



**Financial Statements**  
**March 31, 2016 and 2015**  
**together with**  
**Independent Auditor's Report**



## Table of Contents

**March 31, 2016 and 2015**

---

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

# 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, 2016 and 2015, and the related statement 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, 2016 and 2015, 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 1, 2016



**STATEMENTS OF FINANCIAL POSITION**  
For the Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,853,402	\$ 974,651
Pledges receivable	26,597	935
Prepaid deposits and other	10,182	12,500
Certificate of deposit	251,530	250,250
Furniture and equipment	29,821	25,645
Accumulated depreciation	<u>(24,443)</u>	<u>(18,388)</u>
 Total Assets	 <u>\$ 2,147,089</u>	 <u>\$ 1,245,593</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 800	\$ 9,841
Accrued expenses	15,390	17,242
Grants payable	<u>1,593,500</u>	<u>944,889</u>
 Total Liabilities	 <u>\$ 1,609,690</u>	 <u>\$ 971,972</u>
 <b>Net Assets</b>		
Unrestricted	508,688	242,445
Temporarily restricted	<u>28,711</u>	<u>31,176</u>
 Total Net Assets	 <u>\$ 537,399</u>	 <u>\$ 273,621</u>
 Total Liabilities and Net Assets	 <u>\$ 2,147,089</u>	 <u>\$ 1,245,593</u>

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





**STATEMENTS OF ACTIVITIES**  
For the Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>		
Support and revenue		
Contributions	\$ 1,519,184	\$ 1,457,334
Special events	1,276,377	906,327
Interest income	<u>3,090</u>	<u>2,952</u>
Total support and revenue	2,798,651	2,366,613
Reclassifications - net assets released from donor restrictions	<u>31,176</u>	<u>124,526</u>
Total unrestricted revenues and reclassifications	<u>2,829,827</u>	<u>2,491,139</u>
Expenses		
Program services:		
Grants	1,738,623	1,873,815
Education and awareness	325,044	297,652
Special events	344,957	310,090
Fundraising	94,060	44,586
Administration	<u>60,900</u>	<u>46,817</u>
Total expenses	<u>2,563,584</u>	<u>2,572,960</u>
Change in unrestricted net assets	<u>266,243</u>	<u>(81,821)</u>
 <b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Special events	28,711	31,176
Net assets released from donor restrictions	<u>(31,176)</u>	<u>(124,526)</u>
Change in temporarily restricted net assets	<u>(2,465)</u>	<u>(93,350)</u>
Change in net assets	263,778	(175,171)
Net assets at beginning of year	<u>273,621</u>	<u>448,792</u>
Net assets at end of year	<u><u>\$ 537,399</u></u>	<u><u>\$ 273,621</u></u>

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



**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended March 31, 2016 and 2015

	Program Services		Supporting Services		2016
	Grants	Education & Awareness	Fund- Raising	Admin.	Total
Grants for research	\$ 1,643,036	\$ -	\$ -	\$ -	\$ 1,643,036
Salaries & benefits	67,782	163,025	23,207	20,895	274,909
Accounting and audit fees	-	-	-	29,028	29,028
Depreciation	1,579	5,350	965	877	8,771
Insurance	1,338	4,536	818	744	7,436
Meals and entertainment	791	3,746	1,050	-	5,587
Office expenses	2,341	11,612	2,176	1,309	17,438
Outside services	6,655	71,111	35,957	2,999	116,722
Postage	-	-	6,096	-	6,096
Rent	9,088	30,798	5,554	5,048	50,488
Supplies	62	3,911	13,990	-	17,963
Travel	650	15,051	1,596	-	17,297
Website maintenance	5,301	15,904	2,651	-	23,856
<b>Totals</b>	<b>\$ 1,738,623</b>	<b>\$ 325,044</b>	<b>\$ 94,060</b>	<b>\$ 60,900</b>	<b>\$ 2,218,627</b>

