



Financial Statements

March 31, 2018 and 2017

together with

Independent Auditor's Report



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March 31, 2018 and 2017

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Susan K. Miller CPA, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Rally Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 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 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 audits. I conducted my audits 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, 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.



Susan K. Miller CPA, LLC
Norcross, Georgia
September 6, 2018



STATEMENTS OF FINANCIAL POSITION
For the Years Ended March 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,717,195 | \$ 2,688,628 |
| Certificate of deposit | 255,158 | 253,251 |
| Pledges receivable | 20,500 | 100,236 |
| Marketable securities | 2,652,651 | 970,961 |
| Prepaid deposits and other | 1,000 | 19,250 |
| Furniture and equipment | 29,821 | 29,821 |
| Accumulated depreciation | <u>(28,017)</u> | <u>(26,467)</u> |
| Total Assets | <u><u>\$ 4,648,308</u></u> | <u><u>\$ 4,035,680</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 15,861 | \$ 10,990 |
| Accrued expenses | 9,778 | 20,118 |
| Grants payable | <u>2,185,000</u> | <u>1,963,500</u> |
| Total Liabilities | <u><u>\$ 2,210,639</u></u> | <u><u>\$ 1,994,608</u></u> |
| Net Assets | | |
| Unrestricted | 1,125,557 | 890,551 |
| Unrestricted - board designated - quasi - endowment | <u>1,123,088</u> | <u>-</u> |
| Total Unrestricted | 2,248,645 | 890,551 |
| Temporarily restricted | 139,024 | 100,521 |
| Permanently restricted | <u>50,000</u> | <u>1,050,000</u> |
| Total Net Assets | <u><u>\$ 2,437,669</u></u> | <u><u>\$ 2,041,072</u></u> |
| Total Liabilities and Net Assets | <u><u>\$ 4,648,308</u></u> | <u><u>\$ 4,035,680</u></u> |



STATEMENT OF ACTIVITIES
For the Years Ended March 31, 2018

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2018 Total |
|---|---------------------|---------------------------|---------------------------|---------------------|
| Support and revenue | | | | |
| Contributions | 2,298,372 | - | - | 2,298,372 |
| Special events, net of direct benefits of \$473,783 | 1,173,946 | 130,946 | - | 1,304,892 |
| Interest income | 3,196 | - | - | 3,196 |
| Investment income from securities, net | 35,590 | 746 | - | 36,336 |
| Realized & unrealized appreciation - securities | 40,811 | 1,114 | - | 41,925 |
| Total support and revenue | 3,551,915 | 132,806 | - | 3,684,721 |
| Reclassifications - net assets | | | | |
| released from donor restrictions: | | | | |
| Endowment | 1,000,000 | - | (1,000,000) | - |
| Time restriction expired | 94,303 | (94,303) | - | - |
| Total reclassifications | 1,094,303 | (94,303) | (1,000,000) | - |
| Total revenues and reclassifications | 4,646,218 | 38,503 | (1,000,000) | 3,684,721 |
| Expenses | | | | |
| Program services: | | | | |
| Grants | 2,502,055 | - | - | 2,502,055 |
| Education and awareness | 489,855 | - | - | 489,855 |
| Fundraising | 204,127 | - | - | 204,127 |
| Administration | 92,087 | - | - | 92,087 |
| Total expenses | 3,288,124 | - | - | 3,288,124 |
| Change in net assets | 1,358,094 | 38,503 | (1,000,000) | 396,597 |
| Net assets, beginning of year | 890,551 | 100,521 | 1,050,000 | 2,041,072 |
| Net assets at end of year | \$ 2,248,645 | \$ 139,024 | \$ 50,000 | \$ 2,437,669 |

The accompanying notes are an integral part of this financial statement.



STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2017 Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| Support and revenue | | | | - |
| Contributions | 2,109,509 | - | 1,050,000 | 3,159,509 |
| State government grant | 25,000 | - | - | 25,000 |
| Special events, net of direct benefits of \$430,422 | 1,157,389 | 94,303 | - | 1,251,692 |
| Interest income | 3,830 | - | - | 3,830 |
| Investment income from securities, net | - | 1,933 | - | 1,933 |
| Realized & unrealized appreciation - securities | 85 | 4,285 | - | 4,370 |
| Total support and revenue | <u>3,295,813</u> | <u>100,521</u> | <u>1,050,000</u> | <u>4,446,334</u> |
| Reclassifications - net assets released from donor restrictions | <u>28,711</u> | <u>(28,711)</u> | <u>-</u> | <u>-</u> |
| Total revenues and reclassifications | <u>3,324,524</u> | <u>71,810</u> | <u>1,050,000</u> | <u>4,446,334</u> |
| Expenses | | | | |
| Program services: | | | | |
| Grants | 2,196,967 | - | - | 2,196,967 |
| Education and awareness | 496,315 | - | - | 496,315 |
| Fundraising | 189,366 | - | - | 189,366 |
| Administration | 60,013 | - | - | 60,013 |
| Total expenses | <u>2,942,661</u> | <u>-</u> | <u>-</u> | <u>2,942,661</u> |
| Change in net assets | <u>381,863</u> | <u>71,810</u> | <u>1,050,000</u> | <u>1,503,673</u> |
| Net assets, beginning of year | <u>508,688</u> | <u>28,711</u> | <u>-</u> | <u>537,399</u> |
| Net assets at end of year | <u>\$ 890,551</u> | <u>\$ 100,521</u> | <u>\$ 1,050,000</u> | <u>\$ 2,041,072</u> |

The accompanying notes are an integral part of this financial statement.



STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2018 and 2017

| | Program Services | | Supporting Services | | 2018 |
|---------------------------|---------------------|-----------------------|---------------------|------------------|---------------------|
| | Grants | Education & Awareness | Fund-Raising | Admin. | Total |
| Grants | \$ 2,386,749 | \$ - | \$ - | \$ - | \$ 2,386,749 |
| Salaries & benefits | 83,966 | 306,022 | 55,038 | 45,734 | 490,760 |
| Accounting and audit fees | - | 885 | - | 7,965 | 8,850 |
| Depreciation | 207 | 919 | 164 | 259 | 1,549 |
| Insurance | 1,118 | 4,969 | 889 | 1,402 | 8,378 |
| Meals and entertainment | 162 | 4,278 | 395 | 19 | 4,854 |
| Office expenses | 2,819 | 16,456 | 6,166 | 3,537 | 28,978 |
| Outside services | 18,035 | 95,678 | 97,217 | 23,551 | 234,481 |
| Postage | - | - | 6,550 | - | 6,550 |
| Rent | 7,668 | 34,089 | 6,100 | 9,620 | 57,477 |
| Supplies | 338 | 22,513 | 23,190 | - | 46,041 |
| Travel | 993 | 4,046 | 8,418 | - | 13,457 |
| Website maintenance | - | - | - | - | - |
| Totals | \$ 2,502,055 | \$ 489,855 | \$ 204,127 | \$ 92,087 | \$ 3,288,124 |

