



*COLON CANCER COALITION, INC.
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)*

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Colon Cancer Coalition, Inc.
Edina, Minnesota

We have audited the accompanying financial statements of Colon Cancer Coalition, Inc. (a Minnesota Not-For-Profit Organization), which comprise the statements of financial position as of December 31, 2017 and 2016 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 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 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 Colon Cancer Coalition, Inc. as of December 31, 2017 and 2016, 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.

Boyum + Barescheer PLLP
Boyum & Barescheer PLLP
Minneapolis, Minnesota
April 4, 2018

COLON CANCER COALITION, INC.

STATEMENTS OF FINANCIAL POSITION

| DECEMBER 31, | 2017 | 2016 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,280,434 | \$ 1,421,340 |
| Receivables | 41,013 | 68,004 |
| Prepaid expenses | 107,549 | 81,717 |
| <i>Total assets</i> | \$ 1,428,996 | \$ 1,571,061 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Grants and awards payable | \$ 1,186,023 | \$ 1,308,157 |
| Accounts payable | 10,755 | 6,570 |
| Deferred revenues | 61,200 | 102,702 |
| <i>Total liabilities</i> | 1,257,978 | 1,417,429 |
| UNRESTRICTED NET ASSETS | 171,018 | 153,632 |
| <i>Total liabilities and net assets</i> | \$ 1,428,996 | \$ 1,571,061 |

The Notes to Financial Statements are an integral part of these statements.

COLON CANCER COALITION, INC.

STATEMENTS OF ACTIVITIES

| YEARS ENDED DECEMBER 31, | 2017 | 2016 |
|---|-------------------|-------------------|
| UNRESTRICTED | | |
| REVENUES, SUPPORT AND OTHER INCOME | | |
| Race registration fees | \$ 695,583 | \$ 702,639 |
| Race sponsorships | 604,472 | 580,259 |
| Race fundraising | 941,523 | 892,117 |
| Direct benefit to donor costs | (424,746) | (415,194) |
| Grants | 20,000 | 14,500 |
| Contributions | 133,457 | 122,867 |
| Interest and dividend income | 1,453 | 634 |
| Non-cash contributions | 103,400 | 181,376 |
| | <hr/> | <hr/> |
| <i>Total revenues, support and other income</i> | 2,075,142 | 2,079,198 |
| EXPENSES | | |
| Program services | 1,250,028 | 1,164,263 |
| Management and general | 138,034 | 114,803 |
| Fundraising, including race-related expenses | 669,694 | 766,898 |
| | <hr/> | <hr/> |
| <i>Total expenses</i> | 2,057,756 | 2,045,964 |
| <i>Increase in net assets</i> | 17,386 | 33,234 |
| Net assets, beginning of year | 153,632 | 120,398 |
| | <hr/> | <hr/> |
| <i>Net assets, end of year</i> | \$ 171,018 | \$ 153,632 |

The Notes to Financial Statements are an integral part of these statements.

