

RALLY FOUNDATION, INC.
ANNUAL REPORT
MARCH 31, 2014 AND 2013

ZIMMERMAN & ASSOCIATES, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rally Foundation, Inc.

We have audited the accompanying financial statements of Rally Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2014 and 2013 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


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 Rally Foundation, Inc. as of March 31, 2014 and 2013, 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.



Zimmerman & Associates, P.C.
Certified Public Accountants
Marietta, Georgia
August 25, 2014

3535 Roswell Road
Suite 15
Marietta, GA 30062
Telephone: 770.953.1647
Facsimile: 678.236.0273

RALLY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	Year Ended March 31,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,028,484	\$ 878,722
Pledges receivable	100,325	111
Prepaid deposits and other	3,606	14,681
Furniture and equipment	18,886	18,886
Accumulated depreciation	<u>(14,345)</u>	<u>(11,111)</u>
Total Assets	<u><u>\$ 1,136,956</u></u>	<u><u>\$ 901,289</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 27,036	\$ 5,656
Accrued expenses	13,178	6,928
Grants payable	<u>647,950</u>	<u>435,000</u>
Total Liabilities	<u>688,164</u>	<u>447,584</u>
 Net Assets		
Unrestricted	324,266	422,609
Temporarily restricted	<u>124,526</u>	<u>31,096</u>
Total Net Assets	<u>448,792</u>	<u>453,705</u>
 Total Liabilities and Net Assets	<u><u>\$ 1,136,956</u></u>	<u><u>\$ 901,289</u></u>

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

RALLY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

	Year Ended March 31, 2014	2013
CHANGE IN UNRESTRICTED NET ASSETS:		
Support and revenue		
Contributions	\$ 921,876	\$ 629,831
Special events	996,572	1,140,615
Interest income	2,497	1,987
Total support and revenue	1,920,945	1,772,433
Reclassifications - net assets released from donor restrictions	31,096	95,113
Total unrestricted revenues and reclassifications	1,952,041	1,867,546
Expenses		
Program services:		
Grants	1,303,505	1,060,600
Education and awareness	291,212	287,201
Special events	356,885	345,754
Fundraising	55,923	65,864
Administration	42,859	44,840
Total expenses	2,050,384	1,804,259
Change in unrestricted net assets	(98,343)	63,287
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	100,020	-
Special events	24,506	31,096
Net assets released from donor restrictions	(31,096)	(95,113)
Change in temporarily restricted net assets	93,430	(64,017)
Change in net assets	(4,913)	(730)
Net assets at beginning of year	453,705	454,435
Net assets at end of year	\$ 448,792	\$ 453,705

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

RALLY FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	2014			
	Program Services		Fund-Raising	Admin.
	Grants	Education & Awareness		
				Total
Grants for research	\$ 1,238,071	\$ -	\$ -	\$ 1,238,071
Salaries & benefits	45,991	90,491	10,137	170,494
Accounting	3,667	13,063	1,833	22,918
Depreciation	517	1,843	259	3,234
Insurance	733	2,611	366	4,581
Meals and entertainment	166	15,635	313	16,114
Office expenses	2,818	12,626	1,924	20,717
Outside services	674	104,984	28,414	134,844
Postage	84	898	3,132	4,114
Rent	7,597	27,064	3,798	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	\$ 1,303,505	\$ 291,212	\$ 55,923	\$ 1,693,499

	2013			
	Program Services		Fund-Raising	Admin.
	Grants	Education & Awareness		
				Total
Grants for research	\$ 1,005,327	\$ -	\$ -	\$ 1,005,327
Salaries & benefits	29,814	98,320	13,654	167,930
Accounting	2,999	9,352	1,764	17,644
Depreciation	596	1,859	351	3,508
Insurance	771	2,405	454	4,537
Meals and entertainment	229	2,814	233	3,276
Office expenses	2,666	11,834	2,272	19,912
Outside services	8,500	110,508	29,617	149,549
Postage	85	2,003	3,788	5,876
Rent	8,072	25,165	4,748	47,481
Supplies	-	13,617	7,683	21,300
Travel	66	6,742	562	7,370
Website maintenance	1,475	2,582	738	4,795
Totals	\$ 1,060,600	\$ 287,201	\$ 65,864	\$ 1,458,505

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

RALLY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended March 31, 2014	2013
Cash flows from operating activities		
Change in net assets	\$ (4,913)	\$ (730)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,234	3,508
Changes in assets and liabilities:		
Pledges receivable	(100,214)	20,409
Prepaid deposits and other	11,075	(4,511)
Accounts payable	21,380	1,257
Accrued expenses	6,250	(31,635)
Grants payable	212,950	(15,500)
Net cash provided (used) by operating activities	<u>149,762</u>	<u>(27,202)</u>
Cash flow from investment activities		
Increase in furniture and equipment	<u>-</u>	<u>(530)</u>
Net cash used by investing activities	<u>-</u>	<u>(530)</u>
Net increase (decrease) in cash and cash equivalents	149,762	(27,732)
Cash and cash equivalents at beginning of year	<u>878,722</u>	<u>906,454</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,028,484</u></u>	<u><u>\$ 878,722</u></u>

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

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

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 their 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, which are readily convertible into cash within ninety days of purchase.

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, 2014 and 2013.

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 FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

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 25, 2014 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, 2014, there were no uninsured balances.

Note 3 - Pledges Receivable

The pledges receivable represent amounts pledged to benefit Rally Foundation before March 31, 2014. The pledged amounts of \$100,325 were received by the date of the audit report.

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 4 - 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 5 - 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>2014</u>	<u>2013</u>
Gross contributions payable	<u>\$ 647,950</u>	<u>\$ 435,000</u>
The gross amounts of grants payable are due as follows:		
Less than one year	\$ 647,950	\$ 435,000
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 647,950</u>	<u>\$ 435,000</u>

Note 6 - Temporarily Restricted Net Assets

The temporarily restricted net assets at March 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Pledges receivable	\$100,325	\$ 111
Received for future events in subsequent fiscal year	<u>24,201</u>	<u>30,985</u>
	<u>\$124,526</u>	<u>\$ 31,096</u>

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 7 - 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 and non-litigation related legal services and printing and marketing services, which met these criteria. The total amount of donated services received in fiscal years ended March 31, 2014 and 2013 was approximately \$185,000 and \$145,000 respectively.

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

Rally Foundation also receives a significant amount of donated services from unpaid volunteers. A dollar valuation of these services is not reflected in the financial statements since it does not meet the criteria for recognition.

Note 8 - 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 \$18,000 and \$13,000, for fiscal years ended March 31, 2014 and 2013, respectively.

Note 9 - Employee Benefit Plan

Rally Foundation, Inc. established a 403(B) retirement plan available to all full-time employees during the current fiscal year. Participants may elect to contribute up to the maximum amounts allowed by law. Rally fully matches the employee's allowed contribution up to 4% of salary. Rally contributed \$7,898 and \$3,144 in fiscal years ended March 31, 2014 and 2013, respectively to the plan.

Note 10 - 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.