| | Program Services | | Supporting Services | | 2017 |
|---------------------------|---------------------|-----------------------|---------------------|------------------|---------------------|
| | Grants | Education & Awareness | Fund-Raising | Admin. | Total |
| Grants | \$ 2,098,873 | \$ - | \$ - | \$ - | \$ 2,098,873 |
| Salaries & benefits | 65,966 | 291,803 | 49,959 | 22,084 | 429,812 |
| Accounting and audit fees | - | 641 | - | 30,915 | 31,556 |
| Depreciation | 244 | 1,456 | 214 | 111 | 2,025 |
| Insurance | 910 | 5,429 | 797 | 413 | 7,549 |
| Meals and entertainment | 423 | 9,382 | 479 | - | 10,284 |
| Office expenses | 2,136 | 20,500 | 3,422 | 969 | 27,027 |
| Outside services | 18,328 | 87,610 | 97,666 | 2,724 | 206,328 |
| Postage | - | - | 11,720 | - | 11,720 |
| Rent | 6,167 | 36,810 | 5,404 | 2,797 | 51,178 |
| Supplies | 806 | 17,494 | 17,034 | - | 35,334 |
| Travel | 666 | 17,847 | 1,447 | - | 19,960 |
| Website maintenance | 2,448 | 7,343 | 1,224 | - | 11,015 |
| Totals | \$ 2,196,967 | \$ 496,315 | \$ 189,366 | \$ 60,013 | \$ 2,942,661 |

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



STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 396,597 | \$ 1,503,673 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,550 | 2,025 |
| Securities received as donation | (4,958) | (25,037) |
| Net realized & unrealized gain on securities | (41,925) | (4,370) |
| Changes in assets and liabilities: | | |
| Pledges receivable | 79,736 | (73,639) |
| Prepaid deposits and other | 18,250 | (9,068) |
| Interest earned on certificate of deposit | (1,907) | (1,721) |
| Accounts payable | 4,871 | 10,190 |
| Accrued expenses | (10,340) | 4,728 |
| Grants payable | <u>221,500</u> | <u>370,000</u> |
| Net cash provided by operating activities | <u>663,374</u> | <u>1,776,781</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of securities | 267,503 | 5,099 |
| Purchase of marketable securities | <u>(1,902,310)</u> | <u>(946,654)</u> |
| Net cash used by investing activities | <u>(1,634,807)</u> | <u>(941,555)</u> |
| Net increase (decrease) in cash and cash equivalents | (971,433) | 835,226 |
| Cash and cash equivalents at beginning of year | <u>2,688,628</u> | <u>1,853,402</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,717,195</u> | <u>\$ 2,688,628</u> |

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



Notes to Financial Statements

March 31, 2018 and 2017

Note 1: Organization and 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.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Financial Reporting

The accompanying financial statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

These financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board. Rally Foundation is required to classify information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

A description of the three net asset categories is as follows:

- Unrestricted — Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted — Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Rally Foundation pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted — Net assets subject to donor-imposed stipulations that they be maintained permanently by Rally Foundation.

Expenses in the Statements of Activities have been reported by the functional classifications, major classes of program services and supporting activities. Program services are the activities that result in goods and services distributions to beneficiaries, which fulfill the purposes or mission for which Rally Foundation exists. Supporting programs are all the other activities of Rally Foundation other than program services.



Notes to Financial Statements

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Cash and Cash Equivalents

For purposes of the statement of cash flows, Rally Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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.

Management of Rally Foundation 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 their status as a not-for-profit entity. Management believes Rally Foundation 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. Rally Foundation’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination. However, Rally Foundation is not currently under audit nor has it been contacted by the taxing authorities.

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. Management does not expect the legislation to have an impact on Rally Foundation’s financial statements because Rally Foundation is exempt from income taxation under the Internal Revenue Code 501(c)(3).

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to Rally Foundation 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.



Notes to Financial Statements

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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 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 September 6, 2018, the date on which the financial statements were available to be issued. Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect 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 3: Concentration of Credit Risk

Rally Foundation maintains cash balances at financial institutions including bank and brokerage institutions. Accounts are insured by the Federal Deposit Insurance Corporation on all accounts or the Securities Investment Protection Corporation up to the legal limits. At March 31, 2018 and 2017, there were uninsured balances of approximately \$470,000 and \$450,000, respectively. Rally Foundation has not experienced any losses in these accounts.

Note 4: Pledges Receivable

The pledges receivable represent amounts pledged to benefit Rally Foundation before March 31, 2018 and March 31, 2017, respectively. The pledged amounts of \$20,500 and \$100,236 are current and payment was expected in full by the end of the following fiscal year. There were not any conditional pledges receivable.