COLON CANCER COALITION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

| | Supporting Services | | | | Total |
|------------------------------------|----------------------------|-----------------------|----------------------|--------------------|---------------------|
| | Program | General and | | Fundraising | |
| | | Administrative | Event-related | Other | |
| Salaries and wages | \$ 184,423 | \$ 68,814 | \$ 289,023 | \$ 8,258 | \$ 550,518 |
| Payroll taxes | 14,672 | 5,474 | 22,993 | 657 | 43,796 |
| Insurance | 4,044 | 1,509 | 8,509 | 181 | 14,243 |
| Grants and awards | 913,619 | - | - | - | 913,619 |
| Event expenses | 16,812 | - | 508,979 | 2,033 | 527,824 |
| Advertising | 66,642 | 1,931 | 57,577 | - | 126,150 |
| Licenses and permits | - | - | - | 6,774 | 6,774 |
| Rent | 9,363 | 3,494 | 14,674 | 419 | 27,950 |
| Occupancy | 848 | 317 | 1,330 | 38 | 2,533 |
| Telephone | 1,837 | 686 | 2,880 | 82 | 5,485 |
| Supplies | 293 | 3,897 | 56 | - | 4,246 |
| Office supplies | - | 6 | - | - | 6 |
| Postage | 2,756 | 819 | - | 112 | 3,687 |
| Printing | 11,826 | 2,241 | - | 160 | 14,227 |
| Dues and subscriptions | - | 1,316 | - | - | 1,316 |
| Bank fees | - | 3,178 | 125,003 | - | 128,181 |
| Meetings | 400 | 1,044 | - | - | 1,444 |
| Travel | 5,520 | 736 | 32,761 | - | 39,017 |
| Meals and entertainment | - | - | 1,431 | - | 1,431 |
| Professional fees | 13,452 | 8,450 | 90 | 2,065 | 24,057 |
| Computer expenses | 2,396 | 5,823 | 1,023 | 29 | 9,271 |
| Contract services | 1,125 | 25,383 | 6,688 | - | 33,196 |
| Miscellaneous | - | 2,916 | 615 | - | 3,531 |
| Total expenses | 1,250,028 | 138,034 | 1,073,632 | 20,808 | 2,482,502 |
| Less direct benefit to donor costs | - | - | (424,746) | - | (424,746) |
| Net expenses | \$ 1,250,028 | \$ 138,034 | \$ 648,886 | \$ 20,808 | \$ 2,057,756 |

The Notes to Financial Statements are an integral part of these statements.

COLON CANCER COALITION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

| | Supporting Services | | | | Total | |
|------------------------------------|---------------------|-------------------|-------------------|------------------|---------------------|--|
| | Program | General and | | Fundraising | | |
| | | Administrative | Event-related | Other | | |
| Salaries and wages | \$ 158,688 | \$ 60,453 | \$ 269,518 | \$ 15,113 | \$ 503,772 | |
| Payroll taxes | 12,632 | 4,812 | 21,454 | 1,203 | 40,101 | |
| Insurance | 2,094 | 798 | 5,698 | 199 | 8,789 | |
| Grant payments | 880,073 | - | - | - | 880,073 | |
| Event expenses | 5,146 | 225 | 531,490 | 2,094 | 538,955 | |
| Advertising | 77,181 | 2,271 | 67,886 | - | 147,338 | |
| Licenses and permits | - | - | - | 5,210 | 5,210 | |
| Rent | 7,828 | 2,982 | 13,294 | 746 | 24,850 | |
| Occupancy | 1,002 | 382 | 1,701 | 95 | 3,180 | |
| Telephone | 1,668 | 635 | 2,833 | 159 | 5,295 | |
| Supplies | 318 | 3,634 | 121 | - | 4,073 | |
| Office supplies | - | 14 | - | - | 14 | |
| Postage | 30 | 452 | - | 1,300 | 1,782 | |
| Printing | - | 826 | 191 | 98 | 1,115 | |
| Dues and subscriptions | - | 1,638 | - | - | 1,638 | |
| Bank fees | 4 | 95 | 120,062 | - | 120,161 | |
| Meetings | 125 | 1,015 | - | - | 1,140 | |
| Travel | 60 | 7,171 | 34,910 | - | 42,141 | |
| Meals and entertainment | 679 | 512 | 567 | - | 1,758 | |
| Professional fees | 9,000 | 14,375 | - | 47,900 | 71,275 | |
| Computer expenses | 4,233 | 3,164 | 1,918 | 1,122 | 10,437 | |
| Contract services | 3,502 | 5,818 | 24,600 | 10,209 | 44,129 | |
| Miscellaneous | - | 3,531 | 401 | - | 3,932 | |
| Total expenses | 1,164,263 | 114,803 | 1,096,644 | 85,448 | 2,461,158 | |
| Less direct benefit to donor costs | - | - | (415,194) | - | (415,194) | |
| Net expenses | \$ 1,164,263 | \$ 114,803 | \$ 681,450 | \$ 85,448 | \$ 2,045,964 | |

The Notes to Financial Statements are an integral part of these statements.

