

THE CARCINOID CANCER FOUNDATION, INC.  
FINANCIAL STATEMENTS  
February 28, 2013 and February 29, 2012  
With Independent Auditors' Report

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Carcinoid Cancer Foundation, Inc.

We have audited the financial statements of The Carcinoid Cancer Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of February 28, 2013 and February 29, 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and related notes to the financial statements.

### Management Responsibility for the Financial Statements

The Organization's 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.

### Auditors' 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 auditors' 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 Carcinoid Cancer Foundation, Inc. as of February 28, 2013 and February 29, 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.

*Wolf Weissman CPA's, P.C.*

September 29, 2013  
New York, NY

THE CARCINOID CANCER FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 229,090	\$ 204,858
Cash and Cash Equivalents - Restricted	239,212	-
Total Current Assets	468,302	204,858
PROPERTY AND EQUIPMENT		
Office Improvements	17,000	17,000
Computers and Peripherals	114,427	109,184
Office Equipment	55,278	55,278
	186,705	181,462
Less: Accumulated Depreciation	(167,353)	(166,611)
Property and Equipment, Net	19,352	14,851
Total Assets	\$ 487,654	\$ 219,709
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses	\$ -	\$ 7,079
Due to Other Organization	39,211	-
	39,211	7,079
NET ASSETS		
Unrestricted Fund Balance	248,443	203,877
Temporarily Restricted Fund Balance	200,000	8,753
Total Net Assets	448,443	212,630
Total Liabilities and Net Assets	\$ 487,654	\$ 219,709

**See Accompanying Notes to Financial Statements**

THE CARCINOID CANCER FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

UNRESTRICTED ASSETS	<u>2013</u>	<u>2012</u>
PUBLIC SUPPORT		
Contributions	\$ 252,575	\$ 210,023
REVENUE		
Advertising - Net	-	16,354
Educational Programs	-	9,236
Fundraising - Agents	6,491	1,231
Interest Income	295	233
Other	-	118
Assets Released from Restriction	<u>8,753</u>	<u>12,247</u>
Total Revenue	<u>15,539</u>	<u>39,419</u>
Total Public Support and Revenue	<u>268,114</u>	<u>249,442</u>
EXPENSES		
Program Services - Medical Research	9,898	20,421
Program Services - Health Education	92,895	102,013
General and Administrative	63,417	54,965
Fundraising	<u>57,338</u>	<u>7,534</u>
Total Expenses	<u>223,548</u>	<u>184,933</u>
Increase (Decrease) in Unrestricted Net Assets	44,566	64,509
Unrestricted Net Assets - Beginning of Year	<u>203,877</u>	<u>139,368</u>
Unrestricted Net Assets - End of Year	<u>248,443</u>	<u>203,877</u>
TEMPORARILY RESTRICTED ASSETS		
Contributions	200,000	21,000
Assets Released from Restrictions	<u>(8,753)</u>	<u>12,247</u>
Net Increase - Temporarily Restricted Assets	191,247	8,753
Temporarily Restricted Assets - Beginning of Year	<u>8,753</u>	<u>-</u>
Temporarily Restricted Assets - End of Year	<u>\$ 200,000</u>	<u>\$ 8,753</u>

**See Accompanying Notes to Financial Statements**

THE CARCINOID CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED FEBRUARY 28, 2013

	Program Services - Medical Research	Program Services - Health Education	General and Administrative	Fundraising Expenses	Total
Accounting Fees	\$ -	\$ -	\$ 5,702	\$ -	\$ 5,702
Bank and Finance Charges	-	-	173	-	173
Bookkeeping	-	-	6,600	-	6,600
Computer Expenses	-	-	1,910	-	1,910
Credit Card Processing Fees	-	-	-	439	439
Depreciation	-	-	2,779	-	2,779
Education Materials	-	1,625	-	-	1,625
Education Events	-	3,184	-	-	3,184
Fundraising Expenses	-	-	-	25,399	25,399
Health Education	-	52,227	-	-	52,227
Insurance	-	-	1,500	-	1,500
Legal Fees	-	-	4,500	-	4,500
Management	4,767	14,767	23,600	30,000	73,134
Medical Research	256	-	-	-	256
Office Expenses	-	-	1,484	-	1,484
Other	-	-	586	25	611
Postage and Delivery	-	-	2,129	-	2,129
Rental of Facilities	3,375	3,375	6,750	-	13,500
Printing and Imaging	-	-	-	1,475	1,475
Research	1,500	-	-	-	1,500
Storage	-	-	3,216	-	3,216
Telephone	-	1,244	2,488	-	3,732
Travel	-	1,080	-	-	1,080
Video Services	-	11,885	-	-	11,885
Webcast and Lecture Transcription	-	56	-	-	56
Website Expenses	-	3,452	-	-	3,452
<b>Total Expenses</b>	<b>\$ 9,898</b>	<b>\$ 92,895</b>	<b>\$ 63,417</b>	<b>\$ 57,338</b>	<b>\$ 223,548</b>

**See Accompanying Notes to Financial Statements**

THE CARCINOID CANCER FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED FEBRUARY 29, 2012