Notes to Financial Statements

March 31, 2018 and 2017

Note 5: Certificate of Deposit

The certificate of deposit is scheduled to mature in July 2019, and currently is earning interest at 1.01%. The value of the certificate is reported at the original investment plus accrued interest.

Note 6 – Marketable Securities

U.S. generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than Level 1 prices, such as quoted market prices for similar assets, quoted market prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 within the hierarchy states that valuations are based upon unobservable inputs. At March 31, 2018 and 2017, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are marketable securities, which include equities, bonds, and mutual funds. Equity, bond, and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents by level, within the fair value hierarchy, Rally Foundation's marketable securities at March 31, 2018 and March 31, 2017:

| | Fair Value | | | |
|-------------------------|---------------------|---------------------|----------------|----------------|
| | 3/31/18 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Equities & equity funds | \$ 1,060,084 | \$ 1,060,084 | \$ - | \$ - |
| Bond funds | 1,410,057 | 1,410,057 | - | - |
| Mutual funds | 182,510 | 182,510 | - | - |
| | <u>\$ 2,652,651</u> | <u>\$ 2,652,651</u> | <u>\$ -</u> | <u>\$ -</u> |

| | Fair Value | | | |
|-------------------------|-------------------|-------------------|----------------|----------------|
| | 3/31/17 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Equities & equity funds | \$ 769,527 | \$ 769,527 | \$ - | \$ - |
| Bond funds | 106,470 | 106,470 | - | - |
| Mutual funds | 94,964 | 94,964 | - | - |
| | <u>\$ 970,961</u> | <u>\$ 970,961</u> | <u>\$ -</u> | <u>\$ -</u> |



Notes to Financial Statements

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The changes in marketable securities are as follows:

| | Year ended 3/31/2018 | Year ended 3/31/2017 |
|--|-------------------------|-------------------------|
| Beginning of year, fair market value | \$ 970,961 | \$ - |
| Endowment funds received | - | 1,000,000 |
| Securities donated | 4,958 | 25,037 |
| Funds transferred (to) from checking accounts, net | 775,296 | - |
| Funds transferred (to) from money market accounts, net | 823,175 | (60,379) |
| Investment income | 49,123 | 2,698 |
| Investment fees | (12,787) | (765) |
| Realized and unrealized gains (losses) on investments | 41,925 | 4,370 |
| End of year, fair market value | <u>\$ 2,652,651</u> | <u>\$ 970,961</u> |

Note 7: Furniture and Equipment

Rally Foundation capitalizes furniture and equipment costing over \$1,000. 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 five years or less.

Note 8: Grants Payable

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

The Grants Payable consists of the following at March 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Gross contributions payable | <u>\$ 2,185,000</u> | <u>\$ 1,963,500</u> |
| The gross amounts of grants payable are due as follows: | | |
| Less than one year | \$ 2,185,000 | \$ 1,963,500 |
| One to five years | - | - |
| | <u>\$ 2,185,000</u> | <u>\$ 1,963,500</u> |



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Note 9: Contingent Grants Payable

The Board of Directors approved conditional research grants totaling \$300,000 to specific recipients be awarded in fiscal year ended March 31, 2020. These grants will be evaluated in March 2019 for possible distribution based on progress of the research for awards made in fiscal year ending March 31, 2019, and proper utilization of those funds received previously.

The conditional grants of \$250,000 for the year ended March 31, 2017, were evaluated and approved for renewal at March 31, 2018 and were included in grants payable at March 31, 2018.

Note 10: Temporarily Restricted Net Assets

The temporarily restricted net assets at March 31, 2018 and 2017, consist of the following:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Received for future events in subsequent fiscal year | \$ 130,946 | \$ 94,303 |
| Income from endowment funds | 8,078 | 6,218 |
| | <u>\$ 139,024</u> | <u>\$ 100,521</u> |

\$94,303 from March 31, 2017, was released from restriction in the current fiscal year at the time the events were held.