COLON CANCER COALITION, INC.

STATEMENTS OF CASH FLOWS

| YEARS ENDED DECEMBER 31, | 2017 | 2016 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase of net assets | \$ 17,386 | \$ 33,234 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Changes in assets and liabilities: | | |
| Receivables | 26,991 | (51,548) |
| Prepaid expenses | (25,832) | 4,455 |
| Grants and awards payable | (122,134) | 70,228 |
| Accounts payable | 4,185 | (3,484) |
| Deferred revenue | (41,502) | 36,451 |
| <i>Net cash provided (used) by operating activities</i> | (140,906) | 89,336 |
| <i>Increase (decrease) in cash and cash equivalents</i> | (140,906) | 89,336 |
| Cash and cash equivalents, beginning of year | 1,421,340 | 1,332,004 |
| <i>Cash and cash equivalents, end of year</i> | \$ 1,280,434 | \$ 1,421,340 |

The Notes to Financial Statements are an integral part of these statements.

COLON CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Colon Cancer Coalition, Inc. (the Coalition) was incorporated in Minnesota as a 501(c)(3) non-profit organization in August of 2006. The Coalition's mission is to empower local communities to promote prevention and early detection of colon cancer and to provide support to those affected.

The Coalition oversees run/walk events throughout the United States branded under Get Your Rear in Gear, Tour de Tush and Caboose Cup. In both 2017 and 2016, 43 events were held across the United States. These races are the Coalition's primary source of revenue.

The Coalition has created a network of events that it helps manage or support. The Coalition offers local race partners committed to creating awareness in their community a proven blueprint for success, saving organizers time, money and energy to invest in the success of their event. As the network of events grows, the Coalition has the opportunity to share ideas, strategies, marketing tools and buying power amongst event leaders, sponsors, volunteers and participants.

The Coalition enters into an agreement with the local event volunteers in the city where the race is to be held. The agreement identifies the responsibilities of the Coalition and the local volunteer. The agreement specifies that a percentage of net race proceeds are awarded back to the local community. The money raised is given back to the local community in the form of grants and awards to help with prevention, early detection and treatment, healthy living projects, and support for those affected by the disease.

The Coalition is a member of the Minnesota Cancer Alliance, National Colorectal Roundtable and American Society of Clinical Oncology to reduce mortality and the burden of cancer for colorectal patients.

Method of accounting:

The Coalition follows the accrual method of accounting for revenues and expenditures. Contributions are recognized when the donor makes a promise to give to the Coalition 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 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.

Basis of presentation:

Financial statement presentation follows the recommendations of ASC 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization 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. As of December 31, 2017 and 2016, there were no temporarily or permanently restricted net assets

COLON CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Use of estimates:

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.

Recently issued accounting pronouncements:

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for companies to use in accounting for revenue from contracts with customers. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Coalition is currently evaluating the impact that the adoption of this guidance will have on the Coalition's financial statements and anticipates the new guidance will not have a material impact on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Coalition is currently evaluating the impact that the adoption of this guidance will have on the Coalition's financial statements and anticipates the new guidance will impact its financial statements given the Coalition has lease obligations, see Note 3.

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958), which provides guidance for presentation of financial statements of not-for-profit entities. The new guidance requires not-for-profits to include a number of changes in their financial presentation including presenting two classes of net assets, enhanced disclosures on board designations, management of liquid resources for cash flows, and present expenses by their natural and functional classification. The ASU will be effective for financial statements for fiscal years beginning after December 15, 2017, and for interim financial statements for periods after that date with early adoption permitted. The amendments in this update should be applied on a retrospective basis. However, if presenting comparative financial statements, the NFP has the option to omit the following information for any periods presented before the period of adoption: analysis of expenses by both natural classification and functional classification and disclosures about liquidity and availability of resources. The Coalition is currently evaluating the impact that the adoption of this guidance will have on the Coalition's financial statements and anticipates the new guidance will significantly impact its financial statements.