	Program Services - Medical Research	Program Services - Health Education	General and Administrative	Fundraising Expenses	Total
Accounting Fees	\$ -	\$ -	\$ 4,075	\$ -	\$ 4,075
Awards and Grants	2,195	-	-	-	2,195
Bank and Finance Charges	-	-	168	-	168
Bookkeeping	-	-	6,600	-	6,600
Computer Expenses	-	-	3,770	-	3,770
Conferences and Conventions	-	6,325	-	-	6,325
Credit Card Processing Fees	-	-	-	485	485
Depreciation	-	-	2,038	-	2,038
Health Education	-	55,941	-	-	55,941
Education Materials	-	138	-	-	138
Education Support Associates	-	15,780	-	-	15,780
Equipment Rental	1,141	-	571	-	1,712
Filing Fees	-	-	60	-	60
Insurance	-	-	1,500	-	1,500
Legal Fees	-	-	4,500	-	4,500
Management and Consulting	13,710	13,710	13,710	30,000	71,130
Office Expenses	-	-	1,544	3,653	5,197
Other	-	-	135	-	135
Postage and Delivery	-	1,076	1,077	1,076	3,229
Rental of Facilities	3,375	3,375	6,750	-	13,500
Printing and Imaging	-	-	-	320	320
Repairs and Maintenance	-	-	1,803	-	1,803
Storage	-	-	3,216	-	3,216
Support Group Expense	-	575	-	-	575
Telecommunications	-	1,606	3,212	-	4,818
Travel	-	3,010	-	-	3,010
Webcast and Lecture Transcription	-	241	-	-	241
Website Expenses	-	236	236	1,416	1,888
Less Allocated to Advertising	-	-	-	(29,416)	(29,416)
<b>Total Expenses</b>	<b>\$ 20,421</b>	<b>\$ 102,013</b>	<b>\$ 54,965</b>	<b>\$ 7,534</b>	<b>\$ 184,933</b>

**See Accompanying Notes to Financial Statements**

THE CARCINOID CANCER FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 235,813	\$ 73,262
Adjustments to Reconcile Change in Net Assets to Net Cash Flow From Operating Activities:		
Amount Applicable to Restricted Cash	(200,000)	-
Depreciation	2,779	2,038
Net Increase (Decrease) in Accrued Expenses	(7,079)	5,418
Net Cash Flow From Operating Activities	31,513	80,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(7,281)	(814)
Net Cash Used by Investing Activities	(7,281)	(814)
Net Change in Cash and Cash Equivalents	24,232	79,904
Cash and Cash Equivalents - Beginning of Year	204,858	124,954
Cash and Cash Equivalents - End of Year	\$ 229,090	\$ 204,858

**See Accompanying Notes to Financial Statements**



THE CARCINOID CANCER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

1. NATURE OF ORGANIZATION

The Carcinoid Cancer Foundation, Inc. (the "Foundation") is a nonprofit organization incorporated under the laws of the State of New York in 1968. The Foundation encourages and supports research and educates general public and healthcare professionals regarding carcinoid cancer and related neuroendocrine tumors, with the ultimate goal of finding a cure. The Foundation is supported primarily through donor contributions and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the 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.

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 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 assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation had restricted assets in the amount of \$200,000 at February 28, 2013 and \$8,753 at February 29, 2012.

Contributed Services

For the years ended February 28, 2013 and February 29, 2012, the Foundation received the use of facilities valued at \$13,500 and \$13,500, respectively. This amount has been recorded as a contribution and a rent expense on the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Income Tax Status

The Foundation is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is required to be made for income taxes in the financial statements. For the year ended February 29, 2012 the Foundation had unrelated business income and has provided income tax. There was no unrelated business income for the year ended February 28, 2013. The Foundation has not taken an unsubstantiated tax position that would require provision of a liability under provisions codified in FASB ASC 740, *Income Taxes*.

THE CARCINOID CANCER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status (continued)

The Foundation has adopted the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions are evaluated in a two-step process. The Foundation does not believe that there are any material uncertain tax positions and the implementation of the provisions of FASB ASC 740-10-25 resulted in no material liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax, as required. As of and during the years ended February 28, 2013 and February 29, 2012, the Foundation did not have a liability for any unrecognized tax benefits. The Foundation's open tax years are 2009 to 2012.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Furniture, Equipment, and Leasehold Improvements

Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Office improvements are being depreciated over thirty nine years using the straight-line method of depreciation; furniture and office equipment are being depreciated over an estimated useful life of seven years using straight-line method or double-declining balance method of depreciation; purchased software is being depreciated over an estimated useful life of three years using straight-line method; research equipment is being depreciated over an estimated useful life of five years using straight-line method or double-declining method of depreciation, depending on when the asset was placed in service.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the Foundation receive no compensation for their services. These donated services are not reflected as an expense in the financial statements. A member of the Board of Directors, who is also Secretary/Treasurer, is legal counsel to the Foundation and received compensation of \$4,500 for services during the years ended February 28, 2013 and February 29, 2012.

THE CARCINOID CANCER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

4. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash accounts at two banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At February 28, 2013 and February 29, 2012, the cash balances did not exceed the insured limit.

5. DUE OTHER ORGANIZATION

The amount due other organization represents amounts collected and paid out on behalf of another non-profit organization which is in the process of organization. Transactions are summarized below:

Amount Collected	\$51,876
Amount of Expenses Paid	<u>(12,665)</u>
Balance Due	<u><u>\$39,211</u></u>

6. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Foundation has the ability to access.

Level 2 Inputs – Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value instruments.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which fair value measurements is categorized is based on the lowest level input that is significant to the fair value measurement.

The Foundation did not identify any financial assets and liabilities that are required to be presented on the statement of financial position at fair value.

7. NET ADVERTISING INCOME FOR 2012 IS AS FOLLOWS:

Revenue	\$50,000
Allocated Expenses	(29,416)
State Income Tax	(1,340)
Federal Income Tax	<u>(2,890)</u>
Net Advertising Income	<u><u>\$16,354</u></u>

THE CARCINOID CANCER FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

8. SUBSEQUENT EVENTS

The Foundation's management has performed subsequent events procedures through September 29, 2013 the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.