	Program Services		Supporting Services		2015
	Grants	Education & Awareness	Fund- Raising	Admin.	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
<b>Totals</b>	<b>\$ 1,873,815</b>	<b>\$ 297,652</b>	<b>\$ 44,586</b>	<b>\$ 46,817</b>	<b>\$ 2,262,870</b>

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



## STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 263,778	\$ (175,171)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,771	4,043
Changes in assets and liabilities:		
Pledges receivable	(25,662)	99,390
Prepaid deposits and other	2,318	(8,894)
Interest earned on certificate of deposit	(1,279)	(250)
Accounts payable	(9,041)	(17,195)
Accrued expenses	(1,852)	4,064
Grants payable	648,611	296,939
Net cash provided by operating activities	885,644	202,926
Cash flows from investment activities		
Investment in certificate of deposit	-	(250,000)
Increase in furniture and equipment	(6,893)	(6,759)
Net cash used by investing activities	(6,893)	(256,759)
Net increase (decrease) in cash and cash equivalents	878,751	(53,833)
Cash and cash equivalents at beginning of year	974,651	1,028,484
Cash and cash equivalents at end of year	\$ 1,853,402	\$ 974,651

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





## Notes to Financial Statements

March 31, 2016 and 2015

---

### **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.

As of March 31, 2016 and 2015, Rally Foundation did not have any permanently restricted assets.





## Notes to Financial Statements

March 31, 2016 and 2015

---

### 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.

### 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

March 31, 2016 and 2015

---

### 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 September 1, 2016, 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 located in Georgia. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 on all accounts. At March 31, 2016 and 2015, there were uninsured balances of approximately \$360,000 and \$250, 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, 2016 and March 31, 2015, respectively. The pledged amounts of \$26,597 and \$935 are current and were received by the date of the audit report in the following fiscal year. There were not any conditional pledges receivable.





## Notes to Financial Statements

March 31, 2016 and 2015

### Note 5: Certificate of Deposit

The certificate of deposit is scheduled to mature in July 2016, and earns interest at 0.61%. The value of the certificate is reported at the original investment plus accrued interest.

### Note 6: Furniture and Equipment

Rally Foundation 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 five years or less.

### Note 7: 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Gross contributions payable	<u>\$ 1,593,500</u>	<u>\$ 944,889</u>

The gross amounts of grants payable are due as follows:

Less than one year	\$ 1,593,500	\$ 944,889
One to five years	-	-
	<u>\$ 1,593,500</u>	<u>\$ 944,889</u>





## Notes to Financial Statements

March 31, 2016 and 2015

### Note 8: Contingent Grants Payable

The Board of Directors has approved conditional research grants totaling \$250,000 to specific recipients be awarded in fiscal year ended March 31, 2018. These grants will be evaluated in March 2017 for possible distribution based on progress of the research for awards made in fiscal year ending March 31, 2016, and proper utilization of those funds received previously.

### Note 9: Restricted Net Assets

The temporarily restricted net assets at March 31, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ -	\$ 935
Received for future events in subsequent fiscal year	28,711	30,241
	<u>\$ 28,711</u>	<u>\$ 31,176</u>

Rally Foundation did not have any permanently restricted assets.

### Note 10: 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 services, which met these criteria. The total amount of donated services received in fiscal years ended March 31, 2016 and 2015, was approximately \$151,000 and \$138,000 respectively.

These amounts were recorded as contribution revenue or special event revenue and charged to the related expense account.



## Notes to Financial Statements

March 31, 2016 and 2015

---

### **Note 10: Contributed Services (continued)**

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 1,000 volunteers gave their time during the year ended March 31, 2016. The value of these services did not meet the criteria for recognition in the financial statements and the value has not been estimated.

### **Note 11: 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 \$25,000 and \$21,000, for fiscal years ended March 31, 2016 and 2015, respectively. No amounts were due to or due from this individual as of March 31, 2016 or 2015.

### **Note 12: 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 approximately \$7,000 per year to the retirement plan in fiscal years ended March 31, 2016 and 2015.

### **Note 13: 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.