Note 11: Endowment/Restricted Funds

At March 31, 2018, Rally Foundation's endowment consisted of one donor-restricted fund. As required by U.S. generally accepted accounting principles, net assets associated with an endowment fund are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of Rally Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Rally Foundation classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Rally Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors will



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appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year.

In accordance with UPMIFA, Rally Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Rally Foundation and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of Rally Foundation; and,
- (7) The investment policies of Rally Foundation.

The composition of and changes in endowment net assets are as follows for:

| Year ended March 31, 2018 | Board Designated Quasi - Endowment | Temporarily Restricted | Permanently Restricted |
|--|---|-----------------------------------|-----------------------------------|
| Endowment net assets, beginning of year | \$ - | \$ 6,218 | \$ 1,050,000 |
| From unrestricted per Board approval | 50,000 | - | - |
| Transfer per donor request | 1,000,000 | - | (1,000,000) |
| Investment return: | | | |
| Investment income | 27,698 | 1,432 | - |
| Investment fees | (9,722) | (686) | - |
| Net realized & unrealized gains | 55,112 | 1,114 | - |
| Endowment net assets, end of year | <u>\$ 1,123,088</u> | <u>\$ 8,078</u> | <u>\$ 50,000</u> |

Rally Foundation's Endowment includes one donor restricted endowment fund and a Quasi-endowment fund designated by the Board of Directors to function similarly to an Endowment. As required by generally accepted accounting principles (GAAP) net assets associated with endowment



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funds, including funds designated by the Board of Directors to function similarly to an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

At the request of the donor, the permanent restriction on the original permanently restricted endowment gift of \$1 Million was removed during the current year. Restrictions previously imposed by the donor have now been designated by the Board such that the intent of the Board is to keep the original gift intact. Earnings on the original gift and any other contributions, will be used to further Rally Foundation's mission.

| Year Ended March 31, 2017 | Board Designated Quasi - Endowment | Temporarily Restricted | Permanently Restricted |
|--|---|-----------------------------------|-----------------------------------|
| Endowment net assets, beginning of year | \$ - | \$ - | \$ - |
| Donations received | | | 1,050,000 |
| Investment return: | | | |
| Investment income | - | 2,729 | - |
| Investment fees | | (765) | |
| Net unrealized gain | - | 4,254 | - |
| Endowment net assets, end of year | \$ - | \$ 6,218 | \$ 1,050,000 |

The restricted funds were held in cash and cash equivalents and marketable securities at March 31, 2017. One of two donations received in fiscal year 2017 represented \$1,000,000 of the permanently restricted funds received.

Note 12: 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, information technology, and special event services, which met these criteria. The total amount of donated services received in fiscal years ended March 31, 2018 and 2017, was approximately \$232,000 and \$204,000, respectively. The donated services attributed to special events included approximately \$76,000 and \$68,000 in fiscal years ended March 31, 2018 and 2017, respectively.



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These amounts were recorded as contribution revenue or special event 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 1,250 and 1,200 volunteers gave their time during the years ended March 31, 2018 and 2017, respectively. The value of these services did not meet the criteria for recognition in the financial statements and the value has not been estimated.

Note 13: 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 was approximately \$25,000 for fiscal year ended March 31, 2017. No amounts were paid to the treasurer in fiscal year ended March 31, 2018. No amounts were due to or due from this individual as of March 31, 2018 or 2017.

Note 14: Employee Benefit Plan

Rally Foundation has a 403(B) retirement plan available to all eligible 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 approximately \$14,000 and \$9,000 per year to the retirement plan in fiscal years ended March 31, 2018 and 2017, respectively.

Note 15: 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 or the type of services provided to Rally Foundation.