteria for recognition in the financial statements and the value has not been estimated.

Note 9 - **Related Party Transaction**

The Treasurer, who is a member of the Board of Directors, provided accounting services to Rally Foundation. The amounts paid for these services were approximately \$21,000 and \$18,000, for fiscal years ended March 31, 2015 and 2014, respectively.

Note 10 - **Employee Benefit Plan**

Rally Foundation has a 403(B) retirement plan available to all full-time employees. Participants may elect to contribute up to the maximum amounts allowed by law. Rally Foundation fully matches the employee's allowed contribution up to 4% of salary. Rally Foundation made contributions of \$6,901 and \$7,898 to the retirement plan in fiscal years ended March 31, 2015 and 2014, respectively.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

Note 11 - **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to program services, fundraising and administrative expenses based upon time devoted to various activities by the staff of Rally Foundation.