

**RALLY FOUNDATION, INC.**

**ANNUAL REPORT**

**MARCH 31, 2013 AND 2012**

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# 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, 2013 and 2012 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, 2013 and 2012, 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*

Zimmerman & Associates, P.C.  
Certified Public Accountants  
Marietta, Georgia  
August 27, 2013

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RALLY FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION

	Year Ended March 31,	
	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 878,722	\$ 906,454
Pledges receivable	111	20,520
Prepaid deposits	14,681	10,171
Furniture and equipment	18,886	18,355
Accumulated depreciation	(11,111)	(7,603)
<b>Total Assets</b>	<b>\$ 901,289</b>	<b>\$ 947,897</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,656	\$ 4,399
Accrued expenses	6,928	38,563
Grants payable, net present value	435,000	450,500
<b>Total Liabilities</b>	<b>447,584</b>	<b>493,462</b>
<b>Net Assets</b>		
Unrestricted	422,609	359,322
Temporarily restricted	31,096	95,113
<b>Total Net Assets</b>	<b>453,705</b>	<b>454,435</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 901,289</b>	<b>\$ 947,897</b>

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

RALLY FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES

	Year Ended March 31,	
	2013	2012
<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>		
Support and revenue		
Contributions	\$ 629,831	\$ 742,343
Special events	1,140,615	845,037
Interest income	1,987	3,102
Total support and revenue	1,772,433	1,590,482
Reclassifications - net assets released from donor restrictions	95,113	73,619
Total unrestricted revenues and reclassifications	1,867,546	1,664,101
Expenses		
Program services:		
Grants	1,060,600	819,780
Education and awareness	287,201	193,690
Special events	345,754	279,309
Fundraising	65,864	45,868
Administration	44,840	35,163
Total expenses	1,804,259	1,373,810
Change in unrestricted net assets	63,287	290,291
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	-	650
Special events	31,096	94,463
Net assets released from donor restrictions	(95,113)	(73,619)
Change in temporarily restricted net assets	(64,017)	21,494
Change in net assets	(730)	311,785
Net assets at beginning of year	454,435	142,650
Net assets at end of year	\$ 453,705	\$ 454,435

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

RALLY FOUNDATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES

	Program Services				2013
	Grants	Education & Awareness	Fund- Raising	Admin.	Total
Grants for research	\$ 1,005,327	\$ -	\$ -	\$ -	\$ 1,005,327
Salaries & benefits	29,814	98,320	13,654	26,142	167,930
Accounting	2,999	9,352	1,764	3,529	17,644
Depreciation	596	1,859	351	702	3,508
Insurance	771	2,405	454	907	4,537
Meals and entertainment	229	2,814	233	-	3,276
Office expenses	2,666	11,834	2,272	3,140	19,912
Outside services	8,500	110,508	29,617	924	149,549
Postage	85	2,003	3,788	-	5,876
Rent	8,072	25,165	4,748	9,496	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	<u>\$ 1,060,600</u>	<u>\$ 287,201</u>	<u>\$ 65,864</u>	<u>\$ 44,840</u>	<u>\$ 1,458,505</u>

	Program Services				2012
	Grants	Education & Awareness	Fund- Raising	Admin.	Total
Grants for research	\$ 770,423	\$ -	\$ -	\$ -	\$ 770,423
Salaries & benefits	27,528	91,018	16,128	17,179	151,853
Accounting	2,593	8,464	2,938	3,284	17,279
Depreciation	485	1,586	550	615	3,236
Insurance	551	1,802	625	697	3,675
Meals	186	9,285	70	-	9,541
Office expenses	2,024	8,716	2,714	2,563	16,017
Outside services	8,610	26,360	7,934	2,275	45,179
Postage	72	1,082	2,635	-	3,789
Rent	6,750	22,050	7,650	8,550	45,000
Supplies	126	8,166	4,297	-	12,589
Travel	258	14,856	240	-	15,354
Website maintenance	174	305	87	-	566
Totals	<u>\$ 819,780</u>	<u>\$ 193,690</u>	<u>\$ 45,868</u>	<u>\$ 35,163</u>	<u>\$ 1,094,501</u>

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

RALLY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013 AND 2012

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 27, 2013, 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 interest bearing accounts and unlimited insurance on non-interest bearing accounts. At March 31, 2013, there were no uninsured balances.

Note 3 - Pledges Receivable

The pledges receivable represent amounts pledged to benefit Rally Foundation before March 31, 2013. All pledged amounts were received early in the fiscal year ended March 31, 2014.

RALLY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013 AND 2012

**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>2013</u>	<u>2012</u>
Gross contributions payable	\$ 435,000	\$ 452,500
Less: Unamortized discount to present value	-	(2,000)
	<u>\$ 435,000</u>	<u>\$ 450,500</u>
The gross amounts of grants payable are due as follows:		
Less than one year	\$ 435,000	\$ 397,500
One to five years	-	55,000
	<u>\$ 435,000</u>	<u>\$ 452,500</u>

**Note 6 - Temporarily Restricted Net Assets**

The temporarily restricted net assets at March 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Pledges receivable	\$ 111	\$ 20,520
Received for future events in subsequent fiscal year	30,985	74,593
	<u>\$ 31,096</u>	<u>\$ 95,113</u>

RALLY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013 AND 2012

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, 2013 and 2012 was approximately \$145,000 and \$54,500 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 \$13,000 per year for fiscal years ended March 31, 2013 and 2012, 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. Rally contributed \$3,144 and \$11,000 in fiscal years ended March 31, 2013 and 2012, 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.



RALLY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013 AND 2012

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, 2013 and 2012.

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.