

RALLY FOUNDATION, INC.
ANNUAL REPORT
MARCH 31, 2012 AND 2011

ZIMMERMAN & ASSOCIATES, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rally Foundation, Inc.

We have audited the accompanying statements of financial position of Rally Foundation, Inc. (a non-profit organization) as of March 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits of the financial statements provide a reasonable basis for our 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, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accepted accounting principles generally accepted in the United States of America.



Zimmerman & Associates, P.C.
Certified Public Accountants
August 29, 2012

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RALLY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	March 31,	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 906,454	\$ 709,796
Pledges receivable	20,520	10,655
Prepaid deposits	10,171	6,000
Furniture and equipment	18,355	16,655
Accumulated depreciation	(7,603)	(4,367)
Total Assets	\$ 947,897	\$ 738,739
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,399	\$ 2,819
Accrued expenses	38,563	36,749
Grants payable, net present value	450,500	556,521
Total Liabilities	493,462	596,089
Net Assets		
Unrestricted	359,322	69,031
Temporarily restricted	95,113	73,619
Total Net Assets	454,435	142,650
Total Liabilities and Net Assets	\$ 947,897	\$ 738,739

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

RALLY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

	Year Ended March 31,	
	2012	2011
CHANGE IN UNRESTRICTED NET ASSETS:		
Support and revenue		
Contributions	\$ 742,343	\$ 433,039
Special events	845,037	831,284
Grant from government agency	-	20,000
Interest income	3,102	5,669
Total support and revenue	1,590,482	1,289,992
Reclassifications - net assets released from donor restrictions	73,619	37,365
Total unrestricted revenues and reclassifications	1,664,101	1,327,357
Expenses		
Program services:		
Grants	819,780	731,736
Education and awareness	193,690	172,252
Special events	279,309	315,855
Fundraising	45,868	40,180
Administration	35,163	17,244
Total expenses	1,373,810	1,277,267
Change in unrestricted net assets	290,291	50,090
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	650	-
Special events	94,463	73,619
Net assets released from donor restrictions	(73,619)	(37,365)
Change in temporarily restricted net assets	21,494	36,254
Change in net assets	311,785	86,344
Net assets at beginning of year	142,650	56,306
Net assets at end of year	\$ 454,435	\$ 142,650

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

RALLY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	Year Ended March 31,	
	2012	2011
Cash flows from operating activities		
Increase in net assets	\$ 311,785	\$ 86,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,236	2,345
Changes in assets and liabilities:		
Pledges receivable	(9,865)	(475)
Prepaid deposits	(4,171)	(1,450)
Accrued expenses	1,814	8,357
Accounts payable	1,580	82
Grants payable	(106,021)	71,389
Net cash provided by operating activities	198,358	166,592
Cash flow from investment activities		
Increase in furniture and equipment	(1,700)	(5,796)
Net cash used by investing activities	(1,700)	(5,796)
Net increase in cash and cash equivalents	196,658	160,796
Cash and cash equivalents at beginning of year	709,796	549,000
Cash and cash equivalents at end of year	\$ 906,454	\$ 709,796

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

RALLY FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

					Year Ended March 31,	
					2012	2011
	Program Services		Fund- Raising	Admin.	Total	Total
	Grants	Education & Awareness				
Grants for research	\$ 770,423	\$ -	\$ -	\$ -	\$ 770,423	\$ 692,758
Salaries & benefits	27,528	91,018	16,128	17,179	151,853	132,117
Accounting	2,593	8,464	2,938	3,284	17,279	12,090
Depreciation	485	1,586	550	615	3,236	2,345
Insurance	551	1,802	625	697	3,675	4,670
Meals	186	9,285	70	-	9,541	8,586
Office expenses	2,024	8,716	2,714	2,563	16,017	14,160
Outside services	8,610	26,360	7,934	2,275	45,179	28,423
Postage	72	1,082	2,635	-	3,789	4,483
Rent	6,750	22,050	7,650	8,550	45,000	33,936
Supplies	126	8,166	4,297	-	12,589	19,869
Travel	258	14,856	240	-	15,354	1,952
Website maintenance	174	305	87	-	566	6,023
Totals	\$ 819,780	\$ 193,690	\$ 45,868	\$ 35,163	\$ 1,094,501	\$ 961,412

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

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

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 country 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, 2012 and 2011.

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, 2012 AND 2011

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 29, 2012, 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, 2012, there were no uninsured balances.

Note 3 - Pledges Receivable

The pledges receivable represent amounts pledged to benefit Rally Foundation before March 31, 2012. All pledged amounts were received early in the fiscal year ended March 31, 2013.

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

Note 4 - Government Grant

In 2011, Rally Foundation received a \$20,000 grant from the Georgia Department of Human Resources to raise community awareness about childhood cancer and the need for research to be funded. The money received for the grant was used during the fiscal year received.

Note 5 - Furniture and Equipment

Fixed assets are recorded at the original purchase price or fair value if contributed and are depreciated on a straight-line basis over their estimated useful life. It is the organization's policy to capitalize fixed assets costing over \$500. Lesser amounts are expensed. These donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose.

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>2012</u>	<u>2011</u>
Gross contributions payable	\$452,500	\$564,889
Less: Unamortized discount to present value	(2,000)	(8,368)
	<u>\$450,500</u>	<u>\$556,521</u>
The gross amounts of grants payable are due as follows:		
Less than one year	\$397,500	\$434,889
One to five years	55,000	130,000
	<u>\$452,500</u>	<u>\$564,889</u>

Note 7 - Temporarily Restricted Net Assets

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

Pledges receivable	\$20,520
Received for future events in subsequent fiscal year	74,593
	<u>\$95,113</u>

RALLY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012 AND 2011

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 and non-litigation related legal services and other minor services, which met these criteria. The total amount of donated services received in fiscal year ended March 31, 2012 and 2011 was \$ 53,500 and \$ 44,936 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 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 \$13,000 and \$8,000 for fiscal years ended March 31, 2012 and 2011, respectively.

Note 10 - 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 \$16,500 if they are under age 50 or \$22,000 if 50 or older. Rally fully matches the employee's allowed contribution. Rally contributed \$11,000 in fiscal year ended March 31, 2012 to the plan.

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.