COLON CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Cash and cash equivalents:

For purposes of the statement of cash flows, the Coalition considers short-term, highly liquid investments and investments purchased with an original maturity of three months or less to be cash equivalents. The Coalition maintains its accounts in one commercial bank. At times, the amounts on deposit in the bank might exceed the insurance limit of the Federal Deposit Insurance Corporation.

Receivables:

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Coalition provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered impaired if full payments are not received in accordance with contractual terms. It is the Coalition's policy to charge off uncollectible receivables when management determines that a receivable will not be collected. As of December 31, 2017 and 2016, no allowance was recorded due to the fact that the Coalition deemed the receivables to be 100% collectible.

Grants and awards payable:

Grants and awards payable represent amounts due back to local race partners and designated beneficiaries for races held.

Advertising:

Advertising is charged to expense when incurred. Advertising expenses totaled \$126,150 and \$147,338 for the years ended December 31, 2017 and 2016, respectively.

Race registrations and sponsorships:

Race registration fees and sponsorships are recognized at the time the race is held.

Deferred revenue includes registration fees and sponsorships received in advance of the race. Prepaid expenses include expenses related to the following year's races.

Non-cash donations of facilities, merchandise and services:

Non-cash donations of facilities, merchandise and services are recorded as contributions at their estimated fair market value at the date of donation.

Contributions of donated services that create or enhance non-financial assets or 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 values in the year received.

COLON CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

In addition, individuals volunteer their time, performing a variety of tasks that assist the Coalition mostly with its races. This volunteer time does not meet the above definition of donated services that need to be recorded. The Coalition had approximately 5,000 hours of donated time towards races for each of the years ended December 31, 2017 and 2016.

Functional allocation of expenses:

The costs of providing the various program, race and other activities of the Coalition have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the program, race and supporting services benefited.

The direct costs of races include security, apparel, race management, contracted labor, equipment rental, credit card and website fees and other direct race expenses.

Income taxes:

Colon Cancer Coalition, Inc. is exempt from federal and Minnesota taxation pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. Since the Coalition had no unrelated business taxable income in 2017 and 2016 the accompanying financial statements do not include any provision for federal or state income taxes.

The Coalition has not been audited, and accordingly the information tax returns for the past three and one-half years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

NOTE 2. NON-CASH CONTRIBUTIONS

Included in the statements of activities are non-cash contributions as follows:

| YEARS ENDED DECEMBER 31, | 2017 | 2016 |
|---------------------------------|-------------------|-------------------|
| Advertising | \$ 63,500 | \$ 95,637 |
| Race day food | 12,303 | 9,610 |
| Race day services | 19,569 | 24,758 |
| Race day awards | 5,528 | 3,562 |
| Race day equipment rental | 2,500 | - |
| Website | - | 47,809 |
| <i>Total</i> | \$ 103,400 | \$ 181,376 |

COLON CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEASE OBLIGATIONS

The Coalition leases office space on a lease that requires escalating monthly payments through January 2021. The following is a schedule of future minimum lease payments under this lease:

YEARS ENDING DECEMBER 31,

| | | |
|---------------------|----|------------------|
| 2018 | \$ | 28,750 |
| 2019 | | 29,592 |
| 2020 | | 30,500 |
| 2021 | | 2,548 |
| <i>Total</i> | | \$ 91,390 |

Rent expense charged to operations under this lease amounted to \$27,950 and \$24,850 for the years ended December 31, 2017 and 2016, respectively.

NOTE 4. SUBSEQUENT EVENTS

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through April 4, 2018, the date the financial statements were available to